



*City of*  
**HENRYETTA,**  
**OKLAHOMA**

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

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

**THE CITY OF HENRYETTA,  
OKLAHOMA**

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

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

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

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

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## INDEPENDENT AUDITOR'S REPORT

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

### **Adverse and Unmodified Opinions**

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

#### **Adverse Opinion on Aggregate Discretely Presented Component Units**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City, as of June 30, 2023, or the changes in financial position for the year then ended in accordance with modified cash basis of accounting, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

#### **Unmodified Opinions**

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

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

#### **Matter Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Unit**

The financial statements do not include financial data for the Henryetta Hospital Authority, a legally separate component unit of the City. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The amount by which this omission would affect the assets, liabilities, net assets, revenues, and expenses of aggregate discretely presented component units is not determinable.

### **Emphasis of Matter – Basis of Accounting**

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

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

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

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'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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

## **Supplementary Information**

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



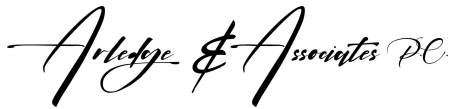
## Other Information

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

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2024, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Edmond, Oklahoma  
May 14, 2024





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

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

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

## **FINANCIAL HIGHLIGHTS**

- As reported on a modified cash basis, the City's total net position decreased by \$1,210,434, and the assets of the City exceed its liabilities at June 30, 2023, by \$5,325,291 (Net Position). Of this amount, \$4,003,577 (Unrestricted Net Position) is available to meet the government's ongoing needs.
- At June 30, 2023, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$3,971,773.
- At the end of fiscal year 2023, unassigned fund balance on a modified cash basis for the General Fund was \$2,351,270 or 55% of General Fund revenues.

## **ABOUT THE CITY**

The City of Henryetta is an incorporated municipality with a population of approximately 5,927 located in east central Oklahoma. The City is a Council/Manager form of government and operates under a charter that provides for three branches of government:

- Legislative – the City Council is a five-member governing body elected by the citizens at large
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

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

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

With the exception of one component unit, this annual report includes all activities for which the City Council is financially accountable. These activities, defined as the City's financial reporting entity, are operated within separate legal entities.

The City's financial reporting entity includes the primary government and the component units as follows:

- **The City of Henryetta** – that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities. - *reported as part of the primary government.*
- **The City of Henryetta Municipal Authority** – that operates the water, wastewater, sanitation, transfer sanitation and EMS activities of the City. - *reported as part of the primary government as a blended component unit.*
- **The Henryetta Economic Development Authority** – that operates to finance, develop and promote economic development activities of the City. – *reported as a discretely-presented component unit.*
- **The Henryetta Hospital Authority** is also a component unit of the City that issues a separate financial statement report, but management has elected to exclude the financial activities of the Authority in this financial statement report, which normally would have been included as a discretely presented component unit. The reason for the Hospital Authority's exclusion from this financial statement report is that the Hospital Authority's annual financial statements are prepared using a different financial reporting framework than that of the City. The Hospital Authority provides physical facilities (in the form of a tenant-renter relationship), improvements and services for the purpose of providing public health care. Separate financial statements can be obtained by contacting the Hospital administration at 918-650-1301.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements of the primary government and discretely-presented component unit presented herein include all of the activities of the City of Henryetta (the “City”), the Henryetta Municipal Authority (the “Authority”), and the Henryetta Economic Development Authority (the “HEDA”). Included in this report are government-wide statements for each of the two categories of activities - governmental and business-type, in addition to a separate presentation for the discretely presented component unit.

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

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

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

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

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

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

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

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

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

*Proprietary funds* - When the City, through the Municipal Authority, charges customers for the services it provides, these services are generally reported in proprietary funds. The City's proprietary fund is also reported on the modified cash basis of accounting. The City's proprietary fund is the Henryetta Municipal Authority which accounts for the operation of the water, sewer, and sanitation activities.

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

**Notes to the Financial Statements**

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 26-44 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents a Budgetary Comparison Schedule for the General Fund, combining and individual fund financial statements and schedules, and a schedule of federal and state award expenditures.

**THE CITY AS A WHOLE**

For the year ended June 30, 2023, net position on a modified cash basis for the governmental and business-type activities decreased \$1,210,434. Following is a summary of Net Position reported on a modified cash basis for the City of Henryetta primary government.

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

	<b>Governmental Activities</b>		<b>% Inc. (Dec.)</b>	<b>Business-Type Activities</b>		<b>% Inc. (Dec.)</b>	<b>Total</b>		<b>% Inc. (Dec.)</b>
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Current assets	\$ 3,977	\$ 5,204	-24%	\$ 1,686	\$ 1,654	2%	\$ 5,663	\$ 6,858	-17%
<b>Total assets</b>	<u>3,977</u>	<u>5,204</u>	-24%	<u>1,686</u>	<u>1,654</u>	2%	<u>5,663</u>	<u>6,858</u>	-17%
Current liabilities	5	5	0%	333	318	5%	338	323	5%
<b>Total liabilities</b>	<u>5</u>	<u>5</u>	0%	<u>333</u>	<u>318</u>	5%	<u>338</u>	<u>323</u>	5%
Net position									
Restricted	390	924	-58%	931	906	3%	1,321	1,830	-28%
Unrestricted	3,582	4,276	-16%	422	430	-2%	4,004	4,706	-15%
<b>Total net position</b>	<u>\$ 3,972</u>	<u>\$ 5,200</u>	-24%	<u>\$ 1,353</u>	<u>\$ 1,336</u>	1%	<u>\$ 5,325</u>	<u>\$ 6,536</u>	-19%

In the governmental activities, the restricted net position decreased \$533,760 mainly due to a decrease in restricted monies in the Restricted Sales Tax Fund of \$405,464 and a decrease in restricted monies in the other Governmental Funds of \$119,138.

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

**Changes in Net Position (Modified Cash Basis)**  
**Year Ended June 30, 2023**  
**(In Thousands)**

	<b>Governmental Activities</b>		<b>% Inc. (Dec.)</b>	<b>Business-Type Activities</b>		<b>% Inc. (Dec.)</b>	<b>Total</b>		<b>% Inc. (Dec.)</b>
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
<b>Revenues</b>									
Charges for services	\$ 259	\$ 240	8%	\$ 3,731	\$ 3,862	-3%	\$ 3,990	\$ 4,102	-3%
Operating grants and contributions	193	113	71%	-	-	-	193	113	71%
Capital grants, debt proceeds and contributions	-	-	-	320	-	-	320	-	100%
Sales and use tax	3,980	3,828	4%	-	-	-	3,980	3,828	4%
Other taxes	379	357	6%	-	-	-	379	357	6%
Other general revenues	946	827	14%	30	1	2900%	976	828	18%
<b>Total revenues</b>	<u>5,757</u>	<u>5,365</u>	7%	<u>4,081</u>	<u>3,863</u>	6%	<u>9,838</u>	<u>9,228</u>	7%
<b>Expenses</b>									
General government	1,303	1,069	22%	-	-	-	1,303	1,069	22%
Public safety	2,853	2,486	15%	-	-	-	2,853	2,486	15%
Streets and Highways	425	369	15%	-	-	-	425	369	15%
Culture and recreation	382	374	2%	-	-	-	382	374	2%
Cemetery	184	156	18%	-	-	-	184	156	18%
Airport	57	64	-11%	-	-	-	57	64	-11%
Payment to component unit	148	140	6%	-	-	-	148	140	6%
Water	-	-	-	4,060	3,392	20%	4,060	3,392	20%
Sewer	-	-	-	914	549	66%	914	549	66%
Sanitation	-	-	-	623	532	17%	623	532	17%
EMS	-	-	-	125	124	1%	125	124	1%
<b>Total expenses</b>	<u>5,352</u>	<u>4,658</u>	15%	<u>5,722</u>	<u>4,597</u>	24%	<u>11,074</u>	<u>9,255</u>	20%
Excess (deficiency) before transfers	405	707	-43%	(1,641)	(734)	124%	(1,236)	(27)	4478%
Transfers from component unit	25	442	-94%	-	-	-	25	442	-94%
Transfers	(1,658)	(739)	124%	1,658	739	124%	-	-	-
<b>Change in net position</b>	<u>(1,228)</u>	<u>410</u>	-400%	<u>17</u>	<u>5</u>	-240%	<u>(1,211)</u>	<u>415</u>	392%
<b>Beginning net position</b>	<u>5,200</u>	<u>4,790</u>	9%	<u>1,336</u>	<u>1,331</u>	0%	<u>6,536</u>	<u>6,121</u>	7%
<b>Ending net position</b>	<u>\$ 3,972</u>	<u>\$ 5,200</u>	-24%	<u>\$ 1,353</u>	<u>\$ 1,336</u>	1%	<u>\$ 5,325</u>	<u>\$ 6,536</u>	-19%

