

**CITY OF FREDERICK, OKLAHOMA  
FREDERICK, OKLAHOMA**

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

**FOR THE YEAR ENDED  
JUNE 30, 2023**

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Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Frederick, Oklahoma

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

***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Frederick, Oklahoma, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***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 of Frederick, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Frederick, Oklahoma's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Frederick, Oklahoma'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 of Frederick, Oklahoma's ability to continue as a going concern for a reasonable period of time.

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

#### ***Required Supplementary Information***

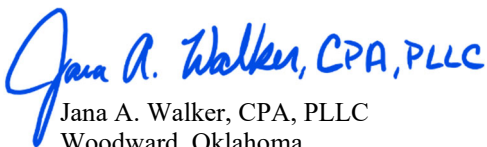
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and net pension schedules on pages 3–9 and 40–45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Frederick, Oklahoma's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial 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 February 7, 2025, on our consideration of the City of Frederick, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Frederick, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Frederick, Oklahoma's internal control over financial reporting and compliance.

Jana A. Walker, CPA, PLLC  
Woodward, Oklahoma

February 7, 2025

Our discussion and analysis of the City of Frederick's ("City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2023. The City's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. This discussion focuses on the City's primary government, and unless otherwise noted, component units reported separately from the primary government are not included. Please read it in conjunction with the City's financial statements, which follow this section.

## **FINANCIAL HIGHLIGHTS**

- At June 30, 2023, the assets of the City exceeded its liabilities by \$12,316,977 (net position). This is an increase of \$2,100,273 from prior year's net position of \$10,183,085, prior to adjustment.
- The City's total net position is comprised of the following:
  - (1) Invested in capital assets, net of related debt of \$6,864,362, include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase of construction of capital assets.
  - (2) Restricted net position of \$1,459,656.
  - (3) Unrestricted net position of \$3,992,959 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- After transfers of \$1,304,909 to governmental activities from business-type activities, net position of governmental activities increased \$1,735,962 or 55%, and net position of business-type activities decreased \$364,311 or 5%.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

*Management's Discussion and Analysis* introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

### ***Government-wide Financial Statements***

The City's annual reporting includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the City-wide statement of financial position presenting information that includes all of the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indication of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other financial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government; public safety and judiciary; transportation; and cultural, parks, and recreation. Business-types activities include utility services, including electricity, water, and sanitation, provided by the City.

The City's financial reporting entity includes the funds of the City (primary government) and organization for which the City is accountable (component units). The Frederick Economic Development Authority is a

separate legal entity which operates independently and provides services directly to the citizens though the City remains accountable for their actions. As such, the Frederick Economic Development Authority is reported separately from the primary government though included in the City's overall reporting entity. More comprehensive information about the City's component units can be found in footnotes.

### ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole.

The City has two kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements reporting short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statement is included in the basic financial statement for governmental funds deemed as major. This statement demonstrates compliance with the City's adopted and final revised budget.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City has one type of proprietary fund, enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization such as water, sanitation, and electric utilities.

Proprietary fund statements and statements for discretely presented component units (reporting similarly to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail.

### ***Notes to the financial statements***

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. Those notes to the financial statement begin immediately following the basic financial statements.

### ***Other information***

In addition to the basic financial statements and accompanying notes, this report presents certain *Required Supplementary Information* concerning the City's compliance with the approved and revised budget for major governmental funds.

## A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

### Net Position

The City's combined net position for June 30, 2023 was \$12,316,977. The following table provides a summary of the City's net position at June 30:

	Governmental Activities		Business-Type Activities		Total		Change	
	2023	2022	2023	2022	2023	2022	\$	%
Current assets	\$ 1,607,078	\$ 1,657,754	\$ 4,485,541	\$ 3,724,356	\$ 6,092,619	\$ 5,382,110	\$ 710,509	13%
Non-current assets	3,166,189	3,559,900	9,095,267	10,280,255	12,261,456	13,840,155	(1,578,699)	-11%
<b>Total assets</b>	<b>4,773,267</b>	<b>5,217,654</b>	<b>13,580,808</b>	<b>14,004,611</b>	<b>18,354,075</b>	<b>19,222,265</b>	<b>(868,190)</b>	<b>-5%</b>
<b>Deferred Outflow</b>	<b>2,228,938</b>	<b>752,594</b>	<b>-</b>	<b>-</b>	<b>2,228,938</b>	<b>752,594</b>	<b>1,476,344</b>	<b>196%</b>
Current liabilities	(111,284)	279,496	1,058,621	1,167,804	947,337	1,447,300	(499,963)	-35%
Non-current liabilities	1,558,878	793,165	5,079,125	5,791,675	6,638,003	6,584,840	53,163	1%
<b>Total liabilities</b>	<b>1,447,594</b>	<b>1,072,661</b>	<b>6,137,746</b>	<b>6,959,479</b>	<b>7,585,340</b>	<b>8,032,140</b>	<b>(446,800)</b>	<b>-6%</b>
<b>Deferred Inflow</b>	<b>680,696</b>	<b>1,759,634</b>	<b>-</b>	<b>-</b>	<b>680,696</b>	<b>1,759,634</b>	<b>(1,078,938)</b>	<b>-61%</b>
Net position								
Net investment in capital assets	3,061,452	2,507,691	3,802,910	4,308,128	6,864,362	6,815,819	48,543	1%
Restricted	162,362	157,196	1,297,294	1,309,173	1,459,656	1,466,369	(6,713)	0%
Unrestricted	1,650,101	473,066	2,342,858	1,427,831	3,992,959	1,900,897	2,092,062	110%
<b>Total net position</b>	<b>\$ 4,873,915</b>	<b>\$ 3,137,953</b>	<b>\$ 7,443,062</b>	<b>\$ 7,045,132</b>	<b>\$ 12,316,977</b>	<b>\$ 10,183,085</b>	<b>\$ 2,133,892</b>	<b>21%</b>

The City reported positive balances in net position for both governmental and business-type activities, reporting \$4.8 million and \$7.4 million, respectively. Total assets were consistent between years, noting a 5% or \$868 thousand-dollar change.

Deferred outflows changed \$1.4 million or 196%. This increase in outflows resulted in a significant increase in net income for governmental funds. The City's deferred outflows are related to the pension obligations of the City. The City participates in three retirement plans, the Fire pension plan, the Police pension plan, and the Oklahoma Municipal Retirement Fund plan. Outflows of the plan are determined by a third-party actuary and reported in the City's financial statements.

Total liabilities of the City decreased 6% or \$446 thousand dollars when compared to prior year. The decrease in liabilities is attributable to regularly scheduled payments on outstanding debt coupled with a decrease in the pension obligation of the City.

The City reported \$12.2 million in capital assets with \$5.4 million remaining on debt used to finance their acquisition and construction.

### Changes in Net Position

For the year ended June 30, 2023, net position of the primary government changed as follows:

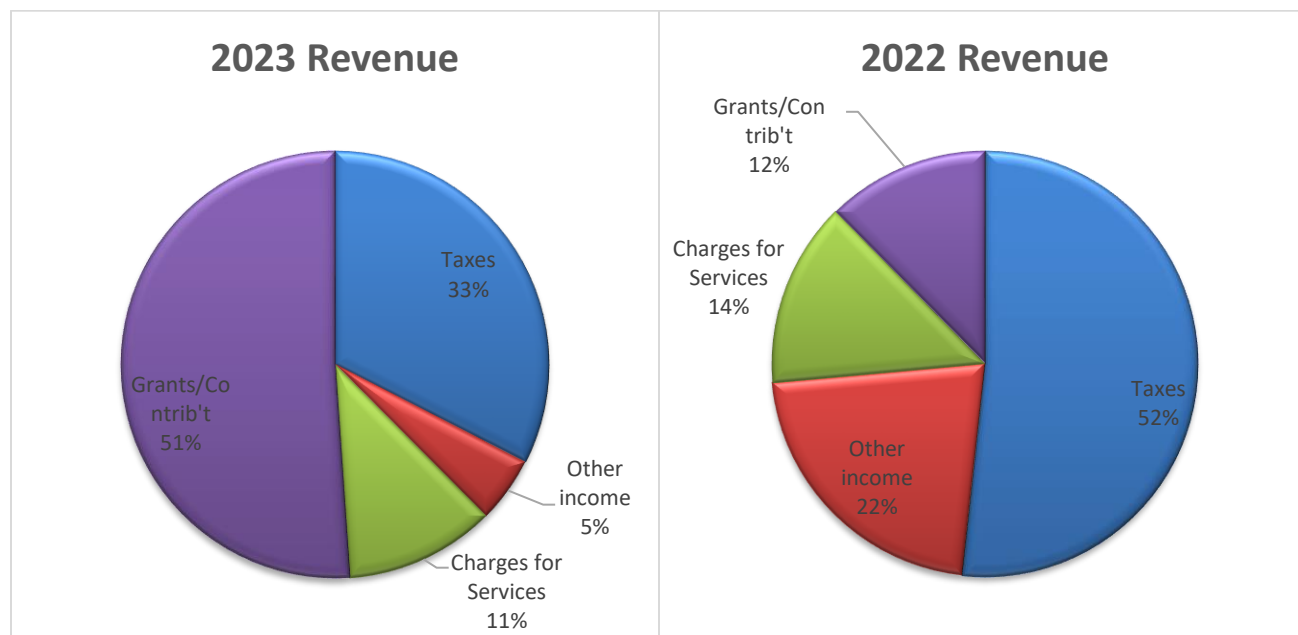
	Governmental Activities		Business-type Activities		Total		\$ Change	% Change
	2023	2022	2023	2022	2023	2022		
<b>Revenues</b>								
Program revenues	\$ 2,430,852	\$ 686,047	\$ 10,202,100	\$ 9,098,215	\$ 12,632,952	\$ 9,784,262	\$ 2,848,690	29%
Taxes and other general revenues	1,458,186	1,909,169	163,902	1,019,542	1,622,088	2,928,711	(1,306,623)	-45%
<b>Total revenues</b>	<b>3,889,038</b>	<b>2,595,216</b>	<b>10,366,002</b>	<b>10,117,757</b>	<b>14,255,040</b>	<b>12,712,973</b>	<b>1,542,067</b>	<b>12%</b>
<b>Expenses</b>								
General government	332,932	443,661	-	-	332,932	443,661	(110,729)	-25%
Public safety and judiciary	1,632,623	1,386,725	-	-	1,632,623	1,386,725	245,898	18%
Transportation	806,440	705,989	-	-	806,440	705,989	100,451	14%
Cultural, parks, and recreation	257,991	176,535	-	-	257,991	176,535	81,456	46%
Cemetery	174,683	159,250	-	-	174,683	159,250	15,433	10%
Economic development	-	-	278,282	278,942	278,282	278,942	(660)	0%
Electric	-	-	4,236,942	3,957,381	4,236,942	3,957,381	279,561	7%
Water	-	-	2,048,514	2,965,860	2,048,514	2,965,860	(917,346)	-31%
Sewer	-	-	614,057	621,188	614,057	621,188	(7,131)	-1%
Sanitation	-	-	665,069	619,262	665,069	619,262	45,807	7%
Customer service	-	-	788,689	819,216	788,689	819,216	(30,527)	-4%
Swimming pool	-	-	65,229	81,978	65,229	81,978	(16,749)	-20%
<b>Total expenses</b>	<b>3,204,669</b>	<b>2,872,160</b>	<b>8,696,782</b>	<b>9,343,827</b>	<b>11,901,451</b>	<b>12,215,987</b>	<b>(314,536)</b>	<b>-3%</b>
Excess (deficiency) before transfers	\$ 684,369	\$ (276,944)	\$ 1,669,220	\$ 773,930	\$ 2,353,589	\$ 496,986	\$ 1,856,603	374%
Transfers	1,304,909	1,051,518	(1,304,909)	(1,051,518)	-	-	-	0%
Transfers to other governments	(253,316)	(268,352)	-	-	(253,316)	(268,352.00)	15,036	100%
<b>Increase (decrease) in net position</b>	<b>\$ 1,735,962</b>	<b>\$ 506,222</b>	<b>\$ 364,311</b>	<b>\$ (277,588)</b>	<b>\$ 2,100,273</b>	<b>\$ 228,634</b>	<b>\$ 1,871,639</b>	<b>819%</b>

