

City of
**EUFAULA,
OKLAHOMA**

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

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

**THE CITY OF EUFAULA,
OKLAHOMA**

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

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

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

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

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council of the
City of 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter—Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Other Matters

Other Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of state award 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 January 8, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Arledge & Associates PC

Edmond, Oklahoma
January 8, 2024



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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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, 2023. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All 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 \$7,044, and the assets of the City exceed its liabilities at June 30, 2023, by \$5,623,428 (net position). Of this amount, \$3,106,135 (unrestricted net position) may be used to meet any of the government's ongoing obligations to citizens and creditors.
- At June 30, 2023, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$2,232,823.
- At the end of fiscal year 2023, unassigned fund balance on a modified cash basis for the General Fund was \$1,292,670, or 31.1% 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*

- **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 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.

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

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 25-39 of this report.

THE CITY AS A WHOLE

For the year ended June 30, 2023, net position on a modified cash basis for the governmental and business-type activities increased \$7,044.

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, 2023

	NET POSITION (In Thousands)								
	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2023	2022		2023	2022		2023	2022	
Cash and cash equivalents	\$ 2,243	\$ 2,118	6%	\$ 3,567	\$ 3,664	-3%	\$ 5,810	\$ 5,782	0%
Total assets	<u>2,243</u>	<u>2,118</u>	6%	<u>3,567</u>	<u>3,664</u>	-3%	<u>5,810</u>	<u>5,782</u>	0%
Liabilities	10	2	400%	176	164	7%	186	166	12%
Total liabilities	<u>10</u>	<u>2</u>	400%	<u>176</u>	<u>164</u>	7%	<u>186</u>	<u>166</u>	12%
Net position									
Restricted	910	784	16%	1,607	2,141	-25%	2,517	2,925	-14%
Unrestricted	1,323	1,332	-1%	1,784	1,359	31%	3,107	2,691	15%
Total net position	<u>\$ 2,233</u>	<u>\$ 2,116</u>	6%	<u>\$ 3,391</u>	<u>\$ 3,500</u>	-3%	<u>\$ 5,624</u>	<u>\$ 5,616</u>	0%

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

Revenues, Expenses and Changes in Net Position (Modified Cash Basis)
Year Ended June 30, 2023

CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2023	2022		2023	2022		2023	2022	
Revenues									
Charges for service	\$ 317	\$ 276	15%	\$ 2,373	\$ 2,170	9%	\$ 2,690	\$ 2,446	10%
Operating grants and contributions	52	116	-55%	-	-	-	52	116	-55%
Capital grants, debt proceeds and contributions	466	239	95%	1,264	2,090	-40%	1,730	2,329	-26%
Taxes	3,579	3,374	6%	-	-	-	3,579	3,374	6%
Intergovernmental revenue	332	329	1%	-	-	-	332	329	1%
Investment income	2	1	100%	38	1	3700%	40	2	1900%
Miscellaneous	188	98	92%	-	-	-	188	98	92%
Total revenues	4,936	4,433	11%	3,675	4,261	-14%	8,611	8,694	-1%
Expenses									
General government	1,407	905	55%	-	-	-	1,407	905	55%
Public safety	1,122	1,110	1%	-	-	-	1,122	1,110	1%
Streets	76	124	-39%	-	-	-	76	124	-39%
Culture, parks and recreation	375	84	346%	-	-	-	375	84	346%
Cemetery	77	79	-3%	-	-	-	77	79	-3%
Airport	456	243	88%	-	-	-	456	243	88%
Tourism	47	72	-35%	-	-	-	47	72	-35%
Principal on long-term debt	-	14	-100%	-	-	-	-	14	-100%
Water	-	-	-	3,270	3,256	0%	3,270	3,256	0%
Sewer	-	-	-	1,299	1,371	-5%	1,299	1,371	-5%
Sanitation	-	-	-	419	392	7%	419	392	7%
Economic development	-	-	-	56	44	27%	56	44	27%
Total expenses	3,560	2,631	35%	5,044	5,063	0%	8,604	7,694	12%
Excess (deficiency) before transfers	1,376	1,802	-24%	(1,369)	(802)	71%	7	1,000	-99%
Transfers	(1,259)	(1,265)	0%	1,259	1,265	0%	-	-	0%
Change in net position	117	537	-78%	(110)	463	-124%	7	1,000	-99%
Beginning net position	2,116	1,579	34%	3,501	3,037	15%	5,617	4,616	22%
Ending net position	\$ 2,233	\$ 2,116	6%	\$ 3,391	\$ 3,500	-3%	\$ 5,624	\$ 5,616	0%

Governmental Activities

The governmental activities change in net position decreased approximately \$420 thousand or 78% primarily because of an increase in general government and culture, parks and recreation expenses of \$502 thousand or 55%, and \$291 thousand or 346%, respectively. The increase in these expense categories was primarily due to a purchase of land for \$310 thousand and construction costs of \$128 thousand for a playground and splash pad project. Additionally, capital grants and contributions increased \$227 thousand or 95% from the receipt of a Federal Aviation Administration (FAA) grant.