**Governmental Activities**

The City's governmental activities had a decrease in net position of \$1,227,587.

Operating grants and contributions increased \$80,055 from prior year due to American Rescue Plan Act and CDBG grants received in the current year. General government expenditures increased \$234,257 due primarily to an increase in operating and capital expenditures.

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

**Net Revenue/Expense Governmental Activities (Modified Cash Basis)**  
**(In Thousands)**

	<b>Total Expense of Services</b>		<b>% Inc. (Dec.)</b>	<b>Net Revenue (Expense) of Services</b>		<b>% Inc. (Dec.)</b>
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
General government	\$ 1,303	\$ 1,069	22%	\$(1,143)	\$ (991)	15%
Public safety	2,853	2,486	15%	(2,653)	(2,299)	15%
Highways and streets	425	369	15%	(375)	(314)	19%
Culture and recreation	382	374	2%	(375)	(367)	2%
Cemetery	184	156	18%	(165)	(144)	15%
Airport	57	64	-11%	(43)	(50)	-14%
Payment to component unit	148	140	6%	(147)	(140)	5%
<b>Total</b>	<u><u>\$ 5,352</u></u>	<u><u>\$ 4,658</u></u>	15%	<u><u>\$(4,901)</u></u>	<u><u>\$ (4,305)</u></u>	14%

**Business-type Activities**

Water and sewer expenses increased from prior year expenses by \$668,359 and 511,381, respectively, primarily due to increases in operating and capital costs from the prior year.

**Net Revenue/Expense Business-type Activities (Modified Cash Basis)**  
**(In Thousands)**

	<b>Total Expense of Services</b>		<b>% Inc. Dec.</b>	<b>Net Revenue (Expense) of Services</b>		<b>% Inc. Dec.</b>
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Water	\$ 4,060	\$ 3,392	20%	\$ (2,161)	\$ (1,509)	43%
Sewer	914	549	66%	(14)	398	-104%
Sanitation	623	532	17%	504	375	34%
EMS	125	124	1%	-	-	0%
<b>Total</b>	<u><u>\$ 5,722</u></u>	<u><u>\$ 4,597</u></u>	24%	<u><u>\$ (1,671)</u></u>	<u><u>\$ (736)</u></u>	127%

**A FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As the City completed its 2023 fiscal year, the governmental funds reported a combined fund balance of \$3,971,773. For the year ended June 30, 2023, the General Fund's total fund balance decreased by \$980,769 to \$2,419,046 or 57% of total annual revenues.

### **Budgetary Highlights**

For the year ended June 30, 2023, the General Fund reported actual budgetary basis revenues below final estimates by \$681,684 or a 11.4% negative variance. General Fund actual expenditures were below final appropriations by \$300,055 or a 4.6% positive variance.

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

Over the past few fiscal years, the City continued careful review of its financial condition and made minimal changes in personnel and other expenditures to ensure a continuous improvement of their financial condition. The FY 2024 budget was prepared with this in mind.

The City received grant revenue related to ARPA grant funds.

### **Contacting the City's Financial Management**

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to 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 Clerk's Office at 115 S. 4<sup>th</sup> Street, Henryetta, Oklahoma 74437 or phone (918) 652-3348.



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

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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

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

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

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Henryetta Economic Development Authority</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,320,445	\$ 1,548,428	\$ 4,868,873	\$ 419,476
Investments	629,287	164,685	793,972	348,166
Notes receivable	-	-	-	19,000
Internal balances	26,872	(26,872)	-	-
Total assets	<u>3,976,604</u>	<u>1,686,241</u>	<u>5,662,845</u>	<u>786,642</u>
<b>LIABILITIES</b>				
Due to depositors	\$ 4,831	\$ 332,723	\$ 337,554	\$ -
Total liabilities	<u>4,831</u>	<u>332,723</u>	<u>337,554</u>	<u>-</u>
<b>NET POSITION</b>				
Restricted for:				
Capital & Debt Service	-	573,706	573,706	-
Debt Service	-	357,840	357,840	-
Cemetery	19,974	-	19,974	-
Public Safety	101,220	-	101,220	-
Culture & Recreation	268,974	-	268,974	-
Unrestricted	<u>3,581,605</u>	<u>421,972</u>	<u>4,003,577</u>	<u>786,642</u>
Total net position	<u>\$ 3,971,773</u>	<u>\$ 1,353,518</u>	<u>\$ 5,325,291</u>	<u>\$ 786,642</u>

See accompanying notes to the basic financial statements.

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

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for	Operating	Capital Grants,	Governmental	Business-type	Total	Henryetta
		Services	Grants and	Debt Proceeds,	Activities	Activities		Economic
			Contributions	and				Development
				Contributions				Authority
<b>Primary government</b>								
Governmental activities:								
General government	\$ 1,302,717	\$ 21,628	\$ 137,952	\$ -	\$ (1,143,137)	\$ -	\$ (1,143,137)	\$ -
Public safety	2,853,492	200,809	-	-	(2,652,683)	-	(2,652,683)	-
Highways and streets	425,481	288	50,527	-	(374,666)	-	(374,666)	-
Culture and recreation	382,171	2,441	4,450	-	(375,280)	-	(375,280)	-
Cemetery	184,127	19,201	-	-	(164,926)	-	(164,926)	-
Airport	56,809	14,145	-	-	(42,664)	-	(42,664)	-
HEDA (payments to component unit)	147,520	-	-	-	(147,520)	-	(147,520)	-
Total governmental activities	5,352,317	258,512	192,929	-	(4,900,876)	-	(4,900,876)	-
Business-type activities:								
Water	4,060,100	1,763,495	-	136,000	-	(2,160,605)	(2,160,605)	-
Sewer	913,938	899,558	-	-	-	(14,380)	(14,380)	-
Sanitation	623,345	942,719	-	184,554	-	503,928	503,928	-
EMS	125,041	125,268	-	-	-	227	227	-
Total business-type activities	5,722,424	3,731,040	-	320,554	-	(1,670,830)	(1,670,830)	-
Total primary government	\$ 11,074,741	\$ 3,989,552	\$ 192,929	\$ 320,554	(4,900,876)	(1,670,830)	(6,571,706)	-
<b>Component Units:</b>								
Henryetta Economic Development Authority	\$ 14,660	\$ -	\$ -	\$ -	-	-	-	(14,660)
<b>General revenues:</b>								
Taxes:								
Sales and use taxes					3,980,348	-	3,980,348	-
Franchise taxes and public service taxes					293,485	-	293,485	-
Hotel/Motel taxes					86,169	-	86,169	-
Intergovernmental revenue not restricted to specific programs					575,631	-	575,631	-
Unrestricted investment earnings					12,355	30,223	42,578	10,026
Miscellaneous					358,024	-	358,024	-
Payment from primary government					-	-	-	147,520
Transfer-HEDA component unit					25,037	-	25,037	(25,037)
Transfers					(1,657,760)	1,657,760	-	-
Total general revenues and transfers					3,673,289	1,687,983	5,361,272	132,509
Change in net position					(1,227,587)	17,153	(1,210,434)	117,849
Net position - beginning					5,199,360	1,336,365	6,535,725	668,793
Net position - ending					\$ 3,971,773	\$ 1,353,518	\$ 5,325,291	\$ 786,642

See accompanying notes to the basic financial statements.