Total revenues for the City were \$14,255,040 for fiscal year 2023, which is an increase of 12% when compared to prior year. Program revenues increased 29% over the fiscal year. The increase was noted in both in governmental and in business-type activities. The most significant change was noted in the pension obligation. The pension obligation is measured by a third-party actuary and reported on the City's financial statements. As the obligation increases or decreases the resulting expense or revenue is recorded in the statements. Detail of the pension change is shown in the Long Debt section. As a result of the actuarial valuation, the change in pension obligations increased net position by over \$1 million dollars.

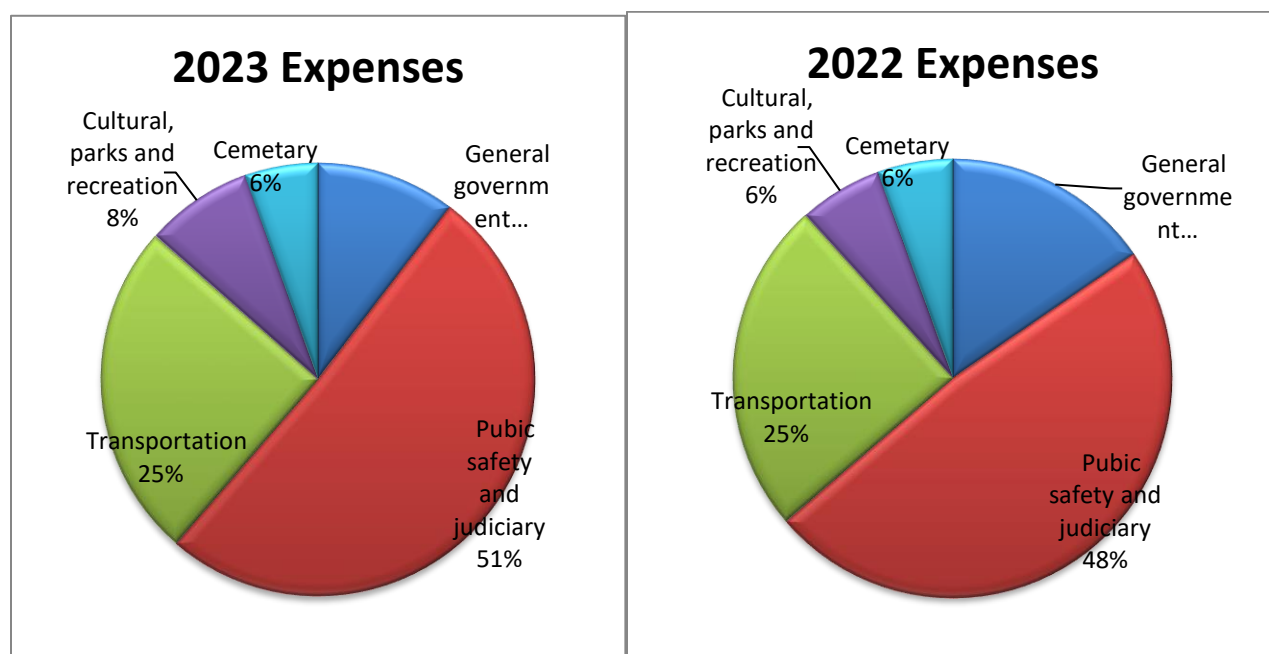
Operating expenses were \$11,901,451 for the fiscal year 2023, remaining consistent with prior year's total expenses.



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

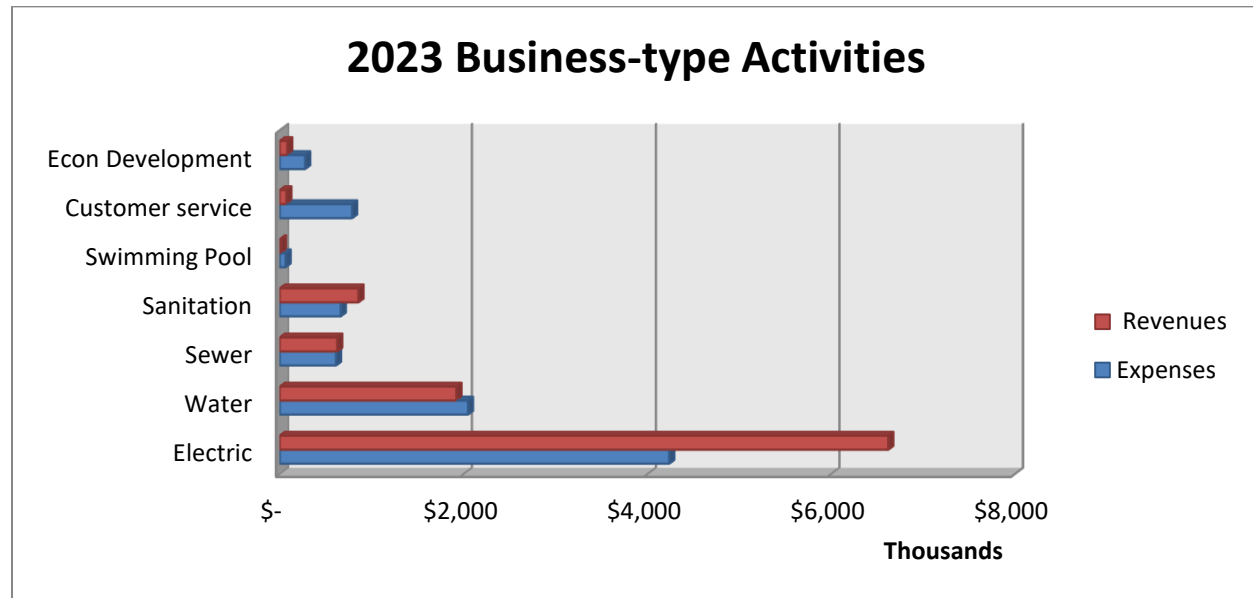


For the fiscal year 2023, the largest source of revenue is grants and contributions at 51%. This is mainly due to the change in pension obligation. Taxed provided 33% of revenue sources compared to 52% in prior year.



For the year ended June 30, 2023, total expenses for governmental activities were \$3,204,449, compared to \$2,872,160 in the prior fiscal year. Public safety and judiciary was the City's largest use of funds at 51% compared to 48% in fiscal year 2022. Public safety was followed closely by transportation at 25%.

**Business-type Activities**



Business-type activities are shown comparing costs to revenues generated by the related services. Sanitation, Sewer, Water, and Electric activities are intended to be self-supporting with user charges and other revenues designed to recover costs. Other activities provide services with minimal user charges.

**General Fund Budgetary Highlights**

The original adopted General Fund budget for fiscal year 2023 was \$2,742,361 compared to prior year's budget of \$2,558,736. The General Fund actual expenses for the year totaled \$2,269,614. The City maintained compliance with state budget laws for year ended June 30, 2023.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2023, the City had \$6,864,362 invested in capital assets, net of related debt. This investment in capital assets includes land, buildings, vehicles and equipment, and improvements. Refer to the table below.

**Primary Government Capital Assets (net of accumulated depreciation)**

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 989,801	\$ 989,801	\$ -	\$ -	\$ 989,801	\$ 989,801
Buildings	69,174	319,346	2,470,410	2,943,774	2,539,584	3,263,120
Machinery & equipment	483,563	418,524	1,866,570	2,048,462	2,350,133	2,466,986
Utility property & improvements	1,584,818	960,556	4,758,287	5,288,019	6,343,105	6,248,575
Totals	<u>\$ 3,127,356</u>	<u>\$ 2,688,227</u>	<u>\$ 9,095,267</u>	<u>\$ 10,280,255</u>	<u>\$ 12,222,623</u>	<u>\$ 12,968,482</u>

### Long-Term Debt

At year-end, the City had \$6,317,776 in long-term debt outstanding, detailed below.

Primary Government Long-Term Debt						
	Governmental Activities		Business-type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Notes payable	-	-	4,563,797	4,838,582	4,563,797	4,838,582
Bonds payable	-	-	728,560	1,133,545	728,560	1,133,545
Capital lease payable	65,904	180,536	104,788	149,930	170,692	330,466
Pension obligation	1,423,093	726,322	-	-	1,423,093	726,322
Meter deposits liability	-	-	346,365	375,641	346,365	375,641
Subtotal	1,488,997	906,858	5,743,510	6,497,698	7,232,507	7,404,556
less current portion	(19,611)	(113,693)	(895,120)	(706,023)	(914,731)	(819,716)
<b>Totals</b>	<u>1,469,386</u>	<u>793,165</u>	<u>4,848,390</u>	<u>5,791,675</u>	<u>6,317,776</u>	<u>6,584,840</u>

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

#### Economic Environment

According to the Oklahoma State University, Spears School of Business, *Economic Outlook 2023 Summer Update* "The national economy has shown surprising resilience in the face of Federal Reserve hikes in interest rates, whereas the Oklahoma economy continues to recover from the COVID-19 recession."