Business-type Activities

The business-type activities change in net position decrease of approximately \$573 thousand or 124% was primarily due to a reduction in capital grants and contributions of \$826 thousand due to the city reducing its water-related debt drawdowns in the current year.

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

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

	Total Expense		% Inc.	Net Revenue		% Inc.
	of Services		(Dec.)	(Expense)		(Dec.)
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
General government	\$ 1,407	\$ 905	55%	\$(1,226)	\$ (725)	69%
Public safety	1,122	1,110	1%	(988)	(998)	-1%
Highways and streets	76	124	-39%	(15)	(97)	-85%
Culture and recreation	375	84	346%	(369)	(33)	1018%
Cemetery	77	79	-3%	(66)	(63)	5%
Airport	456	243	88%	(14)	3	-567%
Tourism	47	72	-35%	(47)	(72)	-35%
Principal on long-term debt	-	14	-100%	-	(14)	-100%
Total	<u>\$3,560</u>	<u>\$2,631</u>	35%	<u>\$(2,725)</u>	<u>\$ (1,999)</u>	36%

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

	Total Expense		% Inc.	Net Revenue		% Inc.
	of Services		Dec.	(Expense)		Dec.
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Water	\$ 3,270	\$ 3,256	0%	(887)	\$ 1,360	-165%
Sewer	1,299	1,371	-5%	(450)	(606)	-26%
Sanitation	419	392	7%	(13)	(10)	30%
Economic Development	56	44	27%	(56)	(34)	65%
Total	<u>\$ 5,044</u>	<u>\$ 5,063</u>	0%	<u>\$(1,406)</u>	<u>\$ 710</u>	-298%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2023 fiscal year, the governmental funds reported a combined fund balance of \$2,232,823. For the year ended June 30, 2023, the General Fund's total fund balance increased by \$279,999. The proprietary funds reported combined net position of \$3,390,605, with the EPWA's net position decreasing by \$130,849 and EEDA's net position increasing by \$20,925.

Budgetary Highlights

For the year ended June 30, 2023, the General Fund reported actual budgetary basis revenues over final estimates by \$227,570 or a 3.8% positive variance. General Fund actual expenditures were under final appropriations by \$744,854 or an 11.2% positive variance.

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

Debt Administration

At year-end, the City had \$13,771,261 in long-term debt outstanding, reported on a modified cash basis, which represents a \$475,606 decrease from the prior year. (See details on pages 36-38).

	Long-Term Debt				Total Percentage Change
	Business-Type		Total		
	Activities				
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2022-2023</u>
Notes payable	<u>\$ 13,771</u>	<u>\$ 14,247</u>	<u>\$ 13,771</u>	<u>\$ 14,247</u>	-3.3%
Totals	<u><u>\$ 13,771</u></u>	<u><u>\$ 14,247</u></u>	<u><u>\$ 13,771</u></u>	<u><u>\$ 14,247</u></u>	-3.3%

ECONOMIC FACTORS AND NEXT YEAR’S ESTIMATES

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

- The FY 2023-2024 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
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BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND ACTIVITIES

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Statement of Net Position (Modified Cash Basis) – June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,240,372	\$ 3,569,662	\$ 5,810,034
Internal Balances	2,766	(2,766)	-
Total assets	<u>2,243,138</u>	<u>3,566,896</u>	<u>5,810,034</u>
LIABILITIES			
Due to bondholders	10,315	-	10,315
Deposits subject to refund	-	176,291	176,291
Total liabilities	<u>10,315</u>	<u>176,291</u>	<u>186,606</u>
NET POSITION			
Restricted for:			
Cemetery	13,617	-	13,617
Streets	326	-	326
Grants	529,296	-	529,296
Public safety	10,260	-	10,260
Capital improvements	242,174	1,447,119	1,689,293
Debt service	-	159,892	159,892
Recreation	114,609	-	114,609
Unrestricted	1,322,541	1,783,594	3,106,135
Total net position	<u>\$ 2,232,823</u>	<u>\$ 3,390,605</u>	<u>\$ 5,623,428</u>

See accompanying notes to these financial statements.

CITY OF EUFAULA, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Statement of Activities (Modified Cash Basis) – Year Ended June 30, 2023

