

City of
**EUFAULA,
OKLAHOMA**



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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

**THE CITY OF EUFAULA,
OKLAHOMA**

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

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

This page intentionally left blank

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

TABLE OF CONTENTS

Independent Auditor’s Report on the Basic Financial Statements..... 5-6

Management’s Discussion and Analysis – Other Information..... 7-14

Basic Financial Statements:

Government-Wide Financial Statements:

 Statement of Net Position (Modified Cash Basis)..... 16

 Statement of Activities (Modified Cash Basis)..... 17

Governmental Funds Financial Statements:

 Balance Sheet (Modified Cash Basis)..... 19

 Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis)..... 20

Proprietary Funds Financial Statements:

 Statement of Net Position (Modified Cash Basis) 22

 Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis).... 23

 Statement of Cash Flows (Modified Cash Basis)..... 24

Footnotes to the Basic Financial Statements 25-39

Other Information:

Budgetary Comparison Information

 Budgetary Comparison Schedule – General Fund (Budgetary Basis) 41

 Footnotes to Budgetary Comparison Schedules..... 42

Other Supplementary Information:

Combining Non-Major Governmental Funds Statements

 Combining Balance Sheet (Modified Cash Basis)..... 43

 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis)..... 43

Combining EPWA Enterprise Fund Account Schedules

 Combining Schedule of Net Position (Modified Cash Basis) – EPWA Accounts 44

 Combining Schedule of Revenues, Expenses and Changes in Net Position (Modified Cash Basis) - EPWA Accounts 44

Schedule of Expenditures of State Awards

 Schedule of Expenditures of State Awards..... 45

**CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

This page intentionally left blank



INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Eufaula, Oklahoma, (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Other Matters

Other Information

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

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, 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.

Arlidge & Associates PC

December 15, 2022



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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The management of the City of Eufaula 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, 2022. 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 of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City's total net position increased by \$1,000,497, and the assets of the City exceed its liabilities at June 30, 2022, by \$5,616,384 (net position). Of this amount, \$2,690,803 (unrestricted net position) may be used to meet any of the government's ongoing obligations to citizens and creditors.
- At June 30, 2022, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$2,115,855.
- At the end of fiscal year 2022, unassigned fund balance on a modified cash basis for the General Fund was \$1,263,561, or 33.5% of annual revenues.

ABOUT THE CITY

The City of Eufaula is an incorporated municipality with a population of approximately 2,766 located in McIntosh County in eastern Oklahoma. The City is a Council-Manager form of government and operates under State law and City ordinances that provide for three branches of government:

- Legislative – the City Council is a five-member governing body. One is elected by the citizens at large and other four members are elected by ward. The five vote to choose a Mayor after the new Council is seated.
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Manager

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

The City's Financial Reporting Entity

This annual report includes all activities for which the City of Eufaula 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 Eufaula** – an incorporated City that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the City – *reported as part of the primary government*

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

- **The Eufaula Public Works Authority (EPWA)** – public trust created August 4, 1976, pursuant to 60 O.S. § 176 to operate the water, wastewater, and sanitation services of the City, with the City Council members serving as the trustees – *reported as part of the primary government*
- **The Eufaula Economic Development Authority (EEDA)** – public trust created July 11, 2005, pursuant to 60 O.S. § 176 that operates the economic development services of the City, governed by trustees comprised of the entire City Council – *reported as part of the primary government*
- **The Eufaula Recreation Authority (ERA)** – public trust created April 10, 1970, pursuant to 60 O.S. § 176 that operates the recreational services of the City, governed by trustees comprised of the entire City Council – *reported as part of the primary government*
- **The Eufaula Industrial Authority (EIA)** – public trust created April 2, 1980, pursuant to 60 O.S. § 176 that operates the industrial development services of the City, governed by trustees comprised of the entire City Council – *normally reported as part of the primary government*. The Authority is inactive.
- **The Eufaula Airport Authority (EAA)** – public trust created March 2, 1982, pursuant to 60 O.S. § 176 that operates the municipal airport services of the City, governed by seven trustees comprised of citizens appointed by the City Council – *normally reported as a discretely presented component unit for reporting purposes*. The Authority is inactive.

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

Basis of Accounting and Presentation

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 adjustments for the following balances arising from cash transactions:

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Eufaula (the “City”), the Eufaula Public Works Authority (the “Public Works Authority”), the Eufaula Economic Development Authority (the “Economic Development Authority”) and the Eufaula Recreation Authority (ERA). Included in this report are government-wide statements for each of the two categories of activities – governmental and business-type.

The government-wide financial statements present the complete financial picture of the City using the modified cash basis of accounting. They present governmental and business-type activities separately and combined. Government-wide statements highlight how services were financed in the short term as well as what remains for future spending. Fund financial statements 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 consider regarding 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 help answer this question by reporting information about the state of the City as a whole and about its annual activities. However, you will need to consider other non-financial factors, such as changes in the City’s sales tax base, the condition of the City’s roads, and quality of service to assess the overall health of the City. You will also need to keep in mind that these government-wide statements are prepared in accordance with the modified cash basis of accounting, and include only those City assets and liabilities resulting from cash transactions.

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

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 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.

Governmental funds - All of the City’s basic services are reported in governmental funds, which focus on the inflow and outflow of resources and the balances available at year-end for future 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

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

information helps 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 - The City operates two proprietary funds, the Eufaula Public Works Authority (major fund), which accounts for the operation of the water, sewer, and sanitation activities, and the Eufaula Economic Development Authority (major fund) that accounts for economic development activities. Payments received from customers for services provided by these authorities are reported in proprietary funds on the modified cash basis of accounting.

Notes to the Financial Statements

The notes provide additional information that is essential to understanding the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 26-39 of this report.

THE CITY AS A WHOLE

For the year ended June 30, 2022, net position on a modified cash basis for the governmental and business-type activities increased \$1,000,497.

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

Net Position (Modified Cash Basis)
June 30, 2022

TABLE 1
NET POSITION (In Thousands)

	<u>Governmental Activities</u>		<u>% Inc. (Dec.)</u>	<u>Business-Type Activities</u>		<u>% Inc. (Dec.)</u>	<u>Total</u>		<u>% Inc. (Dec.)</u>
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Cash and cash equivalents	\$ 2,118	\$ 1,586	34%	\$ 3,664	\$ 3,188	15%	\$ 5,782	\$ 4,774	21%
Total assets	<u>2,118</u>	<u>1,586</u>	34%	<u>3,664</u>	<u>3,188</u>	15%	<u>5,782</u>	<u>4,774</u>	21%
Liabilities	2	7	-71%	164	151	9%	166	158	5%
Total liabilities	<u>2</u>	<u>7</u>	-71%	<u>164</u>	<u>151</u>	9%	<u>166</u>	<u>158</u>	5%
Net position									
Restricted	784	473	66%	2,141	2,009	7%	2,925	2,482	18%
Unrestricted	1,332	1,106	20%	1,359	1,028	32%	2,691	2,134	26%
Total net position	<u>\$ 2,116</u>	<u>\$ 1,579</u>	34%	<u>\$ 3,500</u>	<u>\$ 3,037</u>	15%	<u>\$ 5,616</u>	<u>\$ 4,616</u>	22%

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

Revenues, Expenses and Changes in Net Position (Modified Cash Basis)
Year Ended June 30, 2022