#### Next Year Budget

Management is committed to provide a consistent level of service to citizens while improving the infrastructure and recreation opportunities of the community within the current constraints.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Treasurer's Office at 200 West Grand Avenue, Frederick, Oklahoma, 73542-0399 or telephone at 580-335-7551.

**City of Frederick, Oklahoma**  
**Statement of Net Position**  
**June 30, 2023**

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current Assets:			
Cash and cash equivalents	\$ 754,975	\$ 2,038,162	\$ 2,793,137
Investments	499,128	59,352	558,480
Accounts receivable (net)	71,730	741,652	813,382
Other receivables	114,956	2,716	117,672
Prepaid asset	3,927	-	3,927
Total current assets	<u>1,444,716</u>	<u>2,841,882</u>	<u>4,286,598</u>
Restricted assets:			
Cash and cash equivalents	145,180	249,538	394,718
Investments	17,182	1,394,121	1,411,303
Total restricted assets	<u>162,362</u>	<u>1,643,659</u>	<u>1,806,021</u>
Noncurrent Assets:			
Property, plant, and equipment, net	3,127,356	9,095,267	12,222,623
Pension asset	38,833	-	38,833
Total noncurrent assets	<u>3,166,189</u>	<u>9,095,267</u>	<u>12,261,456</u>
Total assets	<u>\$ 4,773,267</u>	<u>\$ 13,580,808</u>	<u>\$ 18,354,075</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred charges on pension obligations	<u>2,228,938</u>	<u>-</u>	<u>2,228,938</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 29,642	\$ 42,716	\$ 72,358
Payroll liabilities	52,100	44,992	97,092
Accrued interest payable	-	45,052	45,052
Lease payable, current	19,611	30,741	50,352
Note payable, current	-	262,519	262,519
Bond payable, current	-	415,900	415,900
Due to other funds	(212,637)	216,701	4,064
Total current liabilities	<u>(111,284)</u>	<u>1,058,621</u>	<u>947,337</u>
Long-term liabilities:			
Compensated absences	89,492	44,775	134,267
Lease payable, long term	46,293	74,047	120,340
Note payable, long term	-	4,301,278	4,301,278
Bond payable, long term	-	312,660	312,660
Customer deposits payable	-	346,365	346,365
Pension liability	1,423,093	-	1,423,093
Total long-term liabilities	<u>1,558,878</u>	<u>5,079,125</u>	<u>6,638,003</u>
Total liabilities	<u>1,447,594</u>	<u>6,137,746</u>	<u>7,585,340</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred charges on pension obligations	<u>680,696</u>	<u>-</u>	<u>680,696</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,061,452	3,802,910	6,864,362
Reserved for restricted purposes	162,362	1,297,294	1,459,656
Unrestricted	1,650,101	2,342,858	3,992,959
Total net position	<u>\$ 4,873,915</u>	<u>\$ 7,443,062</u>	<u>\$ 12,316,977</u>

**City of Frederick, Oklahoma**  
**Statement of Activities**  
**Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government:					
General government	\$ 332,932	\$ 72,049	\$ 1,338,182	\$ -	\$ 1,077,299
Total general government	332,932	72,049	1,338,182	-	1,077,299
Public safety and judiciary:					
Police	703,435	52,323	-	-	(651,112)
Dispatchers	90,000	24,000	-	-	(66,000)
Fire	826,621	-	10,053	-	(816,568)
Emergency management	12,567	-	-	-	(12,567)
Total public safety and judiciary	1,632,623	76,323	10,053	-	(1,546,247)
Transportation:					
Street	320,410	-	-	-	(320,410)
Airport	486,030	230,512	-	632,569	377,051
Total transportation	806,440	230,512	-	632,569	56,641
Cultural, parks and recreation:					
Park	161,166	-	-	-	(161,166)
Library	92,674	1,900	6,213	-	(84,561)
Swimming pool	4,151	-	-	-	(4,151)
Total cultural, parks and recreation	257,991	1,900	6,213	-	(249,878)
Cemetery:					
Cemetery	174,683	63,051	-	-	(111,632)
Total cemetery	174,683	63,051	-	-	(111,632)
Total governmental activities	3,204,669	443,835	1,354,448	632,569	(773,817)
Business-type activities:					
Utility services:					
Electric	4,236,942	6,624,171	-	-	2,387,229
Water	2,048,514	1,922,243	-	-	(126,271)
Sewer	614,057	626,687	-	-	12,630
Sanitation	665,069	857,336	-	-	192,267
Swimming pool	65,229	14,887	-	-	(50,342)
Customer service	788,689	73,527	-	-	(715,162)
Economic Development	278,282	83,249	-	-	(195,033)
Total business-type activities	8,696,782	10,202,100	-	-	1,505,318
Total	\$ 11,901,451	\$ 10,645,935	\$ 1,354,448	\$ 632,569	\$ 731,501

**City of Frederick, Oklahoma**  
**Statement of Activities (continued)**  
**Year Ended June 30, 2023**

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**Changes in Net Position:**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Net (expense)/revenue	\$ (773,817)	\$ 1,505,318	\$ 731,501
General revenues:			
Taxes:			
Sales and use tax	898,403	-	898,403
Use tax	189,076	-	189,076
Franchise taxes	51,819	-	51,819
Hotel/Motel tax	9,778	-	9,778
Other taxes	115,154	-	115,154
Investment income	781	45,444	46,225
Other income	193,175	118,458	311,633
Transfers-Internal activity	1,304,909	(1,304,909)	-
Transfers-Other governments	(253,316)	-	(253,316)
Total general revenues and transfers	<u>2,509,779</u>	<u>(1,141,007)</u>	<u>1,368,772</u>
Change in net position	1,735,962	364,311	2,100,273
Net position-beginning	3,137,953	7,045,132	10,183,085
Prior period adjustment	-	33,619	33,619
Net position-ending	<u>\$ 4,873,915</u>	<u>\$ 7,443,062</u>	<u>\$ 12,316,977</u>

**City of Frederick, Oklahoma**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	<b>General Fund</b>	<b>Airport Fund</b>	<b>Non-Major Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents, unrestricted	\$ 389,896	\$ 295,797	\$ 69,282	\$ 754,975
Cash and cash equivalents, restricted	1,925	1,025	142,230	145,180
Investments, unrestricted	443,776	55,352	-	499,128
Investments, restricted	690	-	16,492	17,182
Accounts receivable, net	68,298	3,432	-	71,730
Taxes receivable	114,956	-	-	114,956
Due from other funds	93,924	19,735	615,646	729,305
Prepaid asset	3,927	-	-	3,927
Total assets	<u>\$ 1,117,392</u>	<u>\$ 375,341</u>	<u>\$ 843,650</u>	<u>\$ 2,336,383</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 49	\$ -	\$ 29,593	\$ 29,642
Due to other funds	-	-	516,668	516,668
Compensated absences	-	-	-	-
Accrued payroll liabilities	51,935	165	-	52,100
Total liabilities	<u>51,984</u>	<u>165</u>	<u>546,261</u>	<u>598,410</u>
<b>FUND BALANCES</b>				
Restricted	2,615	4,457	222,082	229,154
Committed	-	-	101,260	101,260
Assigned	-	370,719	-	370,719
Unassigned	1,062,793	-	(25,953)	1,036,840
Total fund balances	<u>1,065,408</u>	<u>375,176</u>	<u>297,389</u>	<u>1,737,973</u>
Total liabilities and fund balances	<u>\$ 1,117,392</u>	<u>\$ 375,341</u>	<u>\$ 843,650</u>	<u>\$ 2,336,383</u>
Total fund balance- total governmental funds				\$ 1,737,973
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Land and capital assets, net of accumulated depreciation, are not financial resources, in the funds, and therefore, are not reported				
	Land	\$ 989,801		
	Capital assets	11,119,807		
	Less: Accumulated depreciation	<u>(8,982,252)</u>		3,127,356
Long-term liabilities are not due and payable in the current period and are not reported in the funds.				
	Long term debt obligations	\$ (65,904)		
	Compensated absences	\$ (89,492)		
	Net pension related deferred (inflows)/outflows	1,548,242		
	Net pension obligation	<u>(1,384,260)</u>		8,586
Net position of governmental activities				<u>\$ 4,873,915</u>

**City of Frederick, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**June 30, 2023**

	General Fund	Airport Fund	Non-Major Funds	Total Governmental Funds
<b>REVENUES</b>				
Sales tax	\$ 898,403	\$ -	\$ -	\$ 898,403
Use tax	189,076	-	-	189,076
Franchise tax	51,819	-	-	51,819
Hotel/motel tax	9,778	-	-	9,778
Other taxes	115,154	-	-	115,154
Licenses and permits	40,610	-	-	40,610
Rents & royalties	-	181,162	-	181,162
Fines and forfeitures	52,323	-	-	52,323
Charges for services	83,797	49,350	36,593	169,740
Intergovernmental revenues	328,777	632,569	-	961,346
Other revenues	164,759	24,582	3,834	193,175
Interest	741	13	27	781
Proceeds from debt issuance	-	-	-	-
Total revenues	<u>1,935,237</u>	<u>887,676</u>	<u>40,454</u>	<u>2,863,367</u>
<b>EXPENDITURES</b>				
General government:				
General government	186,050	-	73,388	259,438
Total general government	<u>186,050</u>	<u>-</u>	<u>73,388</u>	<u>259,438</u>
Public safety and judiciary:				
Police	586,284	-	-	586,284
Dispatchers	90,000	-	-	90,000
Fire	742,134	-	25,296	767,430
Emergency Management	12,567	-	-	12,567
Total public safety and judiciary	<u>1,430,985</u>	<u>-</u>	<u>25,296</u>	<u>1,456,281</u>
Transportation:				
Street	252,325	-	26,451	278,776
Total transportation	<u>252,325</u>	<u>-</u>	<u>26,451</u>	<u>278,776</u>
Cultural, parks and recreation:				
Parks	141,275	-	-	141,275
Library	91,847	-	-	91,847
Swimming pool	-	-	-	-
Total cultural, parks and recreation	<u>233,122</u>	<u>-</u>	<u>-</u>	<u>233,122</u>
Cemetery:				
General cemetery	167,181	-	1	167,182
Total cemetery	<u>167,181</u>	<u>-</u>	<u>1</u>	<u>167,182</u>
Airport:				
Airport	-	162,902	-	162,902
Total airport	<u>-</u>	<u>162,902</u>	<u>-</u>	<u>162,902</u>
Capital expense	1,071,422	-	-	1,071,422
Debt service				
Principle	114,632	-	-	114,632
Interest	2,969	-	-	2,969
Total expenditures	<u>3,458,686</u>	<u>162,902</u>	<u>125,136</u>	<u>3,746,724</u>
Excess (deficiency) of revenues over expenditures	<u>(1,523,449)</u>	<u>724,774</u>	<u>(84,682)</u>	<u>(883,357)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,193,422	-	307,748	3,501,170
Transfers out	(1,487,901)	(708,360)	-	(2,196,261)
Transfers out to other governments	(253,316)	-	-	(253,316)
Total other financing sources and uses	<u>1,452,205</u>	<u>(708,360)</u>	<u>307,748</u>	<u>1,051,593</u>
Net change in fund balances	(71,244)	16,414	223,066	168,236
Fund balances - beginning	1,064,338	353,290	74,323	1,491,951
Prior period adjustment	72,314	5,472	-	77,786
Fund balances - ending	<u>\$ 1,065,408</u>	<u>\$ 375,176</u>	<u>\$ 297,389</u>	<u>\$ 1,737,973</u>

See accompanying notes to financial statements.