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**BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS**

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

	<b>General Fund</b>	<b>Restricted Sales Tax Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,794,525	1,112,046	\$ 413,874	\$ 3,320,445
Investments	629,287	-	-	629,287
Due from other funds	2,935	25,000	1,807	29,742
Total assets	<u>\$ 2,426,747</u>	<u>\$ 1,137,046</u>	<u>\$ 415,681</u>	<u>\$ 3,979,474</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Due to other funds	\$ 2,870	\$ -	\$ -	\$ 2,870
Due to depositors	4,831	-	-	4,831
Total liabilities	<u>7,701</u>	<u>-</u>	<u>-</u>	<u>7,701</u>
Fund balances:				
Restricted	-	-	390,168	390,168
Assigned	67,776	1,137,046	25,513	1,230,335
Unassigned	2,351,270	-	-	2,351,270
Total fund balances	<u>2,419,046</u>	<u>1,137,046</u>	<u>415,681</u>	<u>3,971,773</u>
Total liabilities and fund balances	<u>\$ 2,426,747</u>	<u>\$ 1,137,046</u>	<u>\$ 415,681</u>	<u>\$ 3,979,474</u>

See accompanying notes to the basic financial statements.

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

	<u>General Fund</u>	<u>Restricted Sales Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 2,998,890	\$ 1,180,161	\$ 86,169	\$ 4,265,220
Intergovernmental	640,660	-	127,900	768,560
Charges for services	25,655	-	106,783	132,438
Fines and forfeitures	203,154	-	-	203,154
Licenses and permits	17,702	-	-	17,702
Investment income	6,936	2,058	3,361	12,355
Miscellaneous	349,148	-	8,877	358,025
Total revenues	<u>4,242,145</u>	<u>1,182,219</u>	<u>333,090</u>	<u>5,757,454</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,250,043	-	-	1,250,043
Public Safety	2,328,252	-	335,299	2,663,551
Highway and streets	424,631	-	-	424,631
Culture and recreation	185,197	-	12,266	197,463
Cemetery	164,885	-	-	164,885
Airport	53,509	-	-	53,509
Capital Outlay	119,986	884,626	231,976	1,236,588
Total expenditures	<u>4,526,503</u>	<u>884,626</u>	<u>579,541</u>	<u>5,990,670</u>
Excess (deficiency) of revenues over expenditures	<u>(284,358)</u>	<u>297,593</u>	<u>(246,451)</u>	<u>(233,216)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Payment from HEDA	25,037	-	-	25,037
Sales tax payment to HEDA	(147,520)	-	-	(147,520)
Transfers in	1,059,771	703,553	259,223	2,022,547
Transfers out	(1,633,699)	(1,132,836)	(127,900)	(2,894,435)
Total other financing sources and (uses)	<u>(696,411)</u>	<u>(429,283)</u>	<u>131,323</u>	<u>(994,371)</u>
Net change in fund balances	(980,769)	(131,690)	(115,128)	(1,227,587)
Fund balances - beginning	3,399,815	1,268,736	530,809	5,199,360
Fund balances - ending	<u>\$ 2,419,046</u>	<u>\$ 1,137,046</u>	<u>\$ 415,681</u>	<u>\$ 3,971,773</u>

See accompanying notes to the basic financial statements.

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**BASIC FINANCIAL STATEMENTS – PROPRIETARY FUND**

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

	<b>Henryetta Municipal Authority</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 81,276
Restricted:	
Restricted cash and cash equivalents	1,467,152
Restricted investments	164,685
Due from other funds	34,567
Total current assets	<u>1,747,680</u>
Total assets	<u>1,747,680</u>
<b>LIABILITIES</b>	
Current liabilities:	
Due to other funds	61,439
Deposits subject to refund	332,723
Total liabilities	<u>394,162</u>
<b>NET POSITION</b>	
Restricted for capital outlay	573,706
Restricted for debt service	357,840
Unrestricted	421,972
Total net position	<u>\$ 1,353,518</u>

See accompanying notes to the basic financial statements.



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

	<b>Henryetta Municipal Authority</b>
<b>OPERATING REVENUES</b>	
Water charges	\$ 1,687,299
Water taps	4,600
Sewer charges	887,694
Sewer taps	690
Sanitation charges	931,009
EMS assessment	125,268
Penalty charges	39,815
Miscellaneous	44,665
Total Operating Revenues	<u>3,721,040</u>
<b>OPERATING EXPENSES</b>	
Water	634,166
Utility office operations	296,077
Water treatment plant operations	1,563,576
Sewer operations	206,855
Sewer treatment plant operations	447,858
Sanitation	283,206
Transfer station operations	244,859
EMS contract	125,041
Total Operating Expenses	<u>3,801,638</u>
Operating income (loss)	<u>(80,598)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment income	30,223
Principal payments	(920,354)
Interest expense	(214,560)
Proceeds from capital debt	184,554
Miscellaneous revenues	10,000
Total non-operating revenue (expenses)	<u>(910,137)</u>
Income (loss) before contributions and transfers	(990,735)
Capital contributions-grant	136,000
Transfers in	2,067,659
Transfers out	<u>(1,195,771)</u>
Change in net position	17,153
Total net position - beginning	1,336,365
Total net position - ending	<u><u>\$ 1,353,518</u></u>

See accompanying notes to the basic financial statements.

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

	<b>Henryetta Municipal Authority</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 3,731,040
Payments to suppliers	(2,685,711)
Payments to employees	(1,115,927)
Interfund receipts (payments)	(538)
Receipts of customer meter deposits	64,560
Refunds of customer meter deposits	(49,838)
<b>Net cash provided by (used in) operating activities</b>	<u>(56,414)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	2,067,659
Transfers to other funds	(1,195,771)
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>871,888</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from capital contribution-grant	136,000
Proceeds from capital debt	184,554
Principal paid on debt	(920,354)
Interest and fiscal agent fees paid on debt	(214,560)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(814,360)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Sale (purchase) of investments	(454)
Interest income	30,223
<b>Net cash provided by (used in) investing activities</b>	<u>29,769</u>
<b>Net increase in cash and cash equivalents</b>	30,883
<b>Balances - beginning of year</b>	<u>1,517,545</u>
<b>Balances - end of year</b>	<u><u>\$ 1,548,428</u></u>
<b>Reconciliation to Statement of Net Position:</b>	
Cash and cash equivalents	\$ 81,276
Restricted cash and cash equivalents - current	1,467,152
<b>Total cash and cash equivalents, end of year</b>	<u><u>\$ 1,548,428</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income (loss)	\$ (80,598)
Change in assets and liabilities:	
Due from other funds	(15,312)
Due to other funds	14,774
Deposits subject to refund	14,722
<b>Net cash provided by (used in) operating activities</b>	<u><u>\$ (56,414)</u></u>

See accompanying notes to the basic financial statements.