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	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	\$ 1,407,017	\$ 180,779	\$ -	\$ -	\$ (1,226,238)	\$ -	\$ (1,226,238)
Public safety	1,121,975	124,085	10,053	-	(987,837)	-	(987,837)
Highways and streets	75,799	-	24,696	36,300	(14,803)	-	(14,803)
Culture and recreation	374,866	1,500	4,853	-	(368,513)	-	(368,513)
Cemetery	76,783	10,478	-	-	(66,305)	-	(66,305)
Airport	455,778	-	12,792	429,338	(13,648)	-	(13,648)
Tourism	47,688	-	-	-	(47,688)	-	(47,688)
Total governmental activities	<u>3,559,906</u>	<u>316,842</u>	<u>52,394</u>	<u>465,638</u>	<u>(2,725,032)</u>	<u>-</u>	<u>(2,725,032)</u>
Business-type activities:							
Water	3,269,585	1,642,725	-	739,850	-	(887,010)	(887,010)
Sewer	1,299,462	325,016	-	524,180	-	(450,266)	(450,266)
Sanitation	418,944	405,532	-	-	-	(13,412)	(13,412)
Economic Development	55,793	-	-	-	-	(55,793)	(55,793)
Total business-type activities	<u>5,043,784</u>	<u>2,373,273</u>	<u>-</u>	<u>1,264,030</u>	<u>-</u>	<u>(1,406,481)</u>	<u>(1,406,481)</u>
Total primary government	<u>\$ 8,603,690</u>	<u>\$ 2,690,115</u>	<u>\$ 52,394</u>	<u>\$ 1,729,668</u>	<u>(2,725,032)</u>	<u>(1,406,481)</u>	<u>(4,131,513)</u>
General revenues:							
Taxes:							
Sales and use taxes					3,224,975	-	3,224,975
Franchise taxes and public service taxes					170,323	-	170,323
Hotel/motel taxes					172,616	-	172,616
E911 taxes					10,760	-	10,760
Intergovernmental revenue not restricted to specific programs					332,379	-	332,379
Unrestricted investment earnings					1,767	37,635	39,402
Miscellaneous					188,102	-	188,102
Transfers					(1,258,922)	1,258,922	-
Total general revenues and transfers					<u>2,842,000</u>	<u>1,296,557</u>	<u>4,138,557</u>
Change in net position					116,968	(109,924)	7,044
Net position - beginning					2,115,855	3,500,529	5,616,384
Net position - ending					<u>\$ 2,232,823</u>	<u>\$ 3,390,605</u>	<u>\$ 5,623,428</u>

See accompanying notes to these financial statements.

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

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

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

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

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>FEMA Fund</u>	<u>Airport Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 1,803,812	\$ 239,727	\$ 29,871	\$ 27,467	\$ 139,495	\$ 2,240,372
Due from other funds	103,696	4,846	-	-	597	109,139
Total assets	<u>\$ 1,907,508</u>	<u>\$ 244,573</u>	<u>\$ 29,871</u>	<u>\$ 27,467</u>	<u>\$ 140,092</u>	<u>\$ 2,349,511</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	\$ 105,098	\$ -	\$ -	\$ -	\$ 1,275	\$ 106,373
Due to bondholders	10,315	-	-	-	-	10,315
Total liabilities	<u>115,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,275</u>	<u>116,688</u>
Fund balances:						
Restricted	499,425	242,174	29,871	-	138,812	910,282
Assigned	-	2,399	-	27,467	5	29,871
Unassigned	1,292,670	-	-	-	-	1,292,670
Total fund balances	<u>1,792,095</u>	<u>244,573</u>	<u>29,871</u>	<u>27,467</u>	<u>138,817</u>	<u>2,232,823</u>
Total liabilities and fund balances	<u>\$ 1,907,508</u>	<u>\$ 244,573</u>	<u>\$ 29,871</u>	<u>\$ 27,467</u>	<u>\$ 140,092</u>	<u>\$ 2,349,511</u>

See accompanying notes to these financial statements.

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

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

	General Fund	Capital Improvements Fund	FEMA Fund	Airport Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 3,406,058	\$ -	\$ -	\$ -	\$ 172,616	\$ 3,578,674
Intergovernmental	403,428	-	-	429,338	-	832,766
Charges for services	10,430	155,409	-	-	1,722	167,561
Fines and forfeitures	124,085	-	-	-	-	124,085
Licenses and permits	26,693	-	-	-	-	26,693
Investment income	1,554	208	-	-	5	1,767
Miscellaneous	180,550	-	-	17,672	6,028	204,250
Total revenues	<u>4,152,798</u>	<u>155,617</u>	<u>-</u>	<u>447,010</u>	<u>180,371</u>	<u>4,935,796</u>
EXPENDITURES						
Current:						
General government	882,014	-	1,854	-	-	883,868
Public Safety	943,332	-	-	-	-	943,332
Highway and streets	75,799	-	-	-	-	75,799
Culture and recreation	131,148	-	-	-	47,837	178,985
Cemetery	76,783	-	-	-	-	76,783
Tourism	47,688	-	-	-	-	47,688
Airport	-	-	-	18,363	-	18,363
Capital Outlay	565,567	54,700	91,325	437,415	186,081	1,335,088
Debt Service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Total expenditures	<u>2,722,331</u>	<u>54,700</u>	<u>93,179</u>	<u>455,778</u>	<u>233,918</u>	<u>3,559,906</u>
Excess (deficiency) of revenues over expenditures	<u>1,430,467</u>	<u>100,917</u>	<u>(93,179)</u>	<u>(8,768)</u>	<u>(53,547)</u>	<u>1,375,890</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	2,055,118	-	-	-	-	2,055,118
Transfers out	(3,205,586)	(31,736)	-	-	(76,718)	(3,314,040)
Total other financing sources and uses	<u>(1,150,468)</u>	<u>(31,736)</u>	<u>-</u>	<u>-</u>	<u>(76,718)</u>	<u>(1,258,922)</u>
Net change in fund balances	279,999	69,181	(93,179)	(8,768)	(130,265)	116,968
Fund balances - beginning	1,512,096	175,392	123,050	36,235	269,082	2,115,855
Fund balances - ending	<u>\$ 1,792,095</u>	<u>\$ 244,573</u>	<u>\$ 29,871</u>	<u>\$ 27,467</u>	<u>\$ 138,817</u>	<u>\$ 2,232,823</u>

See accompanying notes to these financial statements.