**City of Frederick, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**June 30, 2023**

Net change in fund balances - total governmental funds	\$	168,236
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset purchases	1,071,422		
Depreciation expense	<u>(632,293)</u>		439,129

The proceeds of debt issuance provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Capital lease debt issued		-
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

	<u>Current</u>	<u>Prior</u>	
Compensated Absences	89,492	77,786	(11,706)

Repayment of debt principle is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Debt activity reported in the fund statements		
Capital lease principle		114,632

In the statement of activities, the cost of pension benefits earned net of employee contributions are reported as a component of pension expense. The fund financial statements report pension contributions as expenditures.

		<u>1,025,671</u>
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Change in Net Position of Governmental Activities	\$	<u><u>1,735,962</u></u>
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**City of Frederick, Oklahoma**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2023**

	<b>Public Works Authority</b>	<b>Economic Development Authority</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,261,352	\$ 776,810	\$ 2,038,162
Investments	-	59,352	59,352
Accounts receivable	923,439	-	923,439
Allowance for doubtful accounts	(181,787)	-	(181,787)
Interest receivable	2,716	-	2,716
Total current assets	<u>2,005,720</u>	<u>836,162</u>	<u>2,841,882</u>
Current assets:			
Restricted assets:			
Cash, including time deposits	249,538	-	249,538
Investments	1,394,121	-	1,394,121
Total restricted assets	<u>1,643,659</u>	<u>-</u>	<u>1,643,659</u>
Noncurrent assets:			
Property, plant, and equipment, net	7,431,983	1,663,284	9,095,267
Due from other funds	-	-	-
Total noncurrent assets	<u>7,431,983</u>	<u>1,663,284</u>	<u>9,095,267</u>
<b>Total assets</b>	<u>\$ 11,081,362</u>	<u>\$ 2,499,446</u>	<u>\$ 13,580,808</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 42,716	\$ -	\$ 42,716
Payroll liabilities	44,992	-	44,992
Accrued interest payable	45,052	-	45,052
Capital lease, current	30,741	-	30,741
Note payable, current	262,519	-	262,519
Bond payable, current	415,900	-	415,900
Due to other funds	211,417	5,284	216,701
Total current liabilities	<u>1,053,337</u>	<u>5,284</u>	<u>1,058,621</u>
Long-term liabilities			
Compensated absences	44,775	-	44,775
Capital lease, long term	74,047	-	74,047
Note payable, long term	4,301,278	-	4,301,278
Bond payable, long term	312,660	-	312,660
Customer deposits payable	346,365	-	346,365
Total long-term liabilities	<u>5,079,125</u>	<u>-</u>	<u>5,079,125</u>
<b>Total liabilities</b>	<u>6,132,462</u>	<u>5,284</u>	<u>6,137,746</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,139,626	1,663,284	3,802,910
Restricted	1,297,294	-	1,297,294
Unrestricted	<u>1,511,980</u>	<u>830,878</u>	<u>2,342,858</u>
<b>Total net position</b>	<u>\$ 4,948,900</u>	<u>\$ 2,494,162</u>	<u>\$ 7,443,062</u>

**City of Frederick, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2023**

	<b>Public Works Authority</b>	<b>Economic Development Authority</b>	<b>Total Enterprise Funds</b>
<b><u>Operating revenues:</u></b>			
Charges for services:			
Electric charges	\$ 6,624,171	\$ -	\$ 6,624,171
Water charges	1,922,243	-	1,922,243
Sewer charges	626,687	-	626,687
Sanitation charges	857,336	-	857,336
Penalties	63,067	-	63,067
Total charges for services	10,093,504	-	10,093,504
Lease and rental income	71,424	26,712	98,136
Other fees and charges	10,460	-	10,460
Total operating revenues	10,175,388	26,712	10,202,100
<b><u>Operating expenses:</u></b>			
Personal services	1,410,673	-	1,410,673
Materials and supplies	1,042,601	-	1,042,601
Cost of service	3,459,415	-	3,459,415
Other services and charges	1,334,680	55,349	1,390,029
Depreciation	1,124,039	103,955	1,227,994
Total operating expenses	8,371,408	159,304	8,530,712
Net operating income	1,803,980	(132,592)	1,671,388
<b><u>Nonoperating revenue (expense):</u></b>			
Investment income	44,245	1,199	45,444
Grant income	-	-	-
Interest expense	(166,070)	-	(166,070)
Other revenue (expenses)	118,458	-	118,458
Total nonoperating revenue (expense)	(3,367)	1,199	(2,168)
<b>Net Income before contributions and transfers</b>	1,800,613	(131,393)	1,669,220
Transfers from other funds	1,095,426	-	1,095,426
Transfers to other funds	(2,380,335)	(20,000)	(2,400,335)
<b>Change in net position</b>	515,704	(151,393)	364,311
Net position-beginning of year	4,399,577	2,645,555	7,045,132
Prior period restatement	33,619	-	33,619
Net position-end of year	\$ 4,948,900	\$ 2,494,162	\$ 7,443,062

**City of Frederick, Oklahoma**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2023**

	<b>Public Works Authority</b>	<b>Economic Development Authority</b>	<b>Total Enterprise Funds</b>
<b><u>Cash flows from operating activities:</u></b>			
Receipts from customers	\$ 10,243,321	\$ 26,712	\$ 10,270,033
Payments to suppliers	(5,936,198)	(57,015)	(5,993,213)
Payments to employees	(1,409,049)	-	(1,409,049)
<b>Net cash provided (used) by operating activities</b>	<u>2,898,074</u>	<u>(30,303)</u>	<u>2,867,771</u>
<b><u>Cash flows from non-capital financing activities:</u></b>			
Transfers from other funds	1,095,426	-	1,095,426
Transfers to other funds	(2,380,335)	(20,000)	(2,400,335)
<b>Net cash provided (used) by non-capital financing activities</b>	<u>(1,166,451)</u>	<u>(20,000)</u>	<u>(1,186,451)</u>
<b><u>Cash flows from capital and related financing activities:</u></b>			
Principal paid on capital debt	(724,912)	-	(724,912)
Issuance of capital debt	-	-	-
(Purchase) of capital assets	(43,004)	-	(43,004)
Interest paid on capital debt	(170,982)	-	(170,982)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(938,898)</u>	<u>-</u>	<u>(938,898)</u>
<b><u>Cash flows from investing activities:</u></b>			
(Purchase) of investments	(2,856)	-	(2,856)
Investment income	44,245	1,205	45,450
<b>Net cash provided (used) by investing activities</b>	<u>41,389</u>	<u>1,205</u>	<u>42,594</u>
Net increase (decrease) in cash and cash equivalents	834,114	(49,098)	785,016
Cash & cash equivalents, June 30, 2022	676,776	825,908	1,502,684
Cash & cash equivalents, June 30, 2023	<u>\$ 1,510,890</u>	<u>\$ 776,810</u>	<u>\$ 2,287,700</u>
Cash, including time deposits	\$ 1,261,352	\$ 776,810	2,038,162
Restricted cash, including time deposits	249,538	-	249,538
Total cash and cash equivalents, end of year	<u>\$ 1,510,890</u>	<u>\$ 776,810</u>	<u>\$ 2,287,700</u>
<b><u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u></b>			
Operating income (loss)	\$ 1,803,980	\$ (132,592)	\$ 1,671,388
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Changes in assets and liabilities:			
Depreciation	1,124,039	103,955	1,227,994
(Increase) decrease in accounts receivable	67,933	-	67,933
(Increase) decrease in other assets	731,128	-	731,128
Increase (decrease) in accounts payable	(224,515)	-	(224,515)
Increase (decrease) in deposits subject to refund	(29,276)	-	(29,276)
Increase (decrease) in compensated absences	1,624	-	1,624
Increase (decrease) in other liabilities	(576,839)	(1,666)	(578,505)
Total adjustments	1,094,094	102,289	1,196,383
<b>Net cash provided (used) by operating activities</b>	<u>\$ 2,898,074</u>	<u>\$ (30,303)</u>	<u>\$ 2,867,771</u>

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The City of Frederick, Oklahoma (the "City") was organized in April 1907 and is incorporated under the provisions of the State of Oklahoma per Executive Department Proclamation on January 6, 1902. The City operates under the Statutory Council/Manager form of government.

The City provides the following services: public safety (police and fire protection), street maintenance, utility (electric, water, sewer, and sanitation) services, culture and recreation, cemetery and general administrative services.

***The Reporting Entity***

The City, for financial purposes, includes all funds and account groups relevant to the operation of the City of Frederick. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City.

Due to restrictions of the state constitution relating to the issuance of municipal debt, public trusts are created to finance City services with revenue bonds or other non-general obligation financing and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the City. Public trusts created to provide financing services are blended into the City's primary government as an integral part of City operations although retaining separate legal identity. Component units that do not meet the criteria from blending are reported discretely. For the year end, the City has no discretely presented component units.