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**FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS**

## **1. Summary of Significant Accounting Policies**

### **A. Financial Reporting Entity**

The City's financial reporting entity includes the primary government (the City), a blended component unit (HMA) and two discretely-presented component units as follows:

- **The City of Henryetta** – that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities – *primary government*
- **The City of Henryetta Municipal Authority** – that operates the water, wastewater, sanitation, transfer sanitation and EMS activities of the City - *considered part of the primary government presentation for reporting purposes as a blended component unit*
- **The Henryetta Economic Development Authority** – that operates to finance, develop and promote economic development activities of the City – *reported as a discretely presented component unit*
- **The Henryetta Hospital Authority** is also a discretely presented component unit of the City that issues a separate financial statement report, but management has elected to exclude the financial activities of the Authority in this financial statement report. The reason for the Hospital Authority's exclusion from this financial statement report is that the Hospital Authority's annual financial statements are prepared using a different financial reporting framework than that of the City. The Hospital Authority provides physical facilities (in the form of tenant-renter relationship), improvements and services for the purpose of providing public health care. Separate financial statements can be obtained by contacting the Hospital administration at 918-650-1301.

With the exception of one component unit, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended by Statement 61, and includes all component units for which the City is financially accountable.

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

### **Basis of Presentation and Accounting**

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

The Statements of Net Position and Activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions

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adjusted for the following modifications that have substantial support in generally accepted accounting principles. These modifications include adjustments for the following balances arising from cash transactions:

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

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

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

- General government: License and permits, rents, royalties and operating grants
- Public safety: Fine revenue
- Highways and Streets: Gas excise taxes and commercial vehicle taxes
- Culture and recreation: Library fines, operating and capital grants
- Cemetery: Cemetery lot fee and stone setting fees
- Airport: Hangar rent and gasoline revenue

*Governmental Funds:*

General Fund – The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Special Revenue Funds – are used to account for and report the proceeds of specific revenues sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Project Funds – are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

*Proprietary Fund:*

Enterprise Fund – are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net position changes similar to the private sector. The reporting entity includes the Henryetta Municipal Authority, a blended component unit enterprise fund. This fund accounts for activities of the public trust in providing, water, EMS, wastewater, and sanitation services to the public.

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

**Major Funds:**

- General Fund – accounts for all activities not accounted for in other special-purpose funds. For financial statement reporting purposes the General Fund contains the following combining accounts: Library Account, Airport Account, and the Police Special Response Account.
- Restricted Sales Tax – a capital project fund that accounts for one and two-thirds cent sales tax restricted for capital expenditures.

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

**Special Revenue Funds:**

- E-911 Fund – accounts for the City's share of E-911 customer assessment that is restricted for public safety use.
- Hotel/Motel Tax Fund – accounts for hotel/motel taxes the City receives and is to be used for the promotion of tourism and development and maintenance of parks and recreation.
- REAP Grant Fund – accounts for REAP grant monies received and expended on grant activities or projects.

**Capital Project Funds:**

- Police Equipment – accounts for the donation revenue received to be used for police equipment.
- Cemetery Care Fund – accounts for 12.5 percent of cemetery revenue restricted for cemetery capital improvements.

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

*Proprietary Fund:*

The City's proprietary fund is comprised of the following:

*Enterprise Fund:*

- Henryetta Municipal Authority – that operates the water, sewer, EMS, and sanitation services of the City

The proprietary fund is also reported on a modified cash basis, as defined above.

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

**B. Cash, Cash Equivalents, and Investments**

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

**C. Fund Balances and Net Position**

*Fund Balances:*

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

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

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

*Net Position:*

Net Position is displayed in two components:

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

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

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**D. Internal and Interfund Balances and Transfers**

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

**2. Deposits and Investments**

For the year ended June 30, 2023, the City recognized \$42,578 of investment income. Due to the minimal rates of return on allowable investments in the current environment, all of the City's deposits are in demand and short-term time deposits.

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

<u>Type</u>	<u>Carrying Value</u>
<b>Primary Government</b>	
<b>Deposits:</b>	
Petty Cash	\$ 653
Demand Deposits	4,868,220
Time deposit - certificates of deposit	793,972
	<u>\$ 5,662,845</u>
<b>Reconciliation to Statement of Net Position:</b>	
Cash and cash equivalents	\$ 4,868,873
Investments	793,972
	<u>\$ 5,662,845</u>
<b>Component Units</b>	
<b>Henryetta Economic Development Authority:</b>	
Demand Deposits	\$ 419,476
Time deposit - certificates of deposit	348,166
	<u>767,642</u>
<b>Reconciliation to Statement of Net Position:</b>	
Cash and cash equivalents	\$ 419,476
Investments	348,166
	<u>\$ 767,642</u>



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*Custodial Credit Risk*

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

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

*Investment Interest Rate Risk*

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

At June 30, 2023, the City's investments with maturity dates were limited to time deposits that were not exposed to interest rate risk.

*Investment Credit Risk*

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

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

*Concentration of Investment Credit Risk*

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

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

*Restricted Cash and Investments* – The amounts reported as restricted assets on the proprietary fund Statement of Net Position are comprised of amounts restricted for meter deposits, debt service, debt reserve, or construction purposes. The restricted assets as of June 30, 2023 are as follows:

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Type of Restricted Assets	Current	
	Cash and cash equivalents	Investments
Utility Deposits	\$ 153,680	\$ 164,685
Bond and Note Indenture Accounts:		
Notes Accounts	1,313,472	-
Total Bond and Note Indenture Accounts	1,313,472	-
Total Proprietary Fund	\$ 1,467,152	\$ 164,685

### 3. Fund Balance and Net Position

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

	Major Capital Project Fund		Other Governmental Funds	TOTAL
	General Fund	Restricted Sales Tax		
Fund Balances:				
Restricted for:				
Capital and/or capital debt service	\$ -		\$ -	\$ -
Cemetery	-	-	19,974	19,974
Public Safety	-	-	101,220	101,220
Culture and Recreation	-	-	268,974	268,974
Sub-total Restricted	-	-	390,168	390,168
Assigned to:				
Balance Subsequent Years Budget	-	-	-	-
Capital and/or capital debt service	-	1,137,046	-	1,137,046
Cemetery	-	-	487	487
E911	-	-	9,808	9,808
Public Safety	53	-	1,224	1,277
Airport	20,782	-	-	20,782
Culture and Recreation	46,941	-	13,994	60,935
Sub-total Assigned	67,776	1,137,046	25,513	1,230,335
Unassigned:	2,351,270	-	-	2,351,270
TOTAL FUND BALANCES	\$ 2,419,046	\$ 1,137,046	\$ 415,681	\$ 3,971,773

#### Enterprise Fund:

Restricted for Capital Outlay	\$ 573,706
Restricted for Debt Service	357,840
Total Enterprise Fund Restricted Net Position	<u>\$ 931,546</u>

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#### 4. Sales Tax Revenue

Sales tax revenue represents a 4 cent tax on each dollar of taxable sales. In September of 2014, the City approved a change to the sales tax allocation. The change became effective in December of 2014 and is recorded as follows:

- 2 2/3 cents is recorded in the General Fund of which 1 cent is pledged and transferred to the HMA to assist in HMA debt service coverage requirements per Ordinance No. 623; 1/6 of one cent is transferred to the Henryetta Economic Development Authority, and 1 1/2 cent is retained by the General Fund
- 1 1/3 cent is recorded in the Restricted Sales Tax Fund with one cent pledged toward HMA debt in accordance with Ordinance No. 1001 effective November 2007 and 1/3 cent restricted for the purchase of capital assets or debt related to the purchase of capital assets with Ordinance No. 987.