**CITY OF EUFAULA, OKLAHOMA
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BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

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

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

	<u>Enterprise Funds</u>		
	<u>Eufaula Public Works Authority</u>	<u>Eufaula Economic Development Authority</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,661,194	\$ 125,166	\$ 1,786,360
Due from other funds	104,501	-	104,501
Restricted:			
Cash and cash equivalents	1,783,302	-	1,783,302
Total assets	<u>3,548,997</u>	<u>125,166</u>	<u>3,674,163</u>
LIABILITIES			
Current Liabilities:			
Due to other funds	107,267	-	107,267
Deposits subject to refund	176,291	-	176,291
Total liabilities	<u>283,558</u>	<u>-</u>	<u>283,558</u>
NET POSITION			
Restricted for debt service	159,892	-	159,892
Restricted for capital projects	1,447,119	-	1,447,119
Unrestricted	1,658,428	125,166	1,783,594
Total net position	<u>\$ 3,265,439</u>	<u>\$ 125,166</u>	<u>\$ 3,390,605</u>

See accompanying notes to these financial statements.

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

	Eufaula Public Works Authority	Eufaula Economic Development Authority	Totals
REVENUES			
Water	\$ 1,569,648	\$ -	\$ 1,569,648
Sewer	291,735	-	291,735
Sanitation	393,287	-	393,287
Water and sewer taps	48,391	-	48,391
Penalties	42,909	-	42,909
Miscellaneous	27,303	-	27,303
Total operating revenues	<u>2,373,273</u>	<u>-</u>	<u>2,373,273</u>
OPERATING EXPENSES			
Administration	203,630	-	203,630
Water	980,883	-	980,883
Sewer	236,902	-	236,902
Sanitation	383,431	-	383,431
Economic development	-	55,793	55,793
Total operating expenses	<u>1,804,846</u>	<u>55,793</u>	<u>1,860,639</u>
Operating income (loss)	<u>568,427</u>	<u>(55,793)</u>	<u>512,634</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	37,635	-	37,635
Debt proceeds	434,910	-	434,910
Capital outlay	(2,001,047)	-	(2,001,047)
Debt service:			
Principal retirement	(796,168)	-	(796,168)
Interest expense and fees	(385,930)	-	(385,930)
Total non-operating revenue (expenses)	<u>(2,710,600)</u>	<u>-</u>	<u>(2,710,600)</u>
Income (loss) before contributions and transfers	<u>(2,142,173)</u>	<u>(55,793)</u>	<u>(2,197,966)</u>
Capital contributions - grant proceeds	829,120	-	829,120
Transfers in	3,237,322	76,718	3,314,040
Transfers out	<u>(2,055,118)</u>	<u>-</u>	<u>(2,055,118)</u>
Change in net position	(130,849)	20,925	(109,924)
Total net position - beginning	<u>3,396,288</u>	<u>104,241</u>	<u>3,500,529</u>
Total net position - ending	<u>\$ 3,265,439</u>	<u>\$ 125,166</u>	<u>\$ 3,390,605</u>

See accompanying notes to these financial statements.

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

	Eufaula Public Works Authority	Eufaula Economic Development Authority	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,373,273	-	\$ 2,373,273
Payments to suppliers	(1,210,789)	(55,793)	(1,266,582)
Payments to employees	(594,057)	-	(594,057)
Receipts of customer meter deposits	48,231	-	48,231
Refunds of customer meter deposits	(36,006)	-	(36,006)
Interfund receipts/payments	799	-	799
Net cash provided by (used in) operating activities	<u>581,451</u>	<u>(55,793)</u>	<u>525,658</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	3,237,322	76,718	3,314,040
Transfers to other funds	(2,055,118)	-	(2,055,118)
Net cash provided by noncapital financing activities	<u>1,182,204</u>	<u>76,718</u>	<u>1,258,922</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital outlay	(2,001,047)	-	(2,001,047)
Capital grant contributions	829,120	-	829,120
Proceeds from debt	434,910	-	434,910
Principal paid on debt	(796,168)	-	(796,168)
Interest and fiscal agent fees paid on debt	(385,930)	-	(385,930)
Net cash provided by (used in) capital and related financing activities	<u>(1,919,115)</u>	<u>-</u>	<u>(1,919,115)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	37,635	-	37,635
Net cash provided by investing activities	<u>37,635</u>	<u>-</u>	<u>37,635</u>
Net increase (decrease) in cash and cash equivalents	(117,825)	20,925	(96,900)
Balances - beginning of year	<u>3,562,321</u>	<u>104,241</u>	<u>3,666,562</u>
Balances - end of year	<u>\$ 3,444,496</u>	<u>\$ 125,166</u>	<u>\$ 3,569,662</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 1,661,194	\$ 125,166	\$ 1,786,360
Restricted cash and cash equivalents - current	1,783,302	-	1,783,302
Total cash and cash equivalents, end of year	<u>\$ 3,444,496</u>	<u>\$ 125,166</u>	<u>\$ 3,569,662</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 568,427	\$ (55,793)	\$ 512,634
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
Due from other funds	(103,671)	-	(103,671)
Due to other funds	104,470	-	104,470
Deposits subject to refund	12,225	-	12,225
Net cash provided by (used in) operating activities	<u>\$ 581,451</u>	<u>\$ (55,793)</u>	<u>\$ 525,658</u>
Noncash activities:			
Long-term debt forgiven by lender	\$ 114,348	-	\$ 114,348

See accompanying notes to these financial statements.