**Blended Component Units Reported with Primary Government**

Frederick Public Works Authority (FPWA) – was established August 18, 1969, under Title 60 of the Oklahoma state statutes to operate the City's electrical, water, sewer, and sanitation systems. FPWA is governed by a board comprised of the City Council.

Frederick Economic Development Authority (FEDA) – was established November 3, 1986 as a public trust under Title 60 Oklahoma Statute to promote the economic development of the City. FEDA is governed by a board comprised of the City Council.

**B. Basis of Presentation**

***Government-Wide Financial Statements:***

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

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

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or utility services.

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

***Fund Financial Statements:***

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements and financial statements of the City's component units also report using the same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means

knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considered revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenses are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: sales and use taxes and intergovernmental revenues. In general, other revenues are recognized when cash is received.

Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of provided goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

#### ***Restricted Assets***

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

#### ***Use of Estimates***

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

#### ***Interfund Balances***

Generally, outstanding balances between funds reported and due to/due from other funds include outstanding charges by one fund to another for services or goods or miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are described as due to/due from other funds.

### **C. Fund Types and Major Funds**

#### **Major Governmental Funds**

##### ***General Fund***

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in another fund.

##### ***Airport Fund***

The Airport Fund accounts for the operations of the municipal airport and related grant funding.

#### **Non-major *Special Revenue Funds***

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes. The reporting entity includes the following special revenue funds:

<b>FUND</b>	<b>BRIEF DESCRIPTION</b>
<u>Capital Improvement Fund</u>	Accounts for capital improvement activities
<u>Cemetery Trust Fund</u>	Accounts for 12 1/2% of cemetery revenue restricted by State law
<u>Cemetery Care</u>	Accounts for operations of the cemetery
<u>Recoveries Fund</u>	Accounts for reimbursement funds received
<u>Nursing Center</u>	Accounts for operations of the nursing center

**PROPRIETARY FUND TYPES**

***Enterprise Funds***

Enterprise Funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprises funds:

<b>FUND</b>	<b>BRIEF DESCRIPTION</b>
<u>Frederick Public Works Authority</u>	Accounts for the activities of the authority in providing electric, water, sewer, and solid waste services to the public.
<u>Frederick Economic Development Authority</u>	Accounts for economic development of the City

**D. Budgets and Budgetary Accounting**

***Budget Policy and Practice***

The City Treasurer submits an annual budget to the City Council in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the Council for review, and public hearings are held to address priorities and the allocation of resources. In June, the Council adopts the annual fiscal year budgets for City operating funds. Budget amendments or supplements may be made during the year when unexpected modifications are required in estimated revenues and appropriations. Budget amendments are recommended by the City Treasurer and must be approved by the Council. Public trusts submit budgets and other planning documents to their respective governing bodies. Other funds budgeted on a project-length basis are also subjected to the Council review and approval process.

***Budgetary Control***

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and object class as follows: personal services, other services and charges, supplies, capital outlay, transfers, and debt service. This legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval. Revisions to the budget were made throughout the year.

***Budget Basis of Accounting***

The combined statement of revenues, expenditures and changes in fund balances (budget and actual) present comparisons of legally adopted budgets with actual data on a budgetary basis. The budgetary basis of accounting differs from GAAP in that the cash basis of accounting is used. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. All appropriations (including encumbered) lapse at year-end; any open encumbrances to be honored in the subsequent budget year are reappropriated in the next fiscal year's budget. As a result, no reserve for encumbrances is reported at year-end.

The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

**E. Assets, Liabilities and Equity**

***Cash and Investments***

For the purposes of the combined balance sheet and the statement of cash flows, "cash and cash equivalents" includes all demand deposits, savings accounts and certificates of deposits or short-term investments (including restricted assets) with an original maturity of three months or less. Deposits are stated at cost.

Investments are reported at fair value which is determined using market prices. Short-term investments are reported at cost, which approximates fair value.

***Allowance for Uncollectible Accounts***

Significant receivables include amounts due from customers primarily for utility services. These receivables are due within one year. The City has established an allowance for collectible accounts based on management's prior experience using past due amounts more than 90 days. An allowance of \$181,786 is recorded in business-type activities.

***Capital Assets, Depreciation, and Amortization***

They City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalized assets with cost in excess of \$5,000.

The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

• Buildings	10-25 years
• Other improvements	10-25 years
• Machinery, furniture & equipment	3-25 years
• Infrastructure	10-20 years

Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service.

**Compensated Absences**

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

**Long-Term Debt**

The City's long-term debt is not reported in the accompanying financial statements due to its modified cash basis of accounting. However, the City's long-term debt is disclosed in the commitment section of these notes.

**Equity Classifications**

Fund balances reported in the governmental funds financial statements are typically displayed in up to five components:

**Nonspendable**

Fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

**Restricted**

Fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

**Committed**

Fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council, the Town's highest level of decision-making authority,

**Assigned**

Fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

**Unassigned**

Fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

**Net Position**

Both proprietary fund financial statements and government-wide financial statements report net position. Amounts invested in capital assets, net of related debt and legally restricted amounts are separated from unrestricted net position.

**Net investment in capital assets**

The amount restricted consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted net position**

Amounts reported as restricted consist of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Unrestricted net position**

This consists of net position that does not meet the criteria of "restricted" or "net investment in capital assets".



**F. Revenues, Expenditures and Expenses**

**Sales Tax**

The City levied a 3.5% sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission.

Sales tax is restricted as follows: one cent street bond debt pledge, half cent sewer bond debt; and one cent is voter restricted for the hospital in accordance with City ordinances. The remaining one percent of sales tax is available for use for operations by the General Fund.

All three and a half cents of the sales tax are received and recorded in the General Fund and then transferred to the FPWA or other governments in accordance with the restrictions.

**(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

By its nature as local government unit, the City and its component units are subject to various federal, state and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows:

**A. Budget Requirements**

For the year ended June 30, 2023, the City was in compliance with budget requirements.

**(3) DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

**A. Cash and Investments**

***Custodial Credit Risk***

Exposure to custodial credit related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name; or collateralized without a written or approved collateral agreement.

Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name. The City's policy as it relates to custodial credit risk is to comply with state law and secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. Acceptable collateral is defined in state statutes and includes U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2023, the City had no custodial credit risk as described 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 2014 revenue bond trustee accounts, which are covered and authorized under the said indentures and the utility deposits in the mutual securities account.

***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.

***Concentration of Investment Credit Risk***

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

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

The City's marketable investments at June 30, 2023 are listed below:

<u>Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Fair Value Measurement</u>
Demand deposits and cash on hand	\$ 3,187,855	--	--
Money market funds - federal obligations	1,200,557	Aaa	Level 1
U.S. government securities	769,226	Aaa	Level 1
<b>Total Cash and Investments</b>	<b>\$ 5,157,638</b>		

RECONCILIATION TO STATEMENT OF NET POSITION

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and cash equivalents, unrestricted	\$ 754,975	\$ 2,038,162	\$ 2,793,137
Cash and cash equivalents, restricted	145,180	249,538	394,718
Investments, unrestricted	499,128	59,352	558,480
Investments, restricted	17,182	1,394,121	1,411,303
<b>Total investments</b>	<b>\$ 1,416,465</b>	<b>\$ 3,741,173</b>	<b>\$ 5,157,638</b>

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Debt Service	\$ -	\$ 1,218,447
Meter deposits	-	402,049
Cemetery	160,647	-
Grant/Other	1,715	23,163
	<b>\$ 162,362</b>	<b>\$ 1,643,659</b>

Reconciliation to Statement of Net Position

Cash and cash equivalents	\$ 145,180	\$ 249,538
Investments	17,182	1,394,121
	<b>\$ 162,362</b>	<b>\$ 1,643,659</b>

**B. Capital Assets**

Changes in Capital Assets

Governmental Capital Assets:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Land	\$ 989,801	\$ -	\$ -	\$ 989,801
Buildings & structures	5,987,882	15,570	-	6,003,452
Machinery, furniture, & equipment	1,163,879	369,411	-	1,533,290
Infrastructure & improvements	2,896,624	686,441	-	3,583,065
Total	11,038,186	1,071,422	-	12,109,608
Less accumulated depreciation	8,349,959	632,293	-	8,982,252
Fixed assets, net	<u>\$ 2,688,227</u>	<u>\$ 439,129</u>	<u>\$ -</u>	<u>\$ 3,127,356</u>

Business-type Activities Capital Assets:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Buildings	\$ 30,798,802	\$ -	\$ -	\$ 30,798,802
Machinery, furniture, & equipment	4,656,361	43,006	-	4,699,367
Infrastructure	12,531,975	-	-	12,531,975
Total	47,987,138	43,006	-	48,030,144
Less accumulated depreciation	37,706,883	1,227,994	-	38,934,877
Fixed assets, net	<u>\$ 10,280,255</u>	<u>\$ (1,184,988)</u>	<u>\$ -</u>	<u>\$ 9,095,267</u>

Depreciation expense:

**Governmental Activities**

**Business-type Activities**

General government	\$ 62,328	Electric	\$ 104,565
Public safety & judiciary	175,800	Water	741,029
Transportation	361,794	Sewer	268,455
Cultural, parks & recreation	24,870	Economic development	113,945
Cemetery	7,501		
Total depreciation expense	<u>\$ 632,293</u>	Total depreciation expense	<u>\$ 1,227,994</u>

**D. Long Term Debt**

The City had the following debt obligations as of June 30, 2023:

Governmental Activities

Capital Leases

\$175,472 lease agreement with Leasing Specialist, LLC for four (4) 2020 Ford Explorers in the Police department, payable in annual installments, maturing August 2022.	\$ 6,398
\$71,700 lease agreement with Prosperity Bank for a backhoe in the Street department, payable in annual installments, maturing June 2025 with a balloon payment of \$36,900.	59,506
	<u>59,506</u>
Total Governmental Capital Leases	<u>\$ 65,904</u>

Business-type Activities

Capital Leases

\$64,800 lease agreement with Prosperity Bank for a backhoe in the Water department, payable in annual installments, maturing June 2025 with a balloon payment of \$32,500.	53,488
\$85,130 lease agreement with Prosperity Bank for a bucket truck in the Electric department, payable in annual installments, maturing August 2026.	51,300
	<u>51,300</u>
Total Business-type Capital Leases	<u>\$ 104,788</u>