#### 5. Property Tax Levy

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

#### 6. Internal and Interfund Balances and Transfers

*Balances:*

Interfund balances between activities at June 30, 2023, were as follows:

Due From	Due To	Amount	Nature of Balance
General Fund	HMA	\$ 1,063	Payroll and claims activity
General Fund	Hotel/Motel Tax Fund	1,807	Reimburse expenditures paid
HMA	General Fund	2,665	Reclassification of transaction
HMA Meter Deposit Account	General Fund	89	Reimburse expenditures paid
HMA 2009 CWSRF Account	General Fund	182	Vendor payments
HMA Operating Account	Restricted Sales Tax Fund	25,000	Reclassification of transaction
Meter Deposit Account	HMA Operating Account	19,145	Meter deposit refunds
HMA Operating Account	Meter Deposit Account	14,358	Deposit Liability Correction
Total		<u>\$ 64,309</u>	

**Reconciliation to Fund Financial Statements:**

	Due From	Due To	Net Internal Balances
Governmental Funds	\$ 29,742	\$ (2,870)	\$ 26,872
Proprietary Funds	34,567	(61,439)	(26,872)
Total	<u>\$ 64,309</u>	<u>\$ (64,309)</u>	<u>\$ -</u>

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*Transfers:*

Internal transfers between funds and activities for the year ended June 30, 2023, were as follows:

Transfer From	Transfer To	Amount	Purpose of Transfer
HMA Operating Account	General Fund	\$ 1,059,771	Operating Subsidy
General Fund	E911 Fund	259,223	Transfer payroll expense
REAP Grant Fund	Restricted Sales Tax Fund	79,198	Restricted Sales Tax
General Fund	Restricted Sales Tax Fund	488,355	Reimbursement from CDBG
CDBG Water Project	Restricted Sales Tax Fund	136,000	ARPA grant
Restricted Sales Tax Fund	2008 CWSRF	\$ 489,311	Debt Activity
General Fund	2015 Series Note Fund	1,000	Trustee Fees
Restricted Sales Tax Fund	HMA	643,525	Debt Activity
General Fund	HMA	885,121	Sales Tax Transfer
REAP Grant Fund	HMA	48,702	Reimbursement from REAP Engineering
Total		<u>\$ 4,090,206</u>	

**Reconciliation to Fund Financial Statements:**

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 2,022,547	\$ (2,894,435)	\$ (871,888)
Proprietary Funds	2,067,659	(1,195,771)	871,888
	<u>\$ 4,090,206</u>	<u>\$ (4,090,206)</u>	<u>\$ -</u>

**Reconciliation to Statement of Activities:**

Net Transfers	\$ (871,888)
Transfer water, sewer, and sanitation activity to business-type activities	(785,872)
Transfers - internal activity	<u>\$ (1,657,760)</u>

## 7. Risk Management

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

## 8. Pension Plan Participation

The City of Henryetta participates in four pension or retirement plans:

1. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
2. Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
3. Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust (OkMRF-DBP) – an agent multiple-employer defined benefit plan
4. OkMRF Defined Contribution – an agent multiple-employer defined contribution plan

*OFPRS:*

*Plan Summary Information.* The City of Henryetta, 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). The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and

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beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ full-time or volunteer firefighters.

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

*Funding Policy.* OFPRS plan members that are volunteer firefighters are not required to contribute to the plan. 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 per paid firefighter. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OFPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Amount Contributed</u>
2021	\$ 82,846	\$ 82,846
2022	84,398	84,398
2023	103,527	103,527

*OPPRS:*

*Plan Summary Information.* The City of Henryetta, 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 OPPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OPPRS, 1001 N.W. 63<sup>rd</sup> St., Suite 605, Oklahoma City, OK 73116-7335.

*Funding Policy.* The City is required by state law to contribute 13% of covered payroll per year for each police officer. Employees contribute 8% of covered payroll. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OPPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Amount Contributed</u>
2021	\$ 71,598	\$ 71,598
2022	86,803	86,803
2023	90,238	90,238

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*OkMRF Defined Benefit Plan:*

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

Eligibility Factors, Contribution Methods and Benefit Provisions

Provision	OkMRF Plan
a. Eligible to Participate	Full-time, non-uniformed employees of the City upon hire.
b. Contribution Requirements:	
- Authorization	By City ordinance
- Actuarially Determined	Yes
- Employer Rate	13.16% of covered payroll
- Employee Rate	5.25% of earnings
c. Period Required to Vest	10 years of credited service
d. Eligibility for Distribution	- Normal retirement at age 65 with 10 years of service - Early retirement at age 55 with 10 years of service - Disability retirement with 10 years of service - Marital death benefit with 10 years of service
e. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	
- Normal Retirement	2.625% of final average salary multiplied by credited years of service
- Early Retirement	Actuarially reduced benefit based upon age and years of service at termination
- Disability Retirement	Same as normal retirement
- Death Benefit	50% of employee's accrued benefit, but terminates upon spouse remarriage
- Prior to 10 Years Service	Return of employee contributions with accrued interest
g. Form of Benefit Payments	Normal form is 60 months certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent.

For the year ended June 30, 2023, the City's employer contribution to the plan was \$253,687 or 13%, which was less than the actuarial required contribution of 13.16%.

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

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*OkMRF Defined Contribution Plan:*

*Plan Summary Information.* The City has provided a defined contribution plan and trust available to the City Manager. The trust is in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF). OkMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to immediately participate upon being hired.

*Funding Policy.* Employees participating in the Plan are required to contribute at least 3%. By City ordinance, the City, as employer, is required to make contributions to the plan, at a current rate of 7% of covered payroll. The City's contributions for each employee (and interest allocated to the employee's account) are vested 100% upon participations in the plan. The authority to establish and amend the provisions of the plan rests with the City Council. Currently all eligible employees have opted not to participate in the plan for fiscal year 2023.

## **9. Tax Abatements**

The City entered into a sales tax rebate agreement with a local business as allowed in the Oklahoma State Constitution, Article 10, Section 14. Under this law, the City may establish economic development programs and provide sales tax increments for development as part of its economic development plan.

The sales tax rebate program allows a retail store, business or developer to receive rebated sales tax in an amount equal to two and one-half cents (\$0.025) from every four cents (\$0.04) of sales tax that the business generates. To be eligible for this program, the project area should be developed or redeveloped after a significant vacancy to provide economic opportunity to the City and its citizens.

Due to the confidentiality of laws in Oklahoma Statutes, Title 68, Section 1354.11, the amounts of sales tax rebated will not be disclosed. The following business had a rebate agreement with the City as of June 30, 2023:

A restaurant retailer received rebated sales tax during 2023. The sales tax rebated cannot exceed the lesser of (i) 2.5% of the gross sales tax generated over a 5 year period, or (ii) \$200,000. This sales tax rebate period is for five years from the sales tax commencement date (the date the City first receives sales tax). This agreement was entered into April 2018 and terminated in April 2023.