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

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.

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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,
- Public safety: Fine revenue, fire runs, and operating 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

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
- Airport Fund – accounts for revenue received and expenditures made for airport grant projects

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

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, 2023, the City recognized \$39,402 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, 2023, the primary government held the following deposits and investments:

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<u>Primary Government:</u>		
<u>Type</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Petty cash		\$ 370
Deposits:		
Demand deposits		4,603,487
		<u>4,603,857</u>
Investments:		
Money Market Fund-Cavanal Hill US Treasury	AAA	1,206,177
		<u>1,206,177</u>
Total deposits and investments		<u>\$ 5,810,034</u>
Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 5,810,034
		<u>\$ 5,810,034</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, 2023, 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, 2023, 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.

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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, 2023 are as follows:

	Cash and cash equivalents
2014A Bond Fund	\$ 22,584
2014B Bond Fund	33,052
2012 OWRB Bond Fund	61,634
2015 OWRB Debt Service Fund	8,745
2018 OWRB Bond Fund	9,015
2020 Use Tax Note Fund	24,862
2020 Use Tax Construction Fund	1,046,285
Meter deposits	176,291
CWSRF cash	400,834
Total	\$ 1,783,302

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	Airport Fund	Other Governmental Funds	Total
Fund Balance:						
Restricted for:						
Street improvements	\$ -	\$ -	\$ -	\$ -	\$ 326	\$ 326
Law enforcement	-	-	-	-	10,260	10,260
Cemetery care	-	-	-	-	13,617	13,617
Capital improvements	-	242,174	-	-	-	242,174
Recreation	-	-	-	-	114,609	114,609
Grant Purposes	499,425	-	29,871	-	-	529,296
	499,425	242,174	29,871	-	138,812	910,282
Assigned for:						
Grant purposes	-	-	-	-	5	5
Capital improvements	-	2,399	-	-	-	2,399
Airport	-	-	-	27,467	-	27,467
	-	2,399	-	27,467	5	29,871
Unassigned	1,292,670	-	-	-	-	1,292,670
Total Fund Balance	\$ 1,792,095	\$ 244,573	\$ 29,871	\$ 27,467	\$ 138,817	\$ 2,232,823
Proprietary Funds:						
Restricted for:						
Capital improvements	\$ 1,447,119					
Debt service	159,892					
Total restricted net position	\$ 1,607,011					

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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:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
General Fund	Cemetery Perpetual	\$ 597	12.5% required transfer
General Fund	Recreational Authority	1,275	Deposit into incorrect fund
General Fund	EPWA	104,501	Deposit into incorrect fund
EPWA	General Fund	102,421	Deposit into incorrect fund
EPWA	Capital Improvement	4,846	Deposit into incorrect fund
Total		<u>\$ 213,640</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 109,139	\$ (106,373)	\$ 2,766
Proprietary Funds	104,501	(107,267)	(2,766)
Total	<u>\$ 213,640</u>	<u>\$ (213,640)</u>	<u>\$ -</u>

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
General Fund	Eufaula Public Works Authority	\$ 2,829,838	Sales tax transfer
General Fund	Eufaula Public Works Authority	375,748	Use tax transfer
Recreation Fund	Eufaula Economic Development Authority	76,718	Operating subsidy (4% of the 9% hotel/motel tax)
Capital Improvements Fund	Eufaula Public Works Authority	31,736	Reimbursement for expenses
Eufaula Public Works Authority	General Fund	1,799,370	Return of unused sales tax
Eufaula Public Works Authority	General Fund	255,748	Use tax transfer
Total		<u>\$ 5,369,158</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 2,055,118	\$ (3,314,040)	\$ (1,258,922)
Proprietary Funds	3,314,040	(2,055,118)	1,258,922
Total	<u>\$ 5,369,158</u>	<u>\$ (5,369,158)</u>	<u>\$ -</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 2023, the City's annual required contribution was \$1,260 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 2023, the City's annual required contribution was \$40,392 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:

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

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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.