Notes Payable

\$4,500,000 note payable to the Oklahoma Water Resources Board dated February 1, 2009, secured by net utility revenues and capital assets, interest rate of 3.08%, final payment due March 15, 2031	1,440,947
\$4,315,000 CWSRF 2014 note payable to the Oklahoma Water Resources Board dated October 25, 2013, secured by net utility revenues and capital assets, interest rate of 3.18%, final payment due September 15, 2045.	3,092,851
Frederick Economic Development Authority CDBG-ED Promissory Note, original issue amount of \$400,000, dated January 1, 2005, interest rate of 0%, final payment due December 1, 2024.	29,999
	<u>29,999</u>
Total Business-type Notes Payable	<u>\$ 4,563,797</u>

Revenue Bonds

Mountain Park Master Conservancy District Taxable Revenue Refunding Note, Series 2014, original issue amount of \$10,000,000, dated October 30, 2014, issued by Frederick Public Works Authority, secured by gross utility revenues, interest rate of 3.26%, final payment due January 1, 2025. The City's proportionate share is 16.9%.	378,560
Frederick Public Works Authority Sales Taxable Revenue Note, Series 2014, original issue amount of \$1,800,000, dated November 24, 2014, issued by BancFirst, secured by pledged sales tax, interest rate of 2.75%, final payment due October 1, 2024.	350,000
	<u>350,000</u>
Total Business-type Revenue Bonds	<u>\$ 728,560</u>

Total Business-type Activities	<u>\$ 5,397,145</u>
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**Changes in Long-Term Debt:**

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

<b>Type of Debt</b>	<b>Balance at July 1, 2022</b>	<b>Amount Issued</b>	<b>Amount Retired</b>	<b>Balance at June 30, 2023</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Capital lease payable - Street	\$ 71,700	\$ -	\$ 12,194	\$ 59,506	\$ 13,213
Capital lease payable - Police	62,756	-	56,358	6,398	6,398
Capital lease payable - Police	46,080	-	46,080	-	-
Total governmental activities	<u>\$ 180,536</u>	<u>\$ -</u>	<u>\$ 114,632</u>	<u>\$ 65,904</u>	<u>\$ 19,611</u>
<b>Type of Debt</b>	<b>Balance at July 1, 2022</b>	<b>Amount Issued</b>	<b>Amount Retired</b>	<b>Balance at June 30, 2023</b>	<b>Due Within One Year</b>
<b>Business-type activities:</b>					
<i>Public Works Authority</i>					
<u>Capital Lease</u>					
Capital lease - Water	\$ 64,800	\$ -	\$ 11,312	\$ 53,488	\$ 12,211
Capital lease - Electric	85,130	-	33,830	51,300	18,530
<u>Notes Payable</u>					
OWRB 2009 Note Payable	1,597,250	-	156,304	1,440,946	161,106
OWRB 2013 Note Payable	3,191,333		98,481	3,092,852	101,413
<u>Bonds Payable</u>					
Master Conveyance Bonds, Series 2014	558,545	-	179,985	378,560	185,900
Sales Tax Revenue Bonds, Series 2014	575,000	-	225,000	350,000	230,000
<i>Economic Development Authority</i>					
CDBG Promissory note	49,999	-	20,000	29,999	20,000
Total business-type activities	<u>\$ 6,122,057</u>	<u>\$ -</u>	<u>\$ 724,912</u>	<u>\$ 5,397,145</u>	<u>\$ 729,160</u>
<b>Total long-term debt</b>	<u>\$ 6,302,593</u>	<u>\$ -</u>	<u>\$ 839,544</u>	<u>\$ 5,463,049</u>	<u>\$ 748,771</u>

**Annual Debt Service Requirements:**

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2023 follow:

Year Ending June 30	Leases Payable		Notes Payable		Bonds Payable		Total Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 50,352	\$ 5,153	\$ 282,519	\$ 123,071	\$ 415,900	\$ 8,044	\$ 748,771	\$ 136,268
2025	115,950	3,802	280,598	115,087	312,660	1,650	709,208	120,539
2026	4,390	722	279,495	107,155	-	-	283,885	107,877
2027	-	-	290,566	98,970	-	-	290,566	98,970
2028	-	-	297,755	90,761	-	-	297,755	90,761
2029-2033	-	-	1,219,014	336,051	-	-	1,219,014	336,051
2034-2037	-	-	746,756	215,957	-	-	746,756	215,957
Thereafter	-	-	1,167,094	114,766	-	-	1,167,094	114,766
<b>Totals</b>	<b>\$ 170,692</b>	<b>\$ 9,677</b>	<b>\$ 4,563,797</b>	<b>\$ 1,201,818</b>	<b>\$ 728,560</b>	<b>\$ 9,694</b>	<b>\$ 5,463,049</b>	<b>\$ 1,221,189</b>

**E. INTERFUND TRANSACTIONS AND BALANCES**

Intercompany balances reported for the year ended June 30, 2023 were as follows:

Transfer To	Transfer From					
	General Fund	Airport	PWA	Economic Development	All others	Total
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Airport	-	-	-	-	-	-
PWA	2,951,974	-	-	-	-	2,951,974
Economic Development	-	-	20,000	-	-	20,000
All others	437,012	692,791	157,688	-	-	1,287,491
<b>Total</b>	<b>\$ 3,388,986</b>	<b>\$ 692,791</b>	<b>\$ 177,688</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,259,465</b>

**(4) RETIREMENT PLANS**

The City participates in three employee pension systems as follows:

Name of Plan	Type of Plan
Oklahoma Municipal Retirement Fund	Agent Multiple Employer – Defined Benefit Plan
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Firefighter Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan

**A. Oklahoma Police Pension and Retirement Systems**

Plan description – The City of Frederick, 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. OPPRS issues a publicly available financial report that can be obtained at [www.ok.gov/OPPRS](http://www.ok.gov/OPPRS).

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

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered. Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

Contributions – The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$17,934.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPPRS

At June 30, 2023, the City reported an asset of \$38,833 for its proportionate share of the net pension liability. The net pension net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2023, the City's proportion was 0.000484 percent.

For the year ended June 30, 2023, the City recognized pension expense of \$9,281. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 19,048	\$ 4,230
Changes of assumptions	1,352	-
Net difference between projected and actual earnings on pension plan investments	205,640	167,747
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	17,934	-
<b>Total</b>	<b>\$ 243,974</b>	<b>\$ 171,977</b>

Other amounts reported deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2023	\$	12,187
2024		3,201
2025		(10,311)
2026		46,524
2027		2,462
<hr/>		
Total	\$	54,063

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	4.5% to 17.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense, per annum, compounded annually
Mortality rates:	
	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.
	Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.
	Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

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

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

Discount rate: The discount rate used to measure the total pension liability was 7.5 percent, which is the long-term expected rate of return on plan investments. The Plan has used this assumption since 1984. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from municipalities will be made at contractually required rates, actuarially determined. Based on those assumptions, OPPRS net position was projected to be available make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate: The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:



	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
City's proportionate share of the net pension liability/(asset)	\$ 112,512	\$ (38,833)	\$ (166,757)

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at [www.ok.gov/OPPRS](http://www.ok.gov/OPPRS).

#### **B. Oklahoma Firefighter's Pension and Retirement Systems**

Plan Description – The City of Frederick, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter's Pension and Retirement System (OFPRS) as a result of the employment of full-time firefighters. The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, Section 22-102, the City must participate in the plan if they employ fulltime or volunteer firefighters. OFPRS plan members are required to contribute 9% to the plan. The City is required by state law to contribute 14% per year of covered payroll for paid firefighters. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. OFPRS issues a publicly available financial report that can be obtained at [www.ok.gov/fprs](http://www.ok.gov/fprs).

Benefits provided – FPRS provides retirement, disability and death benefits to members of the plan.

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

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

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per years of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$53,029 (fiscal year contributions).

#### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPPRS

At June 30, 2023, the City reported a liability of \$1,422,428 for its proportionate share of the net pension liability. The net pension net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2023, the Town's proportion was 0.10877 percent.

For the year ended June 30, 2023, the Town recognized pension expense of \$197,716. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 182,601	\$ 7,181
Changes of assumptions	-	9,069
Net difference between projected and actual earnings on pension plan investments	628,096	462,795
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	53,029	-
<b>Total</b>	<b>\$ 863,726</b>	<b>\$ 479,045</b>

Other amounts reported deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>		
2023	\$	88,340
2024		72,155
2025		20,503
2026		150,653
2027		-
<b>Total</b>	<b>\$</b>	<b>331,652</b>

**Actuarial Assumptions** – The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

**Discount rate:** The discount rate used to measure the total pension liability was 7.5 percent, which is the long-term expected rate of return on plan investments. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate:** The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
City's proportionate share of the net pension liability/(asset)	1,832,901	1,422,428	1,079,077

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.48%
Domestic equity	37%	9.61%
International equity	20%	9.24%
Real Estate	10%	7.76%
Other assets	13%	6.88%

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at [www.ok.gov/fprs](http://www.ok.gov/fprs).

### **C. Oklahoma Municipal Retirement Fund**

The City contributes to the Employee Retirement System of Frederick, Oklahoma 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 OMRF are supervised by a nine-member Council of Trustees elected by the participating municipalities. Bank One Trust Company of Oklahoma City acts as administrator and securities custodian.

The OMRF plan has annual actuarial valuations that determine the actuarially required contribution. For the year ended June 30, 2023, such required contributions were 8.36 percent of covered payroll, of which 4.03 percent and 4.33 percent were the required contributions by the employer and employee respectively.

OMRF 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.

For the year ended June 30, 2023, the following amounts related to the defined contribution plan:

Payroll for covered employees	\$1,215,819
Employer (City) contributions made	\$158,056

Plan Description – The City contributes to the OkMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: [www.okmrf.org/reports.html](http://www.okmrf.org/reports.html). Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

Summary of Significant Accounting Policies – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans' fiduciary net position is available in the separately issued OkMRF financial report.