## **10. Commitments and Contingencies**

*Long-term Debt and Debt Service Requirements:*

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

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<u>Type of Debt</u>	<u>Balance July 01, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
<b>Business-Type Activities:</b>					
Notes payable (direct borrowings/placements)	\$ 7,714,806	\$ 184,554	\$ 920,353	\$ 6,979,007	\$ 960,804
Total Business-Type Activities	<u>7,714,806</u>	<u>184,554</u>	<u>920,353</u>	<u>6,979,007</u>	<u>960,804</u>
Total Long-Term Debt	<u>\$ 7,714,806</u>	<u>\$ 184,554</u>	<u>\$ 920,353</u>	<u>\$ 6,979,007</u>	<u>\$ 960,804</u>
<b>Component Unit:</b>					
<b>HEDA:</b>					
Notes Payable	\$ 24,849	\$ -	\$ 7,100	\$ 17,749	\$ 7,100
Total Component Unit	<u>\$ 24,849</u>	<u>\$ -</u>	<u>\$ 7,100</u>	<u>\$ 17,749</u>	<u>\$ 7,100</u>

*Governmental activities:*

At June 30, 2023 there were no governmental activities long-term payables.

*Business-type activities:*

Long-term debt payable from direct borrowing and direct placements include the following:

OWRB Promissory Note dated September 29, 2009, original amount \$9,500,000, payable in semi-annual installments each March 15 and September 15 beginning March 2011, final installment due September 15, 2030 with a 3.07% interest rate and an administration fee of .5% payable semi-annually based on the principal outstanding, secured and payable from utility revenues and pledged sales tax as well as a mortgage on the water and sanitary sewer systems and facilities. In the event of default on the OWRB loans, the lender may: 1) file suit to require any or all of the borrower covenants to be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement; 5) increase the interest rate to 14% on the defaulted payments.

\$ 3,025,710

OWRB Promissory Note dated December 21, 2009, original amount \$3,650,000, payable in semi-annual installments each March 15 and September 15 beginning September 2011, final installment due March 15, 2031 with a 2.73% interest rate and an administration fee of .5% payable semi-annually based on the principal outstanding, secured and payable from utility revenues and pledged sales tax as well as a mortgage on the water and sanitary sewer systems and facilities. In the event of default on the OWRB loans, the lender may: 1) file suit to require any or all of the borrower covenants to be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement; 5) increase the interest rate to 14% on the defaulted payments.

957,839



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*Notes Payable:*

Series 2015 Utility System and Sales Tax Revenue Note, original amount \$4,480,000, payable in semi-annual installments each June 1 and December 1 beginning June 1, 2017, final installment due June 1, 2029 with a 2.64% interest rate, secured by and payable from utility revenues and pledged sales tax. In the event of default on the note, the lender may: 1) file suite to require any or all of the borrower covenants to be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the indenture.

2,735,000

First Family Federal Credit Union note dated February 25, 2020, authorized amount of \$227,095, secured by Sanitation truck payable in monthly installments of \$4,284, including principal with a 4.99% interest rate, with final payment due February 2025. In the event of default on the note, the lender may: 1) accelerate payment of principal and interest; 2) Take possession of the collateral; 3) Sell the collateral.

77,542

CAT Financial note dated April 21, 2023 authorized amount of \$56,315, secured by compact track loader payable in monthly installments of \$733.70, including principal with a 6.99% interest rate, and final payment of \$27,280 due April 2028. In the event of default on the note, the lender may: 1) accelerate payment of principal and interest; 2) Take possession of the collateral; 3) Sell the collateral.

55,767

CAT Financial note dated April 21, 2023 authorized amount of \$128,239, secured by hydrolic excavator payable in monthly installments of \$15,013.73, including principal with a 6.99% interest rate, with final payment of \$73,360 due April 2028. In the event of default on the note, the lender may: 1) accelerate payment of principal and interest; 2) Take possession of the collateral; 3) Sell the collateral.

	127,149
Total Notes Payable	<u>\$ 6,979,007</u>
Current portion	\$ 960,804
Noncurrent portion	6,018,203
Total Notes Payable	<u>\$ 6,979,007</u>

*Component unit - HEDA:*

*Notes Payable (Direct Borrowing):*

Oklahoma Department of Commerce note dated March 17, 2005, authorized amount of \$142,000, payable in monthly installments of \$592, including principal with a 0% interest rate, with a final payment due December 2025. The note is payable from pledged sales tax. In the event of default, the lender may demand that all liabilities and obligations to the lender would be due and payable immediately, cease extending credit to HEDA and exercise all rights and remedies possessed by lender. Also, at the lender's discretion, the note interest rate may be increased to 6% in the event of default.

\$ 17,749

Total Notes Payable	<u>\$ 17,749</u>
Current portion	\$ 7,100
Noncurrent portion	10,649
Total Notes Payable	<u>\$ 17,749</u>

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

<u>Year Ending June 30,</u>	<u>Business-Type Activities</u>	
	<u>Notes Payable</u>	
	<u>(direct borrowings and direct placements)</u>	
	<u>Principal</u>	<u>Interest</u>
2024	960,804	202,080
2025	966,559	172,647
2026	963,856	144,576
2027	1,000,415	116,134
2028	1,125,777	86,838
2029-2031	1,961,595	79,928
Totals	<u>\$ 6,979,006</u>	<u>\$ 802,203</u>

<u>Year Ending June 30,</u>	<u>Component Unit Activities</u>	
	<u>Notes Payable</u>	
	<u>(direct borrowings)</u>	
	<u>Principal</u>	<u>Interest</u>
2024	7,100	-
2025	7,100	-
2026	3,549	-
Totals	<u>\$ 17,749</u>	<u>\$ -</u>

**Pledge of Future Revenues**

*Sales Tax and Net Utility Revenues Pledge* - The City has pledged two cents (or 50%) of future sales tax revenues and net utility revenues to repay the 2009 OWRB CWSRF \$3,650,000, 2009 OWRB DWSRF \$9,500,000, and the 2015 Utility System and Sales Tax Revenue \$4,480,000 notes payable. Proceeds from the notes provided financing for capital assets. The notes are payable from pledged sales tax revenues and net utility revenues and are payable through 2031. The total principal and interest payable for the remainder of the life of these notes is \$7,467,112. Pledged sales taxes received in the current year were \$1,770,242 and net utility revenues were \$(80,598). Debt service payments of \$1,082,253 for the current fiscal year were 64% of both pledged sales taxes and net utility revenues of \$1,689,644.

*Compensated Absences:*

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

- Governmental activities \$272,799
- Business-type activities \$ 94,677

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*Litigation:*

The City is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City "Sinking Fund" for the payment of any court assessed judgment rendered against the City. These statutory provisions do not apply to the City's public trust Authorities. 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.