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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
2021	35,312	100%	2021	37,238	100%	2021	1,120	100%
2022	33,675	100%	2022	36,442	100%	2022	1,200	100%
2023	39,902	100%	2023	40,392	100%	2023	1,260	100%

9. Commitments and Contingencies

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

<u>Type of Debt</u>	<u>Balance July 01, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Notes Payable-direct borrowings	\$ 10,278,867	\$ 434,910	\$ 263,516	\$ 10,450,261	\$ 141,954
Revenue notes payable	3,968,000	-	647,000	3,321,000	670,000
Total Business-Type Activities	<u>14,246,867</u>	<u>434,910</u>	<u>910,516</u>	<u>13,771,261</u>	<u>811,954</u>
Total Long-Term Debt	<u>\$ 14,246,867</u>	<u>\$ 434,910</u>	<u>\$ 910,516</u>	<u>\$ 13,771,261</u>	<u>\$ 811,954</u>

Governmental Activities:

At June 30, 2023, 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, 2023, 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.

2,909,906

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Notes Payable – Direct Borrowings, Continued

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. 230,810

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. 995,000

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. 5,993,982

Note payable to Oklahoma Water Resources Board, original amount of \$2,797,000, payable in semi-annual installments each March and September 15 beginning March 2022, final installment due March 15, 2054 with a 1.85% interest rate payable semi-annually on the principal outstanding. Total drawdowns and amount forgiven equals \$520,563 and \$200,001 respectively. 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. 320,563

Total Notes Payable \$ 10,450,261

Current portion 141,954
Noncurrent portion 10,308,307
Total Notes Payable \$ 10,450,261

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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.	\$ 240,000
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.	2,145,000
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.	936,000
	\$ 3,321,000
Current portion	670,000
Noncurrent portion	2,651,000
Total Revenue Notes Payable	\$ 3,321,000

Annual Debt Service Requirements

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

Year Ended June 30,	Business-Type			
	<u>Notes Payable-direct borrowings</u>		<u>Revenue Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	141,954	318,787	670,000	87,838
2025	147,423	313,996	693,000	67,697
2026	150,966	310,299	706,000	48,629
2027	154,599	306,511	729,000	29,122
2028	428,317	301,108	192,000	12,367
2029-2033	2,248,215	1,341,493	130,000	8,029
2034-2038	2,504,301	1,051,052	133,000	4,519
2039-2043	2,899,686	717,216	68,000	915
2044-2048	2,484,255	373,105	-	-
2049-2053	1,633,000	83,405	-	-
2054	120,000	1,671	-	-
Total	\$ 12,912,716	\$ 5,118,643	\$ 3,321,000	\$ 259,116
Less: Amount not yet drawn	(2,462,455)			
Outstanding debt at June 30, 2023	\$ 10,450,261			

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 are payable through 2024 and 2028, respectively. The total principal and interest payable for the remainder of the life of these notes is \$2,540,551. Pledged sales taxes received in the current year

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were \$2,829,838 and net utility revenues were \$606,062. Debt service payments of \$621,369 for the current fiscal year were 18.1% of both pledged sales taxes and net utility revenues of \$3,435,900.

Use Tax Revenues Pledge - The City has pledged 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 \$1,039,565. Pledged use taxes received in the current year were \$375,748. Debt service payments of \$141,438 for the current fiscal year were 37.6% 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, 2023 is \$45,896 for governmental activities and \$25,429 for business-type activities.

Other Post-Employment Benefits:

For the year ended June 30, 2023, 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 2023, the City's involvement in federal and state award programs was material. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

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SUPPLEMENTAL AND OTHER INFORMATION

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Budgetary Comparison Schedule (Budgetary Basis) – General Fund – Year Ended June 30, 2023

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Beginning Budgetary Fund Balance	\$ 1,399,567	\$ 1,399,567	\$ -	\$ (1,399,567)
Resources (Inflows):				
Taxes	3,017,000	3,516,221	3,406,058	(110,163)
Intergovernmental	149,300	149,300	403,428	254,128
Charges for services	15,000	15,000	10,430	(4,570)
Fines and forfeitures	140,000	140,000	124,085	(15,915)
Licenses and permits	16,000	16,000	26,693	10,693
Investment income	1,000	1,000	1,554	554
Miscellaneous	92,825	192,825	180,550	(12,275)
Transfers in	1,950,000	1,950,000	2,055,118	105,118
Total Resources (Inflows)	<u>5,381,125</u>	<u>5,980,346</u>	<u>6,207,916</u>	<u>227,570</u>
Amounts available for appropriation	<u>\$ 6,780,692</u>	<u>\$ 7,379,913</u>	<u>\$ 6,207,916</u>	<u>\$ (1,171,997)</u>
Charges to Appropriations (Outflows):				
Administration	126,200	207,975	181,513	26,462
Tourism	63,400	73,100	47,688	25,412
Police	1,008,500	1,130,100	965,402	164,698
Fire	96,000	96,000	65,248	30,752
Animal Shelter	16,500	16,500	4,522	11,978
General government	1,160,450	1,436,350	1,164,428	271,922
Library	13,500	15,600	15,296	304
Cemetery	80,000	86,000	76,783	9,217
Streets	90,000	94,400	55,799	38,601
Parks	133,000	133,000	125,652	7,348
Transportation	20,000	20,000	20,000	-
Transfers out	2,850,000	3,363,746	3,205,586	158,160
Total Charges to Appropriations	<u>5,657,550</u>	<u>6,672,771</u>	<u>5,927,917</u>	<u>744,854</u>
Ending Budgetary Fund Balance	<u>\$ 1,123,142</u>	<u>\$ 707,142</u>	<u>\$ 279,999</u>	<u>\$ (427,143)</u>

See notes to budgetary comparison schedule.