TABLE 2
CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2022	2021		2022	2021		2022	2021	
Revenues									
Charges for service	\$ 276	\$ 273	1%	\$ 2,170	\$ 2,043	6%	\$ 2,446	\$ 2,316	6%
Operating grants and contributions	116	283	-59%	-	-	-	116	283	-59%
Capital grants, debt proceeds and contributions	239	261	-8%	2,090	5,529	-62%	2,329	5,790	-60%
Taxes	3,374	3,218	5%	-	-	-	3,374	3,218	5%
Intergovernmental revenue	329	79	316%	-	-	-	329	79	316%
Investment income	1	1	0%	1	1	0%	2	2	0%
Miscellaneous	98	50	96%	-	-	-	98	50	96%
Total revenues	4,433	4,165	6%	4,261	7,573	-44%	8,694	11,738	-26%
Expenses									
General government	905	878	3%	-	-	-	905	878	3%
Public safety	1,110	828	34%	-	-	-	1,110	828	34%
Streets	124	150	-17%	-	-	-	124	150	-17%
Culture, parks and recreation	84	58	45%	-	-	-	84	58	45%
Cemetery	79	80	-1%	-	-	-	79	80	-1%
Airport	243	269	-10%	-	-	-	243	269	-10%
Tourism	72	39	85%	-	-	-	72	39	85%
Principal on long-term debt	14	16	-13%	-	-	-	14	16	-13%
Interest on long-term debt	-	1	-100%	-	-	-	-	1	-100%
Water	-	-	-	3,256	4,934	-34%	3,256	4,934	-34%
Sewer	-	-	-	1,371	1,497	-8%	1,371	1,497	-8%
Sanitation	-	-	-	392	397	-1%	392	397	-1%
Economic development	-	-	-	44	34	29%	44	34	29%
Total expenses	2,631	2,319	13%	5,063	6,862	-26%	7,694	9,181	-16%
Excess (deficiency) before transfers	1,802	1,846	-2%	(802)	711	-213%	1,000	2,557	-61%
Transfers	(1,265)	(1,674)	24%	1,265	1,674	-24%	-	-	-
Change in net position	537	172	212%	463	2,385	-81%	1,000	2,557	-61%
Beginning net position	1,579	1,407	12%	3,037	652	366%	4,616	2,059	124%
Ending net position	\$ 2,116	\$ 1,579	34%	\$ 3,500	\$ 3,037	15%	\$ 5,616	\$ 4,616	22%

Governmental Activities

The City's governmental activities had an increase in net position of \$536,937 primarily due to an increase in intergovernmental revenue of 316% from the receipt of the first payment of American Rescue Plan Act (ARPA) funds. Additionally, miscellaneous revenue increased 96% due mainly an increase in insurance claim reimbursements throughout the year.

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

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2022	2021		2022	2021	
General government	\$ 905	\$ 878	3%	\$ (725)	\$ (704)	3%
Public safety	1,110	828	34%	(998)	(484)	106%
Highways and streets	124	150	-17%	(97)	(124)	-22%
Culture and recreation	84	58	45%	(33)	(41)	-20%
Cemetery	79	80	-1%	(63)	(64)	-2%
Airport	243	269	-10%	3	(28)	-111%
Tourism	72	39	85%	(72)	(39)	85%
Principal on long-term debt	14	16	-13%	(14)	(16)	-13%
Interest on long-term debt	-	1	-100%	-	(1)	-100%
Total	\$2,631	\$2,319	13%	\$(1,999)	\$ (1,501)	33%

Business-type Activities

The business-type activities had an increase in net position of \$463,560. Capital grants, debt proceeds and contributions decreased \$3,439,447 in the current year primarily due to the city's issuance of water-related debt of \$3,027,023 in the prior year, which also explains the decrease in water expenses from the prior year.

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	2022	2021		2022	2021	
Water	\$ 3,256	\$ 4,934	-34%	(138)	\$ 1,360	-110%
Sewer	1,371	1,497	-8%	(609)	(606)	0%
Sanitation	392	397	-1%	(13)	(10)	30%
Economic Development	44	34	29%	(44)	(34)	29%
Total	\$ 5,063	\$ 6,862	-26%	\$ (804)	\$ 710	-213%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2022 fiscal year, the governmental funds reported a combined fund balance of \$2,115,855. For the year ended June 30, 2022, the General Fund's total fund balance increased by \$468,239. The proprietary funds reported combined net position of \$3,500,529, with the EPWA's and EEDA's total net positions increasing by \$423,026 and \$40,534 respectively.

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

Budgetary Highlights

For the year ended June 30, 2022, the General Fund reported actual budgetary basis revenues over final estimates by \$404,576 or a 7.7% positive variance. General Fund actual expenditures were under final appropriations by \$436,463 or a 7.8% positive variance.

Debt Administration

At year-end, the City had \$14,246,867 in long-term debt outstanding, reported on a modified cash basis, which represents a \$319,307 increase from the prior year. (See details on pages 36-38).

TABLE 5
Long-Term Debt
(In Thousands)

	Governmental		Business-Type		Total		Total Percentage Change
	Activities		Activities		Total		
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
Notes payable	\$ -	\$ 14	\$14,247	\$ 13,914	\$ 14,247	\$ 13,928	2.3%
Totals	<u>\$ -</u>	<u>\$ 14</u>	<u>\$14,247</u>	<u>\$ 13,914</u>	<u>\$ 14,247</u>	<u>\$ 13,928</u>	2.3%

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

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

- The FY 2022-2023 budget is relatively consistent with that of the prior year.
- Despite the national economic challenges, the City of Eufaula continues to see sustainable growth in sales tax, use tax, hotel/motel tax, and all utility revenues. The City's continued investment in core infrastructure and promotion of the tourism industry will push the community to prosper.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office at P.O. Box 684, Eufaula, Oklahoma 74432 or telephone at 918-689-2534.

**CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND ACTIVITIES

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Statement of Net Position (Modified Cash Basis) – June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,115,608	\$ 3,666,562	\$ 5,782,170
Internal Balances	1,967	(1,967)	-
Total assets	<u>2,117,575</u>	<u>3,664,595</u>	<u>5,782,170</u>
LIABILITIES			
Due to bondholders	1,720	-	1,720
Deposits subject to refund	-	164,066	164,066
Total liabilities	<u>1,720</u>	<u>164,066</u>	<u>165,786</u>
NET POSITION			
Restricted for:			
Cemetery	12,115	-	12,115
Streets	326	-	326
Grants	371,585	-	371,585
Public safety	9,085	-	9,085
Capital improvements	184,693	1,985,759	2,170,452
Debt service	-	155,959	155,959
Recreation	206,059	-	206,059
Unrestricted	1,331,992	1,358,811	2,690,803
Total net position	<u>\$ 2,115,855</u>	<u>\$ 3,500,529</u>	<u>\$ 5,616,384</u>

See accompanying notes to these financial statements.

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Statement of Activities (Modified Cash Basis) – Year Ended June 30, 2022

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants, Debt Proceeds and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 904,693	\$ 179,199	\$ -	\$ -	\$ (725,494)	\$ -	\$ (725,494)
Public safety	1,109,728	78,416	32,871	-	(998,441)	-	(998,441)
Highways and streets	123,988	-	27,001	-	(96,987)	-	(96,987)
Culture and recreation	84,039	2,550	48,905	-	(32,584)	-	(32,584)
Cemetery	78,896	16,179	-	-	(62,717)	-	(62,717)
Airport	243,413	-	7,592	239,037	3,216	-	3,216
Tourism	72,160	-	-	-	(72,160)	-	(72,160)
Debt service:							
Principal on long-term debt	13,678	-	-	-	(13,678)	-	(13,678)
Interest on long-term debt	84	-	-	-	(84)	-	(84)
Total governmental activities	<u>2,630,679</u>	<u>276,344</u>	<u>116,369</u>	<u>239,037</u>	<u>(1,998,929)</u>	<u>-</u>	<u>(1,998,929)</u>
Business-type activities:							
Water	3,255,747	1,424,983	-	1,693,100	-	(137,664)	(137,664)
Sewer	1,371,084	365,059	-	396,784	-	(609,241)	(609,241)
Sanitation	393,286	380,446	-	-	-	(12,840)	(12,840)
Economic Development	43,656	-	-	-	-	(43,656)	(43,656)
Total business-type activities	<u>5,063,773</u>	<u>2,170,488</u>	<u>-</u>	<u>2,089,884</u>	<u>-</u>	<u>(803,401)</u>	<u>(803,401)</u>
Total primary government	<u>\$ 7,694,452</u>	<u>\$ 2,446,832</u>	<u>\$ 116,369</u>	<u>\$ 2,328,921</u>	<u>(1,998,929)</u>	<u>(803,401)</u>	<u>(2,802,330)</u>
General revenues:							
Taxes:							
Sales and use taxes					3,038,947	-	3,038,947
Franchise taxes and public service taxes					137,721	-	137,721
Hotel/motel taxes					189,426	-	189,426
E911 taxes					7,350	-	7,350
Intergovernmental revenue not restricted to specific programs					329,001	-	329,001
Unrestricted investment earnings					1,444	1,376	2,820
Miscellaneous					97,562	-	97,562
Transfers					(1,265,585)	1,265,585	-
Total general revenues and transfers					<u>2,535,866</u>	<u>1,266,961</u>	<u>3,802,827</u>
Change in net position					536,937	463,560	1,000,497
Net position - beginning					1,578,918	3,036,969	4,615,887
Net position - ending					<u>\$ 2,115,855</u>	<u>\$ 3,500,529</u>	<u>\$ 5,616,384</u>

See accompanying notes to these financial statements.

**CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2022

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>FEMA Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 1,517,220	\$ 172,595	\$ 123,050	\$ 302,743	\$ 2,115,608
Due from other funds	-	2,797	-	2,574	5,371
Total assets	<u>\$ 1,517,220</u>	<u>\$ 175,392</u>	<u>\$ 123,050</u>	<u>\$ 305,317</u>	<u>\$ 2,120,979</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ 3,404	\$ -	\$ -	\$ -	\$ 3,404
Due to bondholders	1,720	-	-	-	1,720
Total liabilities	<u>5,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,124</u>
Fund balances:					
Restricted	248,535	173,201	123,050	239,077	783,863
Assigned	-	2,191	-	66,240	68,431
Unassigned	1,263,561	-	-	-	1,263,561
Total fund balances	<u>1,512,096</u>	<u>175,392</u>	<u>123,050</u>	<u>305,317</u>	<u>2,115,855</u>
Total liabilities and fund balances	<u>\$ 1,517,220</u>	<u>\$ 175,392</u>	<u>\$ 123,050</u>	<u>\$ 305,317</u>	<u>\$ 2,120,979</u>

See accompanying notes to these financial statements.

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance
(Modified Cash Basis) – Year Ended June 30, 2022

	General Fund	Capital Improvements Fund	FEMA Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 3,184,018	\$ -	\$ -	\$ 189,426	\$ 3,373,444
Intergovernmental	380,947	158,534	-	239,037	778,518
Charges for services	16,329	152,444	-	4,711	173,484
Fines and forfeitures	78,416	-	-	-	78,416
Licenses and permits	26,755	-	-	-	26,755
Investment income	1,297	143	-	4	1,444
Miscellaneous	80,232	-	4,286	67,230	151,748
Total revenues	<u>3,767,994</u>	<u>311,121</u>	<u>4,286</u>	<u>500,408</u>	<u>4,583,809</u>
EXPENDITURES					
Current:					
General government	872,482	-	7,113	-	879,595
Public Safety	859,079	-	-	-	859,079
Highway and streets	108,836	-	-	-	108,836
Culture and recreation	9,800	-	-	42,627	52,427
Cemetery	78,896	-	-	-	78,896
Tourism	72,160	-	-	-	72,160
Airport	-	-	-	16,421	16,421
Capital Outlay	160,577	224,832	130,133	258,793	774,335
Debt Service:					
Principal	-	-	-	13,678	13,678
Interest and other charges	-	-	-	84	84
Total expenditures	<u>2,161,830</u>	<u>224,832</u>	<u>137,246</u>	<u>331,603</u>	<u>2,855,511</u>
Excess (deficiency) of revenues over expenditures	<u>1,606,164</u>	<u>86,289</u>	<u>(132,960)</u>	<u>168,805</u>	<u>1,728,298</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,879,607	66,363	-	-	1,945,970
Transfers out	(3,017,532)	(35,609)	-	(84,190)	(3,137,331)
Total other financing sources and uses	<u>(1,137,925)</u>	<u>30,754</u>	<u>-</u>	<u>(84,190)</u>	<u>(1,191,361)</u>
Net change in fund balances	468,239	117,043	(132,960)	84,615	536,937
Fund balances - beginning	1,043,857	58,349	256,010	220,702	1,578,918
Fund balances - ending	<u>\$ 1,512,096</u>	<u>\$ 175,392</u>	<u>\$ 123,050</u>	<u>\$ 305,317</u>	<u>\$ 2,115,855</u>

See accompanying notes to these financial statements.

**CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Proprietary Funds Statement of Net Position (Modified Cash Basis) – June 30, 2022

	Enterprise Funds		
	Eufaula Public Works Authority	Eufaula Economic Development Authority	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,249,167	\$ 104,241	\$ 1,353,408
Due from other funds	830	-	830
Restricted:			
Cash and cash equivalents	2,313,154	-	2,313,154
Total assets	3,563,151	104,241	3,667,392
LIABILITIES			
Current Liabilities:			
Due to other funds	2,797	-	2,797
Deposits subject to refund	164,066	-	164,066
Total liabilities	166,863	-	166,863
NET POSITION			
Restricted for debt service	155,959	-	155,959
Restricted for capital projects	1,985,759	-	1,985,759
Unrestricted	1,254,570	104,241	1,358,811
Total net position	\$ 3,396,288	\$ 104,241	\$ 3,500,529

See accompanying notes to these financial statements.

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis) – Year Ended June 30, 2022

	Eufaula Public Works Authority	Eufaula Economic Development Authority	Totals
REVENUES			
Water	\$ 1,349,831	\$ -	\$ 1,349,831
Sewer	332,236	-	332,236
Sanitation	365,252	-	365,252
Water and sewer taps	38,000	-	38,000
Penalties	30,340	-	30,340
Miscellaneous	54,829	-	54,829
Total operating revenues	<u>2,170,488</u>	<u>-</u>	<u>2,170,488</u>
OPERATING EXPENSES			
Administration	141,978	-	141,978
Water	919,045	-	919,045
Sewer	417,379	-	417,379
Sanitation	367,957	-	367,957
Economic development	-	43,656	43,656
Total operating expenses	<u>1,846,359</u>	<u>43,656</u>	<u>1,890,015</u>
Operating income (loss)	<u>324,129</u>	<u>(43,656)</u>	<u>280,473</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	1,376	-	1,376
Debt proceeds	1,279,715	-	1,279,715
Capital outlay	(1,779,102)	-	(1,779,102)
Debt service:			
Principal retirement	(780,453)	-	(780,453)
Interest expense and fees	(389,371)	-	(389,371)
Total non-operating revenue (expenses)	<u>(1,667,835)</u>	<u>-</u>	<u>(1,667,835)</u>
Income (loss) before contributions and transfers	<u>(1,343,706)</u>	<u>(43,656)</u>	<u>(1,387,362)</u>
Capital contributions - grant proceeds	659,561	-	659,561
Transfers in	3,053,141	84,190	3,137,331
Transfers out	(1,945,970)	-	(1,945,970)
Change in net position	<u>423,026</u>	<u>40,534</u>	<u>463,560</u>
Total net position - beginning	<u>2,973,262</u>	<u>63,707</u>	<u>3,036,969</u>
Total net position - ending	<u>\$ 3,396,288</u>	<u>\$ 104,241</u>	<u>\$ 3,500,529</u>

See accompanying notes to these financial statements.

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Proprietary Funds Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2022

	Eufaula Public Works Authority	Eufaula Economic Development Authority	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,170,488	-	\$ 2,170,488
Payments to suppliers	(1,116,126)	(43,656)	(1,159,782)
Payments to employees	(730,233)	-	(730,233)
Receipts of customer meter deposits	51,050	-	51,050
Refunds of customer meter deposits	(37,632)	-	(37,632)
Net cash provided by (used in) operating activities	337,547	(43,656)	293,891
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	3,053,141	84,190	3,137,331
Transfers to other funds	(1,945,970)	-	(1,945,970)
Net cash provided by noncapital financing activities	1,107,171	84,190	1,191,361
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital outlay	(1,779,102)	-	(1,779,102)
Capital grant contributions	659,561	-	659,561
Proceeds from debt	1,279,715	-	1,279,715
Principal paid on debt	(780,453)	-	(780,453)
Interest and fiscal agent fees paid on debt	(389,371)	-	(389,371)
Net cash provided by (used in) capital and related financing activities	(1,009,650)	-	(1,009,650)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	1,376	-	1,376
Net cash provided by investing activities	1,376	-	1,376
Net increase in cash and cash equivalents	436,444	40,534	476,978
Balances - beginning of year	3,125,877	63,707	3,189,584
Balances - end of year	\$ 3,562,321	\$ 104,241	\$ 3,666,562
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 1,249,167	\$ 104,241	\$ 1,353,408
Restricted cash and cash equivalents - current	2,313,154	-	2,313,154
Total cash and cash equivalents, end of year	\$ 3,562,321	\$ 104,241	\$ 3,666,562
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 324,129	\$ (43,656)	\$ 280,473
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
Deposits subject to refund	13,418	-	13,418
Net cash provided by (used in) operating activities	\$ 337,547	\$ (43,656)	\$ 293,891
Noncash activities:			
Long-term debt forgiven by lender	\$ 166,278	-	\$ 166,278

See accompanying notes to these financial statements.

**CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Statement of Net Position and Activities:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

In determining the financial reporting entity, the City of Eufaula, Oklahoma (the “City”) fully complies with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 61, “The Financial Reporting Entity: Omnibus” that requires the primary government and all component units of which the primary government is financially accountable be included in the financial report.

The City’s financial reporting entity includes six separate legal entities reported as the primary government and component units.

- **The City of Eufaula** – that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities – *reported as part of the primary government*
- **The Eufaula Public Works Authority** – that operates the water, wastewater and sanitation services of the City - *reported as part of the primary government (blended component unit)*
- **The Eufaula Economic Development Authority** – that operates the economic development services within the City. The EEDA was created to assist the City with economic development activities. One of the means available for economic development would be for the Trust to attempt to attract businesses to Eufaula by either borrowing money traditionally or issuing some kind of debt obligation, the proceeds of which would be used to either construct an asset that could then be rented to the business, or in some cases, even loan those proceeds out to create some kind of revolving economic development loan fund. To date, the Trust has issued no debt obligations - *reported as part of the primary government (blended component unit)*
- **The Eufaula Recreation Authority** – that operates the recreational services within the City - *reported as part of the primary government (blended component unit)*
- **The Eufaula Industrial Authority** – that operates the industrial development services within the City (*Authority currently inactive*)
- **The Eufaula Airport Authority** – that operates the municipal airport services of the City (*Authority currently inactive*)

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

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

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

The component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authorities. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources.

In addition, the City has leased certain existing assets at the creation of the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

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

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid) 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, operating and capital grants
- Public safety: Fine revenue, fire runs, operating and capital grants
- Streets and highways: Gas excise and commercial vehicle taxes
- Culture and recreation: Recreational fees and operating grants
- Cemetery: Cemetery fees
- Airport: operating and capital grants

**CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

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
- Capital Improvements Fund – accounts for revenues received from the CIP fee and used for capital projects
- FEMA Fund – accounts for FEMA grant program activity. Used for expenditures and receipts associated with emergency situations

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

Special Revenue Funds:

- Street Fund – accounts for revenues received from excess of one-half percent sales tax above debt service requirements on the allocated bonds related to the 2002 defeased bonds to be used for street improvements
- Police Drug Fund – accounts for monies received from donations and drug seizures and to be used for law enforcement purposes only
- Eufaula Recreation Authority – accounts for hotel/motel taxes and recreations fees used to operate recreation activities

Capital Project Funds:

- Cemetery Perpetual Fund – accounts for 25 percent of cemetery revenues (12.5 percent required per State statute) restricted for cemetery capital improvements
- Grant Fund (CDBG) – capital project fund, which accounts for funds of the Community Development Block Grant used for the Pur Ice Building Project
- Southpoint Project Fund – accounts for loan proceeds and related expenditures used for improvements to Southpoint
- Airport Fund – accounts for revenue received and expenditures made for airport grant projects

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

Proprietary Funds:

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

Major Funds:

- Eufaula Public Works Authority (EPWA) Enterprise Fund – accounts for the operation of the water, wastewater, and sanitation activities
- Eufaula Economic Development Authority (EEDA) Enterprise Fund – accounts for economic development activities

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

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to

operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

C. Cash, Cash Equivalents, and Investments

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

D. Assets Other Than Cash

Assets other than cash are reported at the amount of cash and cash equivalents associated with the transaction or event that resulted in their acquisition.

E. Compensated Absences

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures 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 9.

F. Fund Balances and Net Position

Fund Balances:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. More information is provided in Note 3. These classifications are defined as:

- a. Nonspendable – includes amounts that cannot be spent because they are either not in spendable form or are 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, while the Eufaula Recreation Authority’s highest level of decision making Authority is by resolution. The City and Authority currently have no fund balances that meet the definition of 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 budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

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

Net Position:

Net position is displayed in two components:

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

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

G. 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, 2022, the City recognized \$2,820 of investment income. Due to the minimal rates of return on allowable investments in the current environment, most of the City's deposits are in demand and short-term time deposits.

At June 30, 2022, the primary government held the following deposits and investments:

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

<u>Primary Government:</u>		
<u>Type</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Petty cash		\$ 370
Deposits:		
Demand deposits		4,607,567
		<u>4,607,937</u>
Investments:		
Money Market Fund-Cavanal Hill US Treasury	AAA	1,174,233
		<u>1,174,233</u>
Total deposits and investments		<u>\$ 5,782,170</u>
Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 5,782,170
		<u>\$ 5,782,170</u>

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the government's 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, 2022, the City was fully collateralized and therefore not exposed to custodial credit risk as defined above.

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 government money market funds regulated by the SEC. Title 60 public trusts are not limited by the same investment limitations of their municipal beneficiary. The investments held by the Public Works Authority are part of the 2020 Use Tax note and construction accounts, the 2018 OWRB revenue bond trustee account, 2015 OWRB revenue bond trustee account, the 2014A and 2014B revenue bond trustee accounts, and the 2012 OWRB trustee account, which are covered and authorized under the said indenture.

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. As noted in the schedule of deposits and investments above, at June 30, 2022, the investments were limited to shares of money market funds invested in U.S. Treasury securities which have an average maturity of less than one year.

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

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.

Restricted Cash and Investments – The amounts reported as restricted assets on the proprietary fund statement of net position are comprised of amounts held for meter deposits, and amounts restricted for debt service, debt reserve, or construction purposes. The restricted assets as of June 30, 2022 are as follows:

	Cash and cash equivalents
2014A Bond Fund	\$ 20,948
2014B Bond Fund	30,960
2012 OWRB Bond Fund	63,327
2015 OWRB Debt Service Fund	8,535
2018 OWRB Bond Fund	8,823
2020 Use Tax Note Fund	23,366
2020 Use Tax Construction Fund	1,018,274
Meter deposits	164,066
CWSRF cash	974,855
Total	\$ 2,313,154

3. Fund Balances and Net Position

The following tables show the fund balance classifications as shown in the Governmental Funds Balance Sheet, and the Proprietary Fund Statement of Net Position:

	General Fund	Capital Improvements Fund	FEMA Fund	Other Governmental Funds	Total
Fund Balance:					
Restricted for:					
Street improvements	\$ -	\$ -	\$ -	\$ 326	\$ 326
Law enforcement	-	-	-	9,085	9,085
Cemetery care	-	-	-	12,115	12,115
Capital improvements	-	173,201	-	11,492	184,693
Recreation	-	-	-	206,059	206,059
Grant Purposes	248,535	-	123,050	-	371,585
	248,535	173,201	123,050	239,077	783,863
Assigned for:					
Grant purposes	-	-	-	5	5
Capital improvements	-	2,191	-	30,000	32,191
Airport	-	-	-	36,235	36,235
	-	2,191	-	66,240	68,431
Unassigned	1,263,561	-	-	-	1,263,561
Total Fund Balance	\$ 1,512,096	\$ 175,392	\$ 123,050	\$ 305,317	\$ 2,115,855

Proprietary Funds:	
Restricted for:	
Capital improvements	\$ 1,985,759
Debt service	155,959
Total restricted net position	\$ 2,141,718

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

4. Sales Tax Revenue

Sales tax revenue represents a 3 ½ cent tax on each dollar of taxable sales of which all 3 ½ cents are transferred to the Eufaula Public Works Authority to be used to secure debt payments. Any unused portion is transferred back to the General Fund.

5. Property Tax Levy

The City presently levies no property tax. In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City.