### **Eligibility Factors and Benefit Provisions**

<u>Provision</u>	<u>OkMRF Plan</u>
a. Eligible to Participate	Full-time, employees of the City or Authority, except police, firefighters, and other employees who are covered under another approved system.
b. Contributions Requirement	
- Authorization	By City Ordinance
- Actuarially Determined	Yes
- Employer Rate	8.71% of covered payroll
- Employee Rate	4.33% of covered payroll
c. Period Required to Vest	10 years of vesting service

- |                                   |  |
|-----------------------------------|--|
| d. Eligibility for Distribution   | <ul style="list-style-type: none"> <li>- Normal retirement at age 65 with 10 years of vesting service.</li> <li>- Early Retirement after age 55 with 10 years or more of vesting.</li> <li>- Disability retirement upon total and permanent disability with 10 years of service.</li> <li>- Death benefits with 10 years of vesting service, if married, 50% of accrued benefit payable to spouse until death or remarriage, if single, 50% of the accrued benefit is payable for 10 years certain.</li> </ul> |
| e. Benefit Determination Base     | Final average salary – the average of the five highest consecutive annual salaries out of the last 10 years of service.  |
| f. Benefit Determination Methods: |  |
| - Normal Retirement               | 2.25% of final average compensation multiplied by the number of years of credited service.   |
| - Early Retirement                | Payable starting at normal retirement or the accrued benefit reduced 5% per year for commencement prior to normal retirement age.  |
| - Disability Retirement           | Payable upon disablement without reduction for early payment   |
| - Death Benefit                   | 50% of employee's accrued benefit, see above   |
| - Prior to 10 Years Service       | Return of employee contributions with accrued interest.  |
| g. Form of Benefit Payments       | Normal form of payment of the accrued benefit is a monthly lifetime annuity with 5 years certain. Other retirement benefits are available under actuarially equivalent optional forms.   |

Employees Covered by Benefit Terms

Active Employees	31
Deferred Vested Former Employees	5
Retirees or Retiree Beneficiaries	<u>17</u>
Total	<u>53</u>

Contribution Requirements

The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate.

Actuarial Assumptions

- |  |                               |
|--|-------------------------------|
| a. Date of last Actuarial Valuation        | March 2023                    |
| b. Significant Actuarial Assumptions Used: |                               |
| 1. Rate of Return on Investments           | 7.5% per annum                |
| 2. Pay increases                           | Rates by age                  |
| 3. Retirement Age                          | Rates by age                  |
| 4. Mortality Table                         | UP 1994 mortality (projected) |
| 5. Asset Value                             | Actuarial method              |
| c. Actuarial cost method                   | Entry age normal              |

Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.75% since the plan's net fiduciary position is projected to be sufficient to make projected benefit payments.

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of

return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2022 are summarized in the following table:

	<b>Target Allocation</b>	<b>Real Return</b>	<b>Weighted Return</b>
Large cap stocks - S&P 500	25%	5.80%	1.45%
Small/mid cap stocks - Russell 2500	10%	6.40%	64.00%
Long/short equity - MSCI ACWI	10%	5.00%	50.00%
International stocks - MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds - Barclay's Capital Aggregate	30%	2.30%	69.00%
Real estate - NCREIF	5%	4.60%	23.00%
Cash equivalents - 3 month Treasury	0%	0.00%	0.00%
	100%		
Average Real Return			4.75%
Inflation			2.75%
Long term expected return			7.50%

**Changes in Net Pension Liability** – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2022 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2022 and the City's report ending date of June 30, 2023, that would have had a significant impact on the net pension liability.

**Sensitivity of the net pension liability to changes in the discount rate** – The following presents the net pension liability of the City, calculated using the discount rate of 7.5 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
City's proportionate share of the net pension liability/(asset)	\$ 531,909	\$ 665	\$ (450,751)

The City reported \$(43,727) in pension expense for the year ended June 30, 2023.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Outflows of Resources</b>	<b>Inflows of Resources</b>
Difference between expected and actual experience	\$ 4,945	\$ 225,611
Changes of assumptions	-	90,921
Net difference between projected and actual earnings on pension plan investments	958,234	547,405
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	158,056	-
<b>Total</b>	<b>\$ 1,121,235</b>	<b>\$ 863,937</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2024	\$	(47,983)
2025		(40,243)
2026		(36,350)
2027		223,826
2028		-
<hr/>		
Total	\$	99,250

**(6) COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

**B. Grant Program Involvement**

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement, which may arise as a result of these audits, cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

**C. Landfill Closure and Post-Closure Requirements**

As of June 30, 2023, the Frederick Public Works Authority deposited \$367,254 for the closure and post-closure requirements dictated by the U.S. Environmental Protection Agency and the Oklahoma Department of Environmental Quality into a trust account established for costs associated with closing requirements. This cash is reported as restricted in the Frederick Public Works Authority fund.

**(7) PRIOR PERIOD ADJUSTMENT**

A prior period adjustment was made to business-type activities in the amount of \$193,740 to reflect a change in restricted asset accounts associated with debt obligations.

**City of Frederick, Oklahoma**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2023**

	<b>Capital Improvement Fund</b>	<b>Cemetery Trust Fund</b>	<b>Cemetery Care Fund</b>	<b>Recoveries Account</b>	<b>Total Non-Major Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents, unrestricted	\$ 14,951	\$ -	\$ -	\$ 54,331	\$ 69,282
Cash and cash equivalents, restricted	-	136,999	5,231	-	142,230
Investments, restricted	-	14,480	2,012	-	16,492
Due from other funds	545,843	55,605	7,755	6,443	615,646
Accounts receivable, net	-	-	-	-	-
Total assets	<u>\$ 560,794</u>	<u>\$ 207,084</u>	<u>\$ 14,998</u>	<u>\$ 60,774</u>	<u>\$ 843,650</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 29,593	\$ -	\$ -	\$ -	\$ 29,593
Due to other funds	429,941	-	-	86,727	516,668
Total liabilities	<u>459,534</u>	<u>-</u>	<u>-</u>	<u>86,727</u>	<u>546,261</u>
<b>FUND BALANCES</b>					
Restricted	-	207,084	14,998	-	222,082
Committed	101,260	-	-	-	101,260
Unassigned	-	-	-	(25,953)	(25,953)
Total fund balances	<u>101,260</u>	<u>207,084</u>	<u>14,998</u>	<u>(25,953)</u>	<u>297,389</u>
Total liabilities and fund balances	<u>\$ 560,794</u>	<u>\$ 207,084</u>	<u>\$ 14,998</u>	<u>\$ 60,774</u>	<u>\$ 843,650</u>

**City of Frederick, Oklahoma**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**June 30, 2023**

	Capital Improvement Fund	Cemetery Trust Fund	Cemetery Care Fund	Recoveries Account	Total Non-Major Funds
<b>REVENUES</b>					
Charges for services	\$ -	\$ 5,154	\$ -	\$ 31,439	\$ 36,593
Investment income	10	13	-	4	27
Miscellaneous	-	-	-	3,834	3,834
Total revenues	10	5,167	-	35,277	40,454
<b>EXPENDITURES</b>					
General government:					
General government	49,521	-	-	23,867	73,388
Total general government	49,521	-	-	23,867	73,388
Public safety and judiciary:					
Police	-	-	-	-	-
Fire	19,089	-	-	6,207	25,296
Total public safety and judiciary	19,089	-	-	6,207	25,296
Transportation:					
Street	26,321	-	-	130	26,451
Total transportation	26,321	-	-	130	26,451
Cultural, parks and recreation:					
Parks	-	-	-	-	-
Library	-	-	-	-	-
Swimming pool	-	-	-	-	-
Total cultural, parks and recreation	-	-	-	-	-
Cemetery:					
General cemetery	-	-	1	-	1
Total cemetery	-	-	1	-	1
Airport:					
Airport	-	-	-	-	-
Total airport	-	-	-	-	-
Healthcare:					
Nursing Center	-	-	-	-	-
Total healthcare	-	-	-	-	-
Capital expense	-	-	-	-	-
Total expenditures	94,931	-	1	30,204	125,136
Excess (deficiency) of revenues over expenditures	(94,921)	5,167	(1)	5,073	(84,682)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in/(out)	307,748	-	-	-	307,748
Total other financing sources and uses	307,748	-	-	-	307,748
Net change in fund balances	212,827	5,167	(1)	5,073	223,066
Fund balances - beginning	(111,567)	201,917	14,999	(31,026)	74,323
Fund balances - ending	\$ 101,260	\$ 207,084	\$ 14,998	\$ (25,953)	\$ 297,389



**City of Frederick, Oklahoma**  
**General Fund**  
**Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2023**

	<b>Original Budget</b>	<b>Revisions</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance - Favorable (Unfavorable)</b>
<b><u>REVENUES</u></b>					
Taxes	\$ 1,152,885	\$ -	\$ 1,152,885	\$ 1,264,230	\$ 111,345
Licenses & permits	25,000	-	25,000	40,610	15,610
Fines and forfeitures	17,600	-	17,600	52,323	34,723
Charges for services	84,850	-	84,850	83,797	(1,053)
Intergovernmental	416,301	-	416,301	328,777	(87,524)
Interest	2,200	-	2,200	741	(1,459)
Other revenues	61,700	-	61,700	164,759	103,059
Total revenues	1,760,536	-	1,760,536	1,935,237	174,701
<b><u>EXPENDITURES</u></b>					
General government:					
General government	431,791	(10,000)	421,791	186,001	235,790
Total general government	431,791	(10,000)	421,791	186,001	235,790
Public safety and judiciary:					
Police	730,118	-	730,118	586,284	143,834
Dispatchers	90,000	-	90,000	90,000	-
Fire	817,820	-	817,820	742,134	75,686
Emergency Management	14,200	-	14,200	12,567	1,633
Total public safety and judiciary	1,652,138	-	1,652,138	1,430,985	221,153
Transportation:					
Street	259,292	-	259,292	252,325	6,967
Total transportation	259,292	-	259,292	252,325	6,967
Cultural, parks and recreation:					
Parks	131,392	10,000	141,392	141,275	117
Library	96,600	-	96,600	91,847	4,753
Total cultural, parks and recreation	227,992	10,000	237,992	233,122	4,870
Cemetery:					
General cemetery	171,148	-	171,148	167,181	3,967
Total cemetery	171,148	-	171,148	167,181	3,967
Total expenditures	2,742,361	-	2,742,361	2,269,614	472,747
Revenue over (under) expenditures	(981,825)	-	(981,825)	(334,377)	(298,046)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Operating transfers in/(out)	669,896	-	669,896	380,784	(289,112)
Net other financing sources (uses)	669,896	-	669,896	380,784	(289,112)
Revenues and other financing sources over (under) expenditures and other uses	(311,929)	-	(311,929)	46,407	(587,158)
Fund balance at beginning of year (Non-GAAP budgetary basis)				1,027,966	1,027,966
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 1,074,373	\$ 440,808
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>					
Revenue and expense accruals				(8,965)	
Fund balance at end of year (GAAP basis)				\$ 1,065,408	