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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	\$6,207,916
Deduct transfers in	<u>(2,055,118)</u>
Revenue - modified cash basis	<u><u>\$4,152,798</u></u>
Charges to appropriations budgetary basis	\$5,927,917
Deduct transfers out	<u>(3,205,586)</u>
Expenditures - modified cash basis	<u><u>\$2,722,331</u></u>

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

	Special Revenue Funds			Capital Project Funds		Total Governmental Funds
	Street Fund	Police Drug Fund	Recreation Authority	Cemetery Perpetual Fund	Grant Fund	
ASSETS						
Cash and cash equivalents	\$ 326	\$ 10,260	\$ 115,884	\$ 13,020	\$ 5	\$ 139,495
Due from other funds	-	-	-	597	-	597
Total assets	\$ 326	\$ 10,260	\$ 115,884	\$ 13,617	\$ 5	\$ 140,092
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	\$ -	\$ -	\$ 1,275	\$ -	\$ -	\$ 1,275
Total liabilities	-	-	1,275	-	-	1,275
Fund balances:						
Restricted	326	10,260	114,609	13,617	-	138,812
Assigned	-	-	-	-	5	5
Total fund balances	326	10,260	114,609	13,617	5	138,817
Total liabilities and fund balances	\$ 326	\$ 10,260	\$ 115,884	\$ 13,617	\$ 5	\$ 140,092

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

	Special Revenue Funds			Capital Project Funds		Total-Other Governmental Funds	
	Street Fund	Police Drug Fund	Recreation Authority	Cemetery Perpetual Fund	Grant Fund		Southpoint Project Fund
REVENUES							
Taxes	\$ -	\$ -	\$ 172,616	\$ -	\$ -	\$ -	\$ 172,616
Charges for services	-	-	225	1,497	-	-	1,722
Investment income	-	-	-	5	-	-	5
Miscellaneous	-	1,175	4,853	-	-	-	6,028
Total revenues	-	1,175	177,694	1,502	-	-	180,371
EXPENDITURES							
Current:							
Culture and recreation	-	-	47,837	-	-	-	47,837
Capital outlay	-	-	144,589	-	-	41,492	186,081
Total expenditures	-	-	192,426	-	-	41,492	233,918
Excess (deficiency) of revenues over expenditures	-	1,175	(14,732)	1,502	-	(41,492)	(53,547)
OTHER FINANCING SOURCES (USES)							
Transfers out	-	-	(76,718)	-	-	-	(76,718)
Total other financing sources and uses	-	-	(76,718)	-	-	-	(76,718)
Net change in fund balances	-	1,175	(91,450)	1,502	-	(41,492)	(130,265)
Fund balances - beginning	326	9,085	206,059	12,115	5	41,492	269,082
Fund balances - ending	\$ 326	\$ 10,260	\$ 114,609	\$ 13,617	\$ 5	\$ -	\$ 138,817

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

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

	<u>EPWA</u>	<u>EPWA-CWSRF</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,661,194	\$ -	\$ 1,661,194
Due from other funds	104,501	-	104,501
Restricted:			
Cash and cash equivalents	1,382,468	400,834	1,783,302
Total assets	<u>3,148,163</u>	<u>400,834</u>	<u>3,548,997</u>
LIABILITIES			
Due to other funds	107,267	-	107,267
Deposits subject to refund	176,291	-	176,291
Total liabilities	<u>283,558</u>	<u>-</u>	<u>283,558</u>
NET POSITION			
Restricted for debt service	159,892	-	159,892
Restricted for capital projects	1,046,285	400,834	1,447,119
Unrestricted	1,658,428	-	1,658,428
Total net position	<u>\$ 2,864,605</u>	<u>\$ 400,834</u>	<u>\$ 3,265,439</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, 2023

	<u>EPWA</u>	<u>EPWA-CWSRF</u>	<u>Total</u>
REVENUES			
Charges for services:			
Water	\$ 1,569,648	\$ -	\$ 1,569,648
Sewer	291,735	-	291,735
Sanitation	393,287	-	393,287
Water and sewer taps	48,391	-	48,391
Penalties	34,410	8,499	42,909
Miscellaneous	27,303	-	27,303
Total operating revenues	<u>2,364,774</u>	<u>8,499</u>	<u>2,373,273</u>
OPERATING EXPENSES			
Administration	203,630	-	203,630
Water	980,883	-	980,883
Sewer	236,902	-	236,902
Sanitation	383,431	-	383,431
Total operating expenses	<u>1,804,846</u>	<u>-</u>	<u>1,804,846</u>
Operating income	<u>559,928</u>	<u>8,499</u>	<u>568,427</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	37,635	-	37,635
Debt proceeds	434,910	-	434,910
Capital outlay	(163,648)	(1,837,399)	(2,001,047)
Debt service:			
Principal retirement	(796,168)	-	(796,168)
Interest expense and fees	(385,930)	-	(385,930)
Total non-operating revenue (expenses)	<u>(873,201)</u>	<u>(1,837,399)</u>	<u>(2,710,600)</u>
Income (loss) before contributions and transfers	<u>(313,273)</u>	<u>(1,828,900)</u>	<u>(2,142,173)</u>
Capital contributions - grant proceeds	-	829,120	829,120
Interaccount transfers in	33,517	434,910	468,427
Interaccount transfers out	(434,910)	(33,517)	(468,427)
Transfers in	3,205,586	31,736	3,237,322
Transfers out	(2,055,118)	-	(2,055,118)
Change in net position	<u>435,802</u>	<u>(566,651)</u>	<u>(130,849)</u>
Total net position - beginning	<u>2,428,803</u>	<u>967,485</u>	<u>3,396,288</u>
Total net position - ending	<u>\$ 2,864,605</u>	<u>\$ 400,834</u>	<u>\$ 3,265,439</u>