6. Internal Balances and Transfers Between Funds and Legal Entities

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

Due From	Due To	Amount	Nature of Balance
General Fund	Cemetery Perpetual	\$ 2,439	12.5% required transfer
General Fund	Recreational Authority	135	Deposit error
General Fund	EPWA	830	Deposit error
EPWA	Capital Improvement	2,797	Deposit error
Total		<u>\$ 6,201</u>	

Reconciliation to Fund Financial Statements:

	Due From	Due To	Net Internal Balances
Governmental Funds	\$ 5,371	\$ (3,404)	\$ 1,967
Proprietary Funds	830	(2,797)	(1,967)
Total	<u>\$ 6,201</u>	<u>\$ (6,201)</u>	<u>\$ -</u>

Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	Eufaula Public Works Authority	\$ 2,669,221	Sales tax transfer
General Fund	Eufaula Public Works Authority	348,311	Use tax transfer
Recreation Fund	Eufaula Economic Development Authority	84,190	Operating subsidy (4% of the 9% hotel/motel tax)
Capital Improvements Fund	Eufaula Public Works Authority	35,609	Reimbursement for expenses
Eufaula Public Works Authority	Capital Improvements Fund	66,363	Operational subsidy
Eufaula Public Works Authority	General Fund	1,660,661	Return of unused sales tax
Eufaula Public Works Authority	General Fund	218,946	Use tax transfer
Total		<u>\$ 5,083,301</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 1,945,970	\$ (3,137,331)	\$ (1,191,361)
Proprietary Funds	3,137,331	(1,945,970)	1,191,361
Total	<u>\$ 5,083,301</u>	<u>\$ (5,083,301)</u>	<u>\$ -</u>

Reconciliation to Statement of Activities:

Transfers net balance	(1,191,361)
Transfer of capital outlay from governmental to business-type	(74,224)
Total	<u>\$ (1,265,585)</u>

7. Risk Management

The primary government 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. These risks are managed by securing commercial insurance for all risks, except for participation in the Oklahoma Municipal Assurance Group risk entity pool for worker's compensation and property liability coverage. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

8. Retirement Plan Participation

The City of Eufaula participates in three pension or retirement plans:

- Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust (OkMRF-DBP) – an agent multi-employer defined benefit pension plan

Oklahoma State Firefighters Pension System

Pursuant to the requirements of Title 11, section 22-102, the City of Eufaula participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Firefighters Pension Board on behalf of both paid and volunteer firefighters. The paid firefighter contributes 9% to the plan, while the City is required by state law to contribute 14% per year per firefighter to the statewide plan. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. The City's obligation to fund the plan extends only to making the statutorily required contributions. For 2022, the City's annual required contribution was \$1,200 for the OFPRS plan and was equal to the City's actual contribution.

A copy of the Firefighters Statewide Pension Plan financial statements can be obtained from the Oklahoma Firefighters Pension System, 4545 Lincoln Blvd. Suite 263, Oklahoma City, OK, 73105-3707.

Oklahoma State Police Pension System

The City of Eufaula, as the employer, participates in a statewide cost-sharing multiple-employer defined benefit pension plan through 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 is required by state law to contribute 13% of covered payroll per year for each police officer. Employees contribute 8% of covered payroll. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. For 2022, the City's annual required contribution was \$36,442 for the OPPRS plan and was equal to the City's actual contribution.

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

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

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

OkMRF Defined Benefit Plan

The City contributes to the City of Eufaula Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust, an agent multiple employer - defined benefit plan, for all eligible employees except for those covered by the Police and Firefighter Pension Systems. Administration of the City's individual plan rests with the City Council. The overall operations of OkMRF are supervised by a nine-member Council of Trustees elected by the participating municipalities. JP Morgan Chase of Oklahoma City acts as administrator and securities custodian.

Eligibility Factors, Contribution Methods and Benefit Provisions

Provision	OkMRF Plan
a. Eligible to Participate	Full-time, non-uniformed employees of the City upon hire.
b. Contribution Requirements:	
-Authorization	By City ordinance
-Actuarially Determined	Yes
-Employer Rate	5.00% of covered payroll
-Employee Rate	3.75% of earnings
c. Period Required to Vest	7 years of credited service
d. Eligibility for Distribution	-Normal retirement at age 65 with 7 years of service -Early retirement at age 55 with 7 years of service -Disability retirement with 7 years of service -Marital death benefit with 7 years of service
e. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	
-Normal Retirement	1.875% of final average salary multiplied by credited years of service
-Early Retirement	Actuarially reduced benefit based upon age and years of service at termination
-Disability Retirement	Same as normal retirement
-Death Benefit	50% of employee's accrued benefit, but terminates upon spouse remarriage
-Prior to 7 Years Service	Return of employee contributions with accrued interest
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent.

OkMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 525 Central Park Drive, Suite 320, Oklahoma City, Oklahoma, 73105.

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Summary of Contributions:

Oklahoma Municipal Retirement Fund			Oklahoma Police Pension and Retirement System			Oklahoma Firefighter's Pension and Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2020	33,276	100%	2020	34,300	100%	2020	1,140	100%
2021	35,312	100%	2021	37,238	100%	2021	1,120	100%
2022	33,675	100%	2022	36,442	100%	2022	1,200	100%

9. Commitments and Contingencies

For the year ended June 30, 2022, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance July 01, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
Governmental Activities:					
Notes Payable-direct borrowings	\$ 13,678	\$ -	\$ 13,678	\$ -	\$ -
Total Governmental Activities	13,678	-	13,678	-	-
Business-Type Activities:					
Notes Payable-direct borrowings	\$ 9,311,882	\$ 1,279,715	\$ 312,730	\$ 10,278,867	\$ 149,342
Revenue notes payable	4,602,000	-	634,000	3,968,000	647,000
Total Business-Type Activities	13,913,882	1,279,715	946,730	14,246,867	796,342
Total Long-Term Debt	\$ 13,927,560	\$ 1,279,715	\$ 960,408	\$ 14,246,867	\$ 796,342

Governmental Activities:

At June 30, 2022, there were no long-term payables from taxes and other general revenues in governmental activities.

Business-Type Activities:

Long-term debt commitments payable from net revenues generated by utility or other resources pledged to the EPWA at June 30, 2022, includes the following:

Notes Payable – Direct Borrowings

Note payable to Oklahoma Water Resources Board, original amount of \$4,035,000, payable in semi-annual installments each June and December 1 beginning December 2013, final installment due June 1, 2043 with a 2.06% interest rate and an administration fee of 0.5% payable semi-annually on the principal outstanding. The note is secured by and payable from utility revenues and pledged sales tax as well as a mortgage of certain utility assets. In the event of default on the OWRB loans, the lender may: 1) file suit to require any or all of the borrower covenants to be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the indenture; 5) foreclose the mortgage, lien and security interest; 6) increase the interest rate to 14% on the defaulted payments.

3,016,278

Notes Payable – Direct Borrowings, Continued

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Note payable to Oklahoma Water Resources Board, original amount of \$675,000, payable in semi-annual installments each March and September 15 beginning September 2016, final installment due September 15, 2030 with a 1.64% interest rate and an administration fee of 0.5% payable semi-annually on the principal outstanding. Total drawdowns to date equal \$364,917. The note is secured by and payable from utility revenues and pledged sales tax as well as a mortgage of certain utility assets. In the event of default on the OWRB loans, the lender may: 1) file suit to require any or all of the borrower covenants to be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the indenture; 5) foreclose the mortgage, lien and security interest; 6) increase the interest rate to 14% on the defaulted payments. 258,860

Note payable from Bank of Eufaula, original amount of \$33,973, payable in monthly installments beginning June 2020, final installment due May 2023 with a 4.0% interest rate. The note is secured by a 2018 Bobcat Excavator. In the event of default, the lender may: 1) accelerate any part of the amount of the loan agreement immediately due; 2) use all remedies under state or federal law or in any loan document; 3) make a claim for any and all insurance benefits or refunds that may be available; 4) make immediately due any amounts advanced to borrowers and accrue interest at the highest post-maturity interest rate. 10,747

Note payable to Oklahoma Water Resources Board, original amount of \$1,000,000, payable in semi-annual installments each March and September 15 beginning March 2019, final installment due September 15, 2051 with a 2.75% interest rate and an administration fee of 0.5% payable semi-annually on the principal outstanding. The note is secured by and payable from utility revenues and pledged sales tax as well as a mortgage of certain utility assets. In the event of default on the OWRB loans, the lender may: 1) file suit to require any or all of the borrower covenants to be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the indenture; 5) foreclose the mortgage, lien and security interest; 6) increase the interest rate to 14% on the defaulted payments. 997,000