City of Frederick, Oklahoma  
**Airport Fund**  
**Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>					
Rents and leases	\$ 60,000	\$ -	\$ 60,000	\$ 181,162	\$ 121,162
Charges for services	50,000	-	50,000	49,350	(650)
Other income	2,280	-	2,280	24,595	22,315
Total revenues	112,280	-	112,280	255,107	120,512
<b><u>EXPENDITURES</u></b>					
Operating expenses:					
Airport	149,956	-	149,956	147,332	2,624
Total Airport operating expenses	149,956	-	149,956	147,332	2,624
Revenue over (under) expenditures	(37,676)	-	(37,676)	107,775	117,888
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Operating transfers in/(out)	-	-	-	-	-
Net other financing sources (uses)	-	-	-	-	-
Revenues and other financing sources over (under) expenditures and other uses	(37,676)	-	(37,676)	107,775	117,888
Fund balance at beginning of year (Non-GAAP budgetary basis)				(95,514)	(95,514)
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 12,261	<u>\$ 22,374</u>
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>					
Revenue and transfer accruals				362,915	
Fund balance at end of year (GAAP basis)				<u>\$ 375,176</u>	

**Schedules of Required Supplementary Information**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Oklahoma Police Pension Retirement Plan**  
Year Ended June 30, 2023

	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>
City's portion of the net pension liability (asset)	0.0484%	0.0646%	0.0657%	0.0716%	0.0840%
City's proportionate share of the net pension liability (asset)	\$ (38,833)	\$ (309,867)	\$ 266,444	\$ (4,572)	\$ (40,028)
City's covered-employee payroll	\$ 168,561	\$ 168,561	\$ 215,314	\$ 219,957	\$ 232,914
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-23%	-184%	124%	-2%	-17%
Plan fiduciary net position as a percentage of the total pension liability	100.00%	100.01%	99.99%	100.00%	100.00%

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

**SCHEDULE OF CITY CONTRIBUTIONS**  
**Oklahoma Police Pension Retirement Plan**

	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>
Contractually required contribution	\$ 17,934	\$ 21,913	\$ 27,867	\$ 28,594	\$ 30,279
Contributions in relation to the contractually required contribution	<u>(17,934)</u>	<u>(21,913)</u>	<u>(27,867)</u>	<u>(28,594)</u>	<u>(30,279)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 168,561	\$ 168,561	\$ 215,314	\$ 219,957	\$ 232,914
Contributions as a percentage of covered-employee payroll	10.64%	13.00%	12.94%	13.00%	13.00%

**Schedules of Required Supplementary Information**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Oklahoma Fire Pension Retirement Plan**  
Year Ended June 30, 2023

	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>
City's portion of the net pension liability (asset)	0.108770%	0.110288%	0.108955%	0.106152%	0.112259%
City's proportionate share of the net pension liability (asset)	\$ 1,422,428	\$ 726,322	\$ 1,342,237	\$ 1,121,672	\$ 1,263,639
City's covered-employee payroll	\$ 376,053	\$ 357,028	\$ 340,686	\$ 357,705	\$ 345,529
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	378%	203%	394%	314%	366%
Plan fiduciary net position as a percentage of the total pension liability	99.96%	99.98%	99.97%	99.97%	99.97%

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

**SCHEDULE OF CITY CONTRIBUTIONS**  
**Oklahoma Fire Pension Retirement Plan**

	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>
Contractually required contribution	\$ 53,029	\$ 49,894	\$ 47,724	\$ 48,423	\$ 45,477
Contributions in relation to the contractually required contribution	<u>(53,029)</u>	<u>(49,894)</u>	<u>(47,724)</u>	<u>(48,423)</u>	<u>(45,477)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 376,053	\$ 357,028	\$ 340,686	\$ 357,705	\$ 345,529
Contributions as a percentage of covered-employee payroll	14.10%	13.97%	14.01%	13.54%	13.16%

Schedules of Required Supplementary Information

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS  
Oklahoma Municipal Retirement Plan  
SINCE INITIAL APPLICATION

	2023*	2022*	2021*	2020*	2019*
<b>Total pension liability</b>					
Service cost	\$ 86,222	\$ 106,559	\$ 100,070	\$ 83,738	\$ 90,653
Interest	373,265	357,726	345,093	298,671	291,747
Changes in benefit terms	-	14,769	-	411,983	-
Differences between expected and actual experience	(290,896)	10,975	(55,890)	(49,565)	(83,258)
Changes in assumptions	(124,721)	-	-	68,541	-
Benefit payments, including refunds of employee contributions	(308,634)	(257,956)	(185,023)	(203,465)	(210,060)
<b>Net change in total pension liability</b>	<b>\$ (264,764)</b>	<b>\$ 232,073</b>	<b>\$ 204,250</b>	<b>\$ 609,903</b>	<b>\$ 89,082</b>
<b>Total pension liability - beginning</b>	<b>5,128,399</b>	<b>4,896,326</b>	<b>4,692,076</b>	<b>4,082,173</b>	<b>3,993,091</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 4,863,635</b>	<b>\$ 5,128,399</b>	<b>\$ 4,896,326</b>	<b>\$ 4,692,076</b>	<b>\$ 4,082,173</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	141,221	132,212	143,902	142,348	132,695
Contributions - employee	47,037	44,036	47,930	47,413	44,198
Net investment income	(697,158)	1,248,911	180,925	282,557	283,819
Benefit payments, including refunds of employee contributions	(308,634)	(257,956)	(185,023)	(203,465)	(210,060)
Administrative expense	(9,701)	(9,255)	(9,046)	(8,445)	(7,968)
Other	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>(827,235)</b>	<b>1,157,948</b>	<b>178,688</b>	<b>260,408</b>	<b>242,684</b>
<b>Plan fiduciary net position - beginning</b>	<b>5,690,205</b>	<b>4,532,257</b>	<b>4,353,569</b>	<b>4,093,161</b>	<b>3,850,477</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 4,862,970</b>	<b>\$ 5,690,205</b>	<b>\$ 4,532,257</b>	<b>\$ 4,353,569</b>	<b>\$ 4,093,161</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$ 665</b>	<b>\$ (561,806)</b>	<b>\$ 364,069</b>	<b>\$ 338,507</b>	<b>\$ (10,988)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>99.99%</b>	<b>110.95%</b>	<b>92.56%</b>	<b>92.79%</b>	<b>100.27%</b>
<b>Covered-employee payroll</b>	<b>\$ 1,101,113</b>	<b>\$ 945,474</b>	<b>\$ 1,143,447</b>	<b>\$ 1,043,223</b>	<b>\$ 1,037,225</b>
<b>City's net pension liability as a percentage of covered-employee payroll</b>	<b>0.06%</b>	<b>-59.42%</b>	<b>31.84%</b>	<b>32.45%</b>	<b>-1.06%</b>

**Schedules of Required Supplementary Information**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Oklahoma Municipal Retirement Plan**  
Year Ended June 30, 2023

	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>
City's portion of the net pension liability (asset)	0.8133%	0.9517%	0.7580%	0.7281%	0.7170%
City's proportionate share of the net pension liability (asset)	\$ 665	\$ (561,806)	\$ 364,069	\$ 338,507	\$ (10,988)
City's covered-employee payroll	\$ 1,101,113	\$ 945,474	\$ 1,143,447	\$ 1,043,223	\$ 1,037,225
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.06%	-59.42%	31.84%	32.45%	-1.06%
Plan fiduciary net position as a percentage of the total pension liability	99.99%	109.87%	91.97%	92.22%	100.27%

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

**SCHEDULE OF CITY CONTRIBUTIONS**  
**Oklahoma Municipal Retirement Plan**

	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>
Actuarially determined contribution	\$ 141,221	\$ 132,212	\$ 143,902	\$ 142,348	\$ 132,695
Contributions in relation to the actuarially determined contribution	(141,221)	(132,212)	(143,902)	(142,348)	(132,695)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,101,113	\$ 945,474	\$ 1,143,447	\$ 1,043,223	\$ 1,037,225
Contributions as a percentage of covered-employee payroll	12.83%	13.98%	12.58%	13.65%	12.79%

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 City Council  
City of Frederick, 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 City of Frederick, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Frederick, Oklahoma's basic financial statements, and have issued our report thereon dated February 7, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Frederick, Oklahoma'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 City of Frederick, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Frederick, Oklahoma's internal control.

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

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

**Report on Compliance and Other Matters**

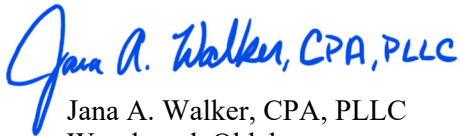
As part of obtaining reasonable assurance about whether City of Frederick, Oklahoma financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as items: 2023-001.

## City of Frederick, Oklahoma Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Frederick, Oklahoma's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. City of Frederick, Oklahoma'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.



Jana A. Walker, CPA, PLLC  
Woodward, Oklahoma  
February 7, 2025



**City of Frederick, Oklahoma  
Schedule of Findings and Responses  
Year Ended June 30, 2023**

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**FINDING 2023-001 Lack of Timely Filed Audit**

Condition: Audit report issued after allotted 150 days from year end.

Criteria: In accordance with the Oklahoma Water Resource Board loan agreement, Article II, 2.7(D)(4) the City shall furnish copies of the reports of the financial audit within 150 days after the end of each fiscal year.

Cause: Unavailable working paper information to complete current year audit in a timely manner.

Effect or Potential Effect: Debt covenant violation.

Recommendation: Ensure records are available for inspection subsequent to year end and proper follow up procedures are implemented to ensure auditor has received required documentation to complete financial statement audit.

Response: Management will make arrangements to have their records inspected quicker after year end to ensure the timely completion of an audit. Due to the lack of governmental auditors registered in the State of Oklahoma, it is next to impossible to schedule an audit to be completed by November 30<sup>th</sup> each year.

**City of Frederick, Oklahoma**  
**Schedule of Prior Year Findings and Responses**  
**Year Ended June 30, 2023**

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**FINDING 2022-001 Lack of Timely Filed Audit**

Condition: Audit report issued after allotted 150 days from year end.

Criteria: In accordance with the Oklahoma Water Resource Board loan agreement, Article II, 2.7(D)(4) the City shall furnish copies of the reports of the financial audit within 150 days after the end of each fiscal year.

Cause: Late filing of prior year audits.

Effect or Potential Effect: Debt covenant violation.

Recommendation: Ensure records are available for inspection subsequent to year end.

Response: Management will make arrangements to have their records inspected quicker after year end to ensure the timely completion of an audit.

Current Status: Reported as finding 2023-001