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

Schedule of Expenditures of State Awards – Year Ended June 30, 2023

<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 - 2022	N/A	<u>\$ 10,053</u>	<u>\$ 10,053</u>
<u>EASTERN OKLAHOMA DEVELOPMENT DISTRICT:</u>			
2022 REAP	FY 2022 EODD REAP Fund	<u>36,300</u>	<u>36,300</u>
Total State Awards		<u><u>\$ 46,353</u></u>	<u><u>\$ 46,353</u></u>

CITY OF EUFAULA, OKLAHOMA
SINGLE AUDIT REPORTS
AND SUPPLEMENTARY SCHEDULES

June 30, 2023

CITY OF EUFAULA, OKLAHOMA

As of and for the Year Ended June 30, 2023

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SINGLE AUDIT REPORTS AND SUPPLEMENTARY SCHEDULES:

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

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
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Reports related to Federal Assistance Programs Required by the Uniform Guidance:

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and City Council of the
City of 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, 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 8, 2024. Our report included an emphasis of matter paragraph related to the City's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

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

City's Response to Finding

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

Purpose of This Report

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

Arlidge & Associates PC

Edmond, Oklahoma
January 8, 2024





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

To the Honorable Mayor and City Council
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, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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 modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Eufaula, Oklahoma, as of the year ended June 30, 2023, 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 January 8, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Arledge & Associates PC

Edmond, Oklahoma
January 8, 2024



City of Eufaula
Schedule of Expenditures of Federal Awards By Grant
As Of And For The Year Ended June 30, 2023

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal AL No.</i>	<i>Grant ID No.</i>	<i>Federal Expenditures (\$)</i>
Department of the Interior			
WaterSMART (Sustain and Manage America’s Resources for WaterSMART (Sustain and Manage America’s Resources for Tomorrow)	15.507	BOR-DO-20-F001	\$ 435,339
Total Department of the Interior			<u>435,339</u>
United States Department of Justice			
Edward Byrne Memorial Justice Assistance Grant Program Edward Byrne Memorial Justice Assistance Grant Program	16.738	JAG-LLE-2022 CI-00198	2,053
Total United States Department of Justice			<u>2,053</u>
Department of Transportation			
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	3-40-0029-013-2021	429,338
Total Department of Transportation			<u>429,338</u>
Department of Health and Human Services			
Indian Health Service Sanitation Facilities Construction Program Indian Health Service Sanitation Facilities Construction Program	93.445	OK 21-W77	89,270
Total Department of Health and Human Services			<u>89,270</u>
Total Expenditures of Federal Awards			<u>\$ 956,000</u>

The accompanying notes are an integral part of this schedule

CITY OF EUFAULA, OKLAHOMA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

As of and for the Year Ended June 30, 2023

NOTE A—BASIS OF PRESENTATION

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

NOTE D—SUBSEQUENT EVENTS

The City has evaluated the effects of all subsequent events from June 30, 2023, through January 8, 2024, the date the SEFA was available to be issued, for potential recognition or disclosure in this SEFA. The City is not aware of any subsequent events which would require recognition or disclosure in the SEFA.

CITY OF EUFAULA, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
As of and for the Year Ended June 30, 2023

Section I--Summary of Auditor's Results

Financial statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no 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 no 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>
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
As of and for the Year Ended June 30, 2023**

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

A. Internal Control

Finding: 2023-001 – 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 individual 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 concurs with this recommendation and will continue to embrace financial safeguards to protect taxpayer and ratepayer funds.

B. Compliance Findings

No findings to report as of June 30, 2023.

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

A. Internal Control

No findings to report as of June 30, 2023.

B. Compliance Findings

No findings to report as of June 30, 2023.

CITY OF EUFAULA, OKLAHOMA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
As of and for the Year Ended June 30, 2023**

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>
2022-001	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, 2023.

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

A. Internal Control

No findings to report as of June 30, 2023.

B. Compliance Findings

<u>Reference</u>	<u>Finding</u>	<u>Status</u>	<u>Corrective Action Plan or Other Explanation</u>
2022-001	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.	Corrected	Once the City became aware of the reporting requirements, the City submitted all required reports. The City has made a note of the reporting requirements so that any future participation in this particular grant program will allow the City to submit timely financial reports.