Note payable to Oklahoma Water Resources Board, original amount of \$6,185,000, payable in semi-annual installments each March and September 15 beginning September 2019, final installment due September 15, 2050 with a 2.04% interest rate and an administration fee of 0.5% payable semi-annually on the principal outstanding. Total drawdowns to date equal \$6,098,982. The note is secured by and payable from utility revenues and pledged sales tax as well as a mortgage of certain utility assets. In the event of default on the OWRB loans, the lender may: 1) file suit to require any or all of the borrower covenants to be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the indenture; 5) foreclose the mortgage, lien and security interest; 6) increase the interest rate to 14% on the defaulted payments. 5,995,982

Total Notes Payable \$ 10,278,867

Current portion 149,342
Noncurrent portion 10,129,525
Total Notes Payable \$ 10,278,867

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Revenue Notes Payable

Series 2014A Revenue Notes, original issue amount of \$2,165,000, dated August 1, 2014, issued by Eufaula Public Works Authority, secured by utility revenues and pledged sales tax, interest rate of 3.65%, final payment due June 2024.	\$ 470,000
Series 2014B Revenue Notes, original issue amount of \$4,410,000, dated August 1, 2014, issued by Eufaula Public Works Authority, secured by utility revenues and pledged sales tax, interest rate of 2.75%, final payment due December 2027.	2,450,000
Series 2020 Revenue Notes, original issue amount of \$1,200,000, dated November 16, 2020, issued by Eufaula Public Works Authority, secured by pledged use tax, interest rate of 2.69%, final payment due November 2030.	1,048,000
	\$ 3,968,000
Current portion	647,000
Noncurrent portion	3,321,000
Total Revenue Notes Payable	\$ 3,968,000

Annual Debt Service Requirements

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

Year Ended June 30,	Business-Type			
	Notes Payable-direct borrowings		Revenue Notes Payable	
	Principal	Interest	Principal	Interest
2023	149,342	273,054	647,000	107,806
2024	141,954	269,361	670,000	87,838
2025	145,423	265,775	693,000	67,697
2026	148,966	262,115	706,000	48,629
2027	152,599	258,365	729,000	29,122
2028-2032	1,827,940	1,171,924	523,000	25,830
2033-2037	2,006,534	925,149	-	-
2038-2042	2,348,359	642,341	-	-
2043-2047	2,080,768	336,320	-	-
2048-2052	1,463,000	78,957	-	-
Total	\$ 10,464,885	\$ 4,483,361	\$ 3,968,000	\$ 366,922
Less: Amount not yet drawn	(186,018)			
Outstanding debt at June 30, 2022	\$ 10,278,867			

Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge - The City has pledged all three and one-half cents (or 100%) of future sales tax revenues and net utility revenues to repay the \$2,165,000 Series 2014A Utility System and Sales Tax Revenue Notes and the \$4,410,000 Series 2014B Utility System and Sales Tax Revenue Notes. Proceeds from the notes provided financing to refund Series 2005 Utility Revenue Bonds. The notes are payable from pledged sales tax revenues and net utility revenues and

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

are payable through 2024 and 2028, respectively. The total principal and interest payable for the remainder of the life of these notes is \$3,155,919. Pledged sales taxes received in the current year were \$2,669,221 and net utility revenues were \$325,505. Debt service payments of \$621,945 for the current fiscal year were 20.8% of both pledged sales taxes and net utility revenues of \$2,994,726.

Use Tax Revenues Pledge - The City has pledge three and one-half cents (or 100% of future Use tax revenues to repay the \$1,200,000 Series 2020 Use Tax Revenue Note. The note is payable from pledged use tax revenues and is payable through 2030. The total principal and interest payable for the remainder of the life of these notes is \$1,179,003. Pledged use taxes received in the current year were \$348,311. Debt service payments of \$139,397 for the current fiscal year were 40% of pledged use tax revenues.

Compensated Absences:

As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and comp leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2022 is \$31,300 for governmental activities and \$23,356 for business-type activities.

Other Post-Employment Benefits:

For the year ended June 30, 2022, the City provided post-employment benefits (other than pension) to retired employees. The City accounts for these costs on a pay-as-you-go basis. These benefits are in the form of health insurance for retired employees. The retirees pay 100% of the City's established blended premium for active and retired employees.

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.

Federal and State Award Programs:

The City of Eufaula participates in various federal or state grant/loan programs from year to year. In 2022, the City's involvement in federal and state award programs was material. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

**CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

SUPPLEMENTAL AND OTHER INFORMATION

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Budgetary Comparison Schedule (Budgetary Basis) – General Fund – Year Ended June 30, 2022

	General Fund			
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance	\$ 375,000	\$ 375,000	\$ 905,879	\$ 530,879
Resources (Inflows):				
Taxes	2,422,000	3,022,000	3,184,018	162,018
Intergovernmental	105,000	105,000	380,947	275,947
Charges for services	15,000	15,000	16,329	1,329
Fines and forfeitures	105,000	135,000	78,416	(56,584)
Licenses and permits	15,100	15,100	26,755	11,655
Investment income	750	750	1,297	547
Miscellaneous	34,225	64,225	80,232	16,007
Transfers in	1,535,950	1,885,950	1,879,607	(6,343)
Total Resources (Inflows)	<u>4,233,025</u>	<u>5,243,025</u>	<u>5,647,601</u>	<u>404,576</u>
Amounts available for appropriation	<u>\$ 4,608,025</u>	<u>\$ 5,618,025</u>	<u>\$ 6,553,480</u>	<u>\$ 935,455</u>
Charges to Appropriations (Outflows):				
Administration	204,425	215,425	220,844	(5,419)
Tourism	45,550	64,150	72,160	(8,010)
Police	759,800	811,000	855,727	(44,727)
Fire	128,050	128,050	123,679	4,371
Animal Shelter	10,250	10,250	7,445	2,805
General government	914,700	1,213,900	669,291	544,609
Library	13,650	13,650	9,800	3,850
Cemetery	73,000	73,000	78,896	(5,896)
Streets	100,000	100,000	103,988	(3,988)
Transportation	20,000	20,000	20,000	-
Transfers out	2,336,400	2,966,400	3,017,532	(51,132)
Total Charges to Appropriations	<u>4,605,825</u>	<u>5,615,825</u>	<u>5,179,362</u>	<u>436,463</u>
Ending Budgetary Fund Balance	<u>\$ 2,200</u>	<u>\$ 2,200</u>	<u>\$ 1,374,118</u>	<u>\$ 1,371,918</u>

See notes to budgetary comparison schedule.

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Footnotes to Budgetary Comparison Schedules:

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

	<u>General Fund</u>
Resources budgetary basis	\$5,647,601
Deduct transfers in	<u>(1,879,607)</u>
Revenue - modified cash basis	<u><u>\$3,767,994</u></u>
Charges to appropriations budgetary basis	\$5,179,362
Deduct transfers out	<u>(3,017,532)</u>
Expenditures - modified cash basis	<u><u>\$2,161,830</u></u>

**CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

**Combining Balance Sheet – Non-Major Governmental Funds (Modified Cash Basis) –
June 30, 2022**

	Special Revenue Funds			Capital Project Funds			Total Governmental Funds	
	Street Fund	Police Drug Fund	Recreation Authority	Cemetery Perpetual Fund	Grant Fund	Southpoint Project Fund		Airport Fund
ASSETS								
Cash and cash equivalents	\$ 326	\$ 9,085	\$ 205,924	\$ 9,676	\$ 5	\$ 41,492	\$ 36,235	\$ 302,743
Due from other funds	-	-	135	2,439	-	-	-	2,574
Total assets	<u>\$ 326</u>	<u>\$ 9,085</u>	<u>\$ 206,059</u>	<u>\$ 12,115</u>	<u>\$ 5</u>	<u>\$ 41,492</u>	<u>\$ 36,235</u>	<u>\$ 305,317</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Restricted	326	9,085	206,059	12,115	-	11,492	-	239,077
Assigned	-	-	-	-	5	30,000	36,235	66,240
Total fund balances	<u>326</u>	<u>9,085</u>	<u>206,059</u>	<u>12,115</u>	<u>5</u>	<u>41,492</u>	<u>36,235</u>	<u>305,317</u>
Total liabilities and fund balances	<u>\$ 326</u>	<u>\$ 9,085</u>	<u>\$ 206,059</u>	<u>\$ 12,115</u>	<u>\$ 5</u>	<u>\$ 41,492</u>	<u>\$ 36,235</u>	<u>\$ 305,317</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds (Modified Cash Basis) – Year Ended June 30, 2022