*Federal and State Award Programs:*

The City of Henryetta participates in various federal or state grant/loan programs from year to year. In 2023, the City's involvement in federal and state award programs included ARPA and CDBG grants in the amount of \$1,112,740. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

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**SUPPLEMENTARY AND OTHER INFORMATION**

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

	General Fund			
	Budgeted Amounts		Actual Amounts,	Variance with
	Original	Final	Budgetary Basis	Final Budget - Positive (Negative)
<b>Beginning Budgetary Fund Balance</b>	\$ 3,179,815	\$ 576,226	\$ 3,309,125	\$ 2,732,899
<b>Resources (Inflows):</b>				
Taxes	2,857,000	2,967,000	2,998,890	31,890
Intergovernmental	142,500	633,174	636,210	3,036
Charges for services	88,200	88,200	11,510	(76,690)
Fines and forfeitures	227,000	227,000	203,154	(23,846)
Licenses and Permits	15,750	15,750	17,702	1,952
Investment Income	5,000	5,000	6,887	1,887
Miscellaneous	191,700	239,900	347,345	107,445
Other Financing Sources - Transfers In	1,812,166	1,812,166	1,084,808	(727,358)
<b>Total Resources</b>	<u>5,339,316</u>	<u>5,988,190</u>	<u>5,306,506</u>	<u>(681,684)</u>
<b>Amount available for appropriation</b>	<u>8,519,131</u>	<u>6,564,416</u>	<u>8,615,631</u>	<u>2,051,215</u>
<b>Charges to Appropriations (Outflows):</b>				
Departmental:				
<b>General Government:</b>				
General government	1,263,039	1,303,539	1,270,904	32,635
Public Safety	2,378,170	2,478,170	2,387,820	90,350
Street	434,300	492,800	424,631	68,169
Culture and Recreation	177,144	215,244	197,774	17,470
Cemetery	176,303	176,303	164,885	11,418
Airport	54,085	54,085	37,128	16,957
Economic Development	-	-	-	-
Transfers to Other Funds	1,335,801	1,844,275	1,781,219	63,056
<b>Total Charges to Appropriations</b>	<u>5,818,842</u>	<u>6,564,416</u>	<u>6,264,361</u>	<u>300,055</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 2,700,289</u>	<u>\$ -</u>	<u>\$ 2,351,270</u>	<u>\$ 2,351,270</u>
Reconciliation to Statement of Revenues, Expenditures, and Change in Fund Balance:				
Library Account Balance			46,941	
Airport Account Balance			20,782	
Police Special Response Account Balance			53	
<b>Total General Fund Fund Balance</b>			<u>\$ 2,419,046</u>	

**Footnotes to Budgetary Comparison Schedule:**

1. The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a department of a fund require the approval of the City Manager. All other transfers and supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.

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

	<u>Special Revenue</u>			<u>Capital Project</u>		
	<u>E911 Fund</u>	<u>Hotel Motel Tax Fund</u>	<u>REAP Grant Fund</u>	<u>Cemetery Care Fund</u>	<u>Police Equipment Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 103,692	\$ 281,161	\$ -	\$ 20,461	\$ 8,560	\$ 413,874
Due from other funds	-	1,807	-	-	-	1,807
Total assets	<u>\$ 103,692</u>	<u>\$ 282,968</u>	<u>\$ -</u>	<u>\$ 20,461</u>	<u>\$ 8,560</u>	<u>\$ 415,681</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Other payables	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Restricted	93,884	268,974	-	19,974	7,336	390,168
Assigned	9,808	13,994	-	487	1,224	25,513
Total fund balances	<u>103,692</u>	<u>282,968</u>	<u>-</u>	<u>20,461</u>	<u>8,560</u>	<u>415,681</u>
Total liabilities and fund balances	<u>\$ 103,692</u>	<u>\$ 282,968</u>	<u>\$ -</u>	<u>\$ 20,461</u>	<u>\$ 8,560</u>	<u>\$ 415,681</u>

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

	<u>Special Revenue</u>			<u>Capital Project</u>		
	<u>E911 Fund</u>	<u>Hotel Motel Tax Fund</u>	<u>REAP Grant Fund</u>	<u>Cemetery Care Fund</u>	<u>Police Equipment Fund</u>	<u>Total-Other Governmental Funds</u>
<b>REVENUES</b>						
Taxes	\$ -	\$ 86,169	\$ -	\$ -	\$ -	\$ 86,169
Intergovernmental	-	-	127,900	-	-	127,900
Charges for services	94,782	-	-	12,001	-	106,783
Investment earnings	532	2,777	-	52	-	3,361
Miscellaneous	649	-	-	-	8,228	8,877
Total revenues	<u>95,963</u>	<u>88,946</u>	<u>127,900</u>	<u>12,053</u>	<u>8,228</u>	<u>333,090</u>
<b>EXPENDITURES</b>						
Current:						
Public Safety	335,299	-	-	-	-	335,299
Culture and recreation	-	12,266	-	-	-	12,266
Capital Outlay	22,470	180,264	-	19,242	10,000	231,976
Total Expenditures	<u>357,769</u>	<u>192,530</u>	<u>-</u>	<u>19,242</u>	<u>10,000</u>	<u>579,541</u>
Excess (deficiency) of revenues over expenditures	<u>(261,806)</u>	<u>(103,584)</u>	<u>127,900</u>	<u>(7,189)</u>	<u>(1,772)</u>	<u>(246,451)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	259,223	-	-	-	-	259,223
Transfers out	-	-	(127,900)	-	-	(127,900)
Total other financing sources and uses	<u>259,223</u>	<u>-</u>	<u>(127,900)</u>	<u>-</u>	<u>-</u>	<u>131,323</u>
Net change in fund balances	(2,583)	(103,584)	-	(7,189)	(1,772)	(115,128)
Fund balances - beginning	106,275	386,552	-	27,650	10,332	530,809
Fund balances - ending	<u>\$ 103,692</u>	<u>\$ 282,968</u>	<u>\$ -</u>	<u>\$ 20,461</u>	<u>\$ 8,560</u>	<u>\$ 415,681</u>

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

	<b>General Fund</b>	<b>Library Account</b>	<b>Airport Account</b>	<b>Police Special Response Account</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,729,699	\$ 44,441	\$ 20,332	\$ 53	\$ 1,794,525
Investments	626,787	2,500	-	-	629,287
Due from other funds	2,485	-	450	-	2,935
Total assets	<u>\$ 2,358,971</u>	<u>\$ 46,941</u>	<u>\$ 20,782</u>	<u>\$ 53</u>	<u>\$ 2,426,747</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to other funds	\$ 2,870	\$ -	\$ -	\$ -	\$ 2,870
Due to depositors	4,831	-	-	-	4,831
Total liabilities	<u>7,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,701</u>
Fund balances:					
Assigned	-	46,941	20,782	53	67,776
Unassigned	2,351,270	-	-	-	2,351,270
Total fund balances	<u>2,351,270</u>	<u>46,941</u>	<u>20,782</u>	<u>53</u>	<u>2,419,046</u>
Total liabilities and fund balances	<u>\$ 2,358,971</u>	<u>\$ 46,941</u>	<u>\$ 20,782</u>	<u>\$ 53</u>	<u>\$ 2,426,747</u>



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

	General Fund	Library Account	Airport Account	Police Special Response Account	Total
<b>REVENUES</b>					
Taxes	\$ 2,998,890	\$ -	\$ -	\$ -	\$ 2,998,890
Intergovernmental	636,210	4,450	-	-	640,660
Charges for services	11,510	-	14,145	-	25,655
Fines and forfeitures	203,154	-	-	-	203,154
Licenses and permits	17,702	-	-	-	17,702
Investment earnings	6,887	-	49	-	6,936
Miscellaneous	347,345	1,803	-	-	349,148
Total revenues	4,221,698	6,253	14,194	-	4,242,145
<b>EXPENDITURES</b>					
Current:					
General government	1,250,043	-	-	-	1,250,043
Public Safety	2,328,252	-	-	-	2,328,252
Highways and streets	424,631	-	-	-	424,631
Culture and recreation	180,736	4,461	-	-	185,197
Cemetery	164,885	-	-	-	164,885
Airport	37,128	-	16,381	-	53,509
Capital Outlay	97,467	19,219	3,300	-	119,986
Total Expenditures	4,483,142	23,680	19,681	-	4,526,503
Excess (deficiency) of revenues over expenditures	(261,444)	(17,427)	(5,487)	-	(284,358)
<b>OTHER FINANCING SOURCES (USES)</b>					
Payment from HEDA	25,037	-	-	-	25,037
Sales tax payment to HEDA	(147,520)	-	-	-	(147,520)
Transfers in	1,059,771	-	-	-	1,059,771
Transfers out	(1,633,699)	-	-	-	(1,633,699)
Total other financing sources and uses	(696,411)	-	-	-	(696,411)
Net change in fund balances	(957,855)	(17,427)	(5,487)	-	(980,769)
Fund balances - beginning	3,309,125	64,368	26,269	53	3,399,815
Fund balances - ending	\$ 2,351,270	\$ 46,941	\$ 20,782	\$ 53	\$ 2,419,046

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**Combining Schedule of Net Position (Modified Cash Basis) – Henryetta Municipal Authority**  
**Enterprise Fund Accounts - June 30, 2023**

	<b>HMA</b>	<b>Meter Deposit</b>	<b>CDBG Water Project</b>	<b>2009 CWSRF</b>	<b>2009 DWSRF</b>	<b>TOTALS</b>
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 8,213	\$ 73,063	\$ -	\$ -	\$ -	\$ 81,276
Restricted:						
Restricted cash and cash equivalents	218,539	153,680	1,014	713,007	380,912	1,467,152
Restricted investments	-	164,685	-	-	-	164,685
Due from other funds	20,209	14,358	-	-	-	34,567
Total assets	<u>246,961</u>	<u>405,786</u>	<u>1,014</u>	<u>713,007</u>	<u>380,912</u>	<u>1,747,680</u>
<b>LIABILITIES</b>						
Current liabilities:						
Due to other funds	42,023	19,234	-	182	-	61,439
Meter deposit liability	-	332,723	-	-	-	332,723
Total liabilities	<u>42,023</u>	<u>351,957</u>	<u>-</u>	<u>182</u>	<u>-</u>	<u>394,162</u>
<b>NET POSITION</b>						
Restricted for debt service	218,539	-	-	139,301	-	357,840
Restricted for capital outlay	-	-	-	573,706	-	573,706
Unrestricted (deficit)	(13,601)	53,829	1,014	(182)	380,912	421,972
Total net position	<u>\$ 204,938</u>	<u>\$ 53,829</u>	<u>\$ 1,014</u>	<u>\$ 712,825</u>	<u>\$ 380,912</u>	<u>\$ 1,353,518</u>

**CITY OF HENRYETTA, OKLAHOMA**  
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**Combining Schedule of Revenues, Expenses, and Changes in Net Position (Modified Cash Basis) –**  
**Henryetta Municipal Authority Enterprise Fund Accounts - Year Ended June 30, 2023**

	HMA	Meter Deposit	CDBG Water Project	2009 CWSRF	2009 DWSRF	Total
<b>Operating Revenues:</b>						
Water charges	\$ 1,687,299	\$ -	\$ -	\$ -	\$ -	\$ 1,687,299
Water taps	4,600	-	-	-	-	4,600
Sewer charges	887,694	-	-	-	-	887,694
Sewer taps	690	-	-	-	-	690
Sanitation charges	931,009	-	-	-	-	931,009
EMS Assessments	125,268	-	-	-	-	125,268
Penalty charges	39,815	-	-	-	-	39,815
Miscellaneous	44,665	-	-	-	-	44,665
Total operating revenues	<u>3,721,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,721,040</u>
<b>OPERATING EXPENSES</b>						
Water operations	632,962	204	-	1,000	-	634,166
Utility office operations	296,077	-	-	-	-	296,077
Water treatment plant operations	1,563,576	-	-	-	-	1,563,576
Sewer operations	206,855	-	-	-	-	206,855
Sewer treatment plant operations	447,858	-	-	-	-	447,858
Sanitation operations	283,206	-	-	-	-	283,206
Transfer station operations	244,859	-	-	-	-	244,859
EMS contract	125,041	-	-	-	-	125,041
Total Operating Expenses	<u>3,800,434</u>	<u>204</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>3,801,638</u>
Operating income (loss)	<u>(79,394)</u>	<u>(204)</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>(80,598)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest and investment revenue	5,472	2,200	-	22,551	-	30,223
Principal payments	(510,354)	-	-	(410,000)	-	(920,354)
Interest expense	(134,172)	-	-	(80,388)	-	(214,560)
Proceeds from capital debt	184,554	-	-	-	-	184,554
Miscellaneous revenue	10,000	-	-	-	-	10,000
Total non-operating revenue (expenses)	<u>(444,500)</u>	<u>2,200</u>	<u>-</u>	<u>(467,837)</u>	<u>-</u>	<u>(910,137)</u>
Income (loss) before contributions and transfers	<u>(523,894)</u>	<u>1,996</u>	<u>-</u>	<u>(468,837)</u>	<u>-</u>	<u>(990,735)</u>
Capital contributions-grant	-	-	136,000	-	-	136,000
Transfers in	1,577,348	-	-	490,311	-	2,067,659
Transfers out	(1,059,771)	-	(136,000)	-	-	(1,195,771)
Change in net position	<u>(6,317)</u>	<u>1,996</u>	<u>-</u>	<u>21,474</u>	<u>-</u>	<u>17,153</u>
Total net position - beginning	<u>211,255</u>	<u>51,833</u>	<u>1,014</u>	<u>691,351</u>	<u>380,912</u>	<u>1,336,365</u>
Total net position - ending	<u>\$ 204,938</u>	<u>\$ 53,829</u>	<u>\$ 1,014</u>	<u>\$ 712,825</u>	<u>\$ 380,912</u>	<u>\$ 1,353,518</u>

**CITY OF HENRYETTA, OKLAHOMA**  
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**Schedule of Expenditures of Federal and State Awards – Year Ended June 30, 2023**

<b>Federal/State Grantor/Pass through agency Grantor/Program Title</b>	<b>Federal AL Number</b>	<b>Agency or Pass Thru Number</b>	<b>Program or Award Amount</b>	<b>Federal/State Expenditures</b>
<b>FEDERAL AWARDS:</b>				
<u>U.S. DEPARTMENT OF TREASURY:</u>				
American Rescue Plan Act	21.027	N/A	976,740	15,251
<u>U.S. DEPARTMENT HOUSING AND URBAN DEVELOPMENT:</u>				
Passed through Oklahoma Department of Commerce: CDBG Grant	14.228	18502 CDBG 20	136,000	136,000
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 1,112,740</b>	<b>\$ 151,251</b>
<b>STATE AWARDS:</b>				
<u>EASTERN OKLAHOMA DEVELOPMENT ASSOCIATION:</u>				
2022 REAP Fund	N/A	N/A	136,000	136,000
REAP Grant 2023 - Water Meters			100,000	20,931
<u>OKLAHOMA DEPARTMENT OF AGRICULTURE:</u>				
Rural Fire Grant	N/A	N/A	10,053	10,053
<u>OKLAHOMA DEPARTMENT OF LIBRARIES:</u>				
State Aid 2023	N/A	N/A	4,450	4,450
<b>TOTAL STATE AWARDS</b>			<b>\$ 250,503</b>	<b>\$ 171,434</b>

**CITY OF HENRYETTA, OKLAHOMA**  
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**INTERNAL CONTROL AND COMPLIANCE INFORMATION**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Henryetta, Oklahoma ( the "City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 14, 2024. Our report included an emphasis of matter paragraph related to the City's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We issued an adverse opinion on the aggregate discretely presented component units.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

## Purpose of This Report

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

*Arlidge & Associates PC.*

Edmond, Oklahoma  
May 14, 2024