	Special Revenue Funds			Capital Project Funds			Total-Other Governmental Funds	
	Street Fund	Police Drug Fund	Recreation Authority	Cemetery Perpetual Fund	Grant Fund	Southpoint Project Fund		Airport Fund
REVENUES								
Taxes	\$ -	\$ -	\$ 189,426	\$ -	\$ -	\$ -	\$ -	\$ 189,426
Intergovernmental	-	-	-	-	-	-	239,037	239,037
Charges for services	-	-	2,400	2,311	-	-	-	4,711
Investment income	-	-	-	4	-	-	-	4
Miscellaneous	-	6,192	48,905	-	-	-	12,133	67,230
Total revenues	<u>-</u>	<u>6,192</u>	<u>240,731</u>	<u>2,315</u>	<u>-</u>	<u>-</u>	<u>251,170</u>	<u>500,408</u>
EXPENDITURES								
Current:								
Culture and recreation	-	-	42,627	-	-	-	-	42,627
Airport	-	-	-	-	-	-	16,421	16,421
Capital outlay	-	189	31,612	-	-	-	226,992	258,793
Debt Service	-	-	13,678	-	-	-	-	13,678
Principal	-	-	84	-	-	-	-	84
Interest and other charges	-	-	84	-	-	-	-	84
Total expenditures	<u>-</u>	<u>189</u>	<u>88,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>243,413</u>	<u>331,603</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>6,003</u>	<u>152,730</u>	<u>2,315</u>	<u>-</u>	<u>-</u>	<u>7,757</u>	<u>168,805</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(84,190)	-	-	-	-	(84,190)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(84,190)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(84,190)</u>
Net change in fund balances	-	6,003	68,540	2,315	-	-	7,757	84,615
Fund balances - beginning	326	3,082	137,519	9,800	5	41,492	28,478	220,702
Fund balances - ending	<u>\$ 326</u>	<u>\$ 9,085</u>	<u>\$ 206,059</u>	<u>\$ 12,115</u>	<u>\$ 5</u>	<u>\$ 41,492</u>	<u>\$ 36,235</u>	<u>\$ 305,317</u>

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Proprietary Fund Combining Schedule of Net Position (Modified Cash Basis) – Eufaula Public Works Authority Enterprise Fund Accounts – June 30, 2022

	<u>EPWA</u>	<u>EPWA-CWSRF</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,249,167	\$ -	\$ 1,249,167
Due from other funds	830	-	830
Due from (to) other accounts	7,370	(7,370)	-
Restricted:			
Cash and cash equivalents	1,338,299	974,855	2,313,154
Total assets	<u>2,595,666</u>	<u>967,485</u>	<u>3,563,151</u>
LIABILITIES			
Due to other funds	2,797	-	2,797
Deposits subject to refund	164,066	-	164,066
Total liabilities	<u>166,863</u>	<u>-</u>	<u>166,863</u>
NET POSITION			
Restricted for debt service	155,959	-	155,959
Restricted for capital projects	1,018,274	967,485	1,985,759
Unrestricted	1,254,570	-	1,254,570
Total net position	<u>\$ 2,428,803</u>	<u>\$ 967,485</u>	<u>\$ 3,396,288</u>

Proprietary Fund Combining Schedule of Revenues, Expenses, and Changes in Net Position (Modified Cash Basis) – Eufaula Public Works Authority Enterprise Fund Accounts – Year Ended June 30, 2022

	<u>EPWA</u>	<u>EPWA-CWSRF</u>	<u>Total</u>
REVENUES			
Charges for services:			
Water	\$ 1,349,831	\$ -	\$ 1,349,831
Sewer	332,236	-	332,236
Sanitation	365,252	-	365,252
Water and sewer taps	38,000	-	38,000
Penalties	30,340	-	30,340
Miscellaneous	54,829	-	54,829
Total operating revenues	<u>2,170,488</u>	<u>-</u>	<u>2,170,488</u>
OPERATING EXPENSES			
Administration	141,978	-	141,978
Water	918,295	750	919,045
Sewer	320,978	96,401	417,379
Sanitation	367,957	-	367,957
Total operating expenses	<u>1,749,208</u>	<u>97,151</u>	<u>1,846,359</u>
Operating income (loss)	<u>421,280</u>	<u>(97,151)</u>	<u>324,129</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	1,376	-	1,376
Debt proceeds	1,279,715	-	1,279,715
Capital outlay	(133,632)	(1,645,470)	(1,779,102)
Debt service:			
Principal retirement	(780,453)	-	(780,453)
Interest expense and fees	(389,371)	-	(389,371)
Total non-operating revenue (expenses)	<u>(22,365)</u>	<u>(1,645,470)</u>	<u>(1,667,835)</u>
Income (loss) before contributions and transfers	<u>398,915</u>	<u>(1,742,621)</u>	<u>(1,343,706)</u>
Capital contributions - grant proceeds	-	659,561	659,561
Interaccount transfers in	33,517	1,279,715	1,313,232
Interaccount transfers out	(1,279,715)	(33,517)	(1,313,232)
Transfers in	3,017,532	35,609	3,053,141
Transfers out	(1,879,607)	(66,363)	(1,945,970)
Change in net position	290,642	132,384	423,026
Total net position - beginning	2,138,161	835,101	2,973,262
Total net position - ending	<u>\$ 2,428,803</u>	<u>\$ 967,485</u>	<u>\$ 3,396,288</u>

**CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

Schedule of Expenditures of State Awards – Year Ended June 30, 2022

<u>State Grantor/Pass Through Agency</u> <u>Grantor/Program Title</u>	<u>Grant #</u>	<u>Award</u> <u>Amount</u>	<u>Awards</u> <u>Expended</u>
STATE AWARDS:			
<u>OKLAHOMA DEPARTMENT OF AGRICULTURE:</u>			
Forestry Grant - 2021	N/A	\$ 4,763	\$ 4,763
<u>OKLAHOMA STATE BUREAU OF INVESTIGATION:</u>			
Passed thru Office of Juvenile Justice and Delinquency Prevention:	15PJDP-21-GK-03797-MECP	\$ 4,634	\$ 4,634
<u>EASTERN OKLAHOMA DEVELOPMENT DISTRICT:</u>			
2022 REAP	FY 2022 EODD REAP Fund	36,300	-
<u>OKLAHOMA DEPARTMENT OF CIVIL EMERGENCY MANAGEMENT:</u>			
FEMA - 2015 Tornadoes Severe Storms Straight Line Winds (PW 849)	FEMA-4222-DR-OK	\$ 2,631	\$ 2,631
FEMA - 2015 Tornadoes Severe Storms Straight Line Winds (PW 933)	FEMA-4222-DR-OK	2,469	2,469
FEMA - 2015 Tornadoes Severe Storms Straight Line Winds (PW 489)	FEMA-4222-DR-OK	693	693
FEMA - 2015 Tornadoes Severe Storms Straight Line Winds (PW 490)	FEMA-4222-DR-OK	1,503	1,503
FEMA - 2015 Tornadoes Severe Storms Straight Line Winds (PW 955)	FEMA-4222-DR-OK	630	630
		<u>7,926</u>	<u>7,926</u>
Total State Awards		<u>\$ 53,623</u>	<u>\$ 17,323</u>

CITY OF EUFAULA, OKLAHOMA
SINGLE AUDIT REPORTS
AND SUPPLEMENTARY SCHEDULES

June 30, 2022

City of Eufaula, Oklahoma

June 30, 2022

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
---	---

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

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	5
Notes to the Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	7
Summary Schedule of Prior Audit Findings and Questioned Costs	9



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 Eufaula, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the city of Eufaula, Oklahoma (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 15, 2022. Our report included an emphasis of matter paragraph related to the City's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as Finding 2022-01 that we consider to be a material weakness.

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.

Arledge & Associates P.C.

Edmond, Oklahoma
December 15, 2022



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Eufaula, Oklahoma's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. 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, 2022.

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 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.

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are describe in the accompanying schedule of findings and questioned cost as items 2022-02. Our opinion on each major federal program is not modified with respect to these matters.

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

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 governmental activities, the business-type activities, the aggregate discretely presented component unites, each major fund, and the aggregate remaining fund information of City of Eufaula, Oklahoma, as of the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Eufaula, Oklahoma’s basic financial statements. We issued our report thereon dated December 15, 2022, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Edmond, Oklahoma
December 15, 2022



City of Eufaula
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2022

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal Expenditures(\$)</i>
<i>Clean Water State Revolving Fund Cluster-Cluster</i>			
United States Environmental Protection Agency			
Capitalization Grants for Clean Water State Revolving Funds			
Capitalization Grants for Clean Water State Revolving Funds	66.458	OWRB ORF-21-0014-CW - Loan Forgiveness--ORF-21- 0014-CW	69,875
Capitalization Grants for Clean Water State Revolving Funds	66.458	OWRB ORF-22-0016-CW - Loan Forgiveness--ORF-22- 0016-CW	96,403
Total Capitalization Grants for Clean Water State Revolving Funds			<u>166,278</u>
<i>Total United States Environmental Protection Agency</i>			<u>166,278</u>
<i>Total Clean Water State Revolving Fund Cluster-Cluster</i>			<u>166,278</u>
<i>Other Programs</i>			
Default Agency			
Indian Health Services - Water Project			
Indian Health Services - Water Project	93.445	Indian Health Services - WWTP Project--OK 20-W10	18,674
Indian Health Services - Water Project	93.445	Indian Health Services - Water Project --OK 20-W04	312,429
Indian Health Services - Water Project	93.445	Indian Health Services - Lift Station Project--OK 20-W11	14,898
Total Indian Health Services - Water Project			<u>346,001</u>
<i>Total Default Agency</i>			<u>346,001</u>
Department of the Interior			
WaterSMART (Sustain and Manage America's Resources for Tomorrow) Grants			
WaterSMART (Sustain and Manage America's Resources for Tomorrow) Grants	15.507	Bureau of Reclamation - WaterSMART Grant--BOR- DO-20-F001	420,926
Total WaterSMART (Sustain and Manage America's Resources for Tomorrow) Grants			<u>420,926</u>
<i>Total Department of the Interior</i>			<u>420,926</u>
United States Department of Justice			
Sexual Assault Services Formula Program			
Sexual Assault Services Formula Program	16.017	2020 Coronavirus Emergency Supplementary Funding Program --20E126 CESF	13,360
Total Sexual Assault Services Formula Program			<u>13,360</u>
Bulletproof Vest Partnership Program			
Bulletproof Vest Partnership Program	16.607	Bulletproof Vest Partnership Grant (2020)--16.607	2,188
Total Bulletproof Vest Partnership Program			<u>2,188</u>
<i>Total United States Department of Justice</i>			<u>15,548</u>
Department of Transportation			
Airport Improvement Program			
Airport Improvement Program	20.106	FAA- Rehabilitate Taxiway and Apron--3-40-0029-013- 2021	230,037
Airport Improvement Program	20.106	FAA grant - Airport Coronavirus Response Grant Program --3-40-0029-014- 2021	9,000
Total Airport Improvement Program			<u>239,037</u>
<i>Total Department of Transportation</i>			<u>239,037</u>
Department of Housing and Urban Development			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	U.S. Dept of Housing and Urban Development- Community Dev Block Grant-- 17517 CDBG 19	150,608
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			<u>150,608</u>
<i>Total Department of Housing and Urban Development</i>			<u>150,608</u>
<i>Total Other Programs</i>			<u>1,172,119</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 1,338,397</u>

The accompanying notes are an integral part of this schedule

CITY OF EUFAULA, OKLAHOMA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

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, 2022. 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 accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C—SUBRECIPIENTS

During the year ended June 30, 2022, the City did not provide federal awards to subrecipients.

CITY OF EUFAULA, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2022

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? yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major federal programs:

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

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

Identification of major federal programs:

<u>Program</u>	<u>CFDA Number</u>
Airport Improvement Program	20.106
WaterSMART (Sustain and Manage Americas Resources for Tomorrow)	15.507

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes no

CITY OF EUFAULA, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2022

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

A. Internal Control

Finding: 2022-01 – Segregation of Duties

Criteria: A good system of internal control provides for proper segregation of the accounting functions.

Condition: The City has a limited number of employees that perform the duties that would normally be divided among multiple employees. Due to a limited number of employees, incompatible duties may be required to be performed by certain employees.

Cause and Effect: Lack of internal control surrounding the accounting functions due to small number of office employees. As a result, there is more than a remote likelihood that a misstatement more than inconsequential will not be prevented or detected by the City's internal control.

Recommendation: If hiring additional staff is not possible, we recommend the continued segregation of the various accounting functions with the available staff to the extent possible. In addition, the City Council should continue to take an active role in the review of financial data. The purpose of this finding is to communicate to the City about the inherent situation of a small office environment.

Management Response: The City of Eufaula will continue to embrace financial safeguards to protect taxpayer and ratepayer funds.

B. Compliance Findings

No findings to report as of June 30, 2022

CITY OF EUFAULA, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2022

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

A. Internal Control

No findings to report as of June 30, 2022

B. Compliance Findings

Grant 15.507 WaterSMART (Sustain and Manage America's Resources for Tomorrow)

Finding: 2022-01 – Reporting Requirement

Criteria: In order to comply with Uniform Grant Guidance, Subpart D, §200.328 Financial reporting, unless otherwise approved by OMB, the Federal awarding agency must solicit only the OMB-approved governmentwide data elements for collection of financial information. This information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances. Per inspection of the agreement the City holds with the Bureau of Reclamation, Semi-Annual and Final Reports are required to be submitted utilizing the Federal Financial Report Template

Condition: Per inspection of the quarterly reports for the year ending June 30, 2022, the Federal Financial Report for quarters ending September 30, 2021 and March 31, 2021 should have been submitted 30 days from the reporting period end date. The Final Report relating to the reporting period from October 1, 2021 to December 31, 2021 should have been submitted 120 days subsequent to the reporting period end date.

Cause and Effect: Procedures were not adequately designed or implemented surrounding the submittal of the Federal Financial report. As a result, the report was submitted after the time period allowed to submit the report.

Recommendation: We recommend that management design and implement suitable procedures to ensure the necessary reports are submitted within a timely manner as required by the Bureau of Reclamation agreement.

Management Response: Once we became aware of the reporting requirements, we submitted all required reports. We have made a note of the reporting requirements so that any future participation in this particular grant program will allow us to submit timely financial reports.

CITY OF EUFAULA, OKLAHOMA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

June 30, 2022

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

A. Internal Control

<u>Reference</u>	<u>Finding</u>	<u>Status</u>	<u>Corrective Action Plan or Other Explanation</u>
2021-001	Lack of internal control surrounding the accounting functions due to small number of office employees.	Not Corrected	The City of Eufaula will continue to embrace financial safeguards to protect taxpayer and ratepayer funds

B. Compliance Findings

No findings to report as of June 30, 2022

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

A. Internal Control

No findings to report as of June 30, 2022

B. Compliance Findings

No findings to report as of June 30, 2022



December 21, 2022

RE: Finding 2022-01 Response and Corrective Action

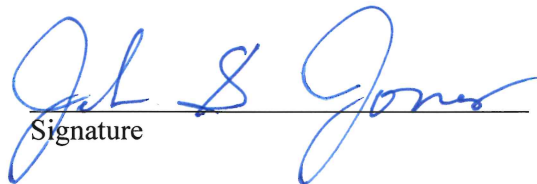
In conjunction with our FY21-22 annual audit, please see the City's corrective action plan below:

The City will submit the required Federal Financial Reports according to grant agreement timeliness. The City has made a note of the reporting requirements so that any future participation in the Bureau of Reclamation grant program will allow us to submit timely financial reports.

Expected completion date: 12/30/2022

Party Responsible: Jeb Jones, City Manager

Contact Information: 918-689-2534 or cm@cityofeufaulaok.com

A handwritten signature in blue ink that reads "Jeb S. Jones". The signature is written over a horizontal line.

Signature