

**CITY OF HOMINY
OSAGE COUNTY, OKLAHOMA**

ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

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**City of Hominy
Osage County, Oklahoma
City Officials
June 30, 2023**

Mayor and City Council

Mayor

Donnie Reed

Member

Ralph Robertson

Member

Michael Losinske

Member

Daniel Johnson

Member

Jimmy Coon

City Attorney

John Heskett

City Manager

Jimmie Ratcliff

City Clerk

Dani Mullins

**City of Hominy
Osage County, Oklahoma
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INDEPENDENT AUDITOR'S REPORT

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

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City as of June 30, 2023, and the changes in its financial position and, where applicable, cash flows for the year then ended in accordance with the modified cash basis of accounting.

Basis for Opinions

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

Basis of Accounting

We draw attention to Note I 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 and for determining that the modified cash basis of accounting is an acceptable basis of accounting under 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Other Matters

The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2024, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls 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.

A handwritten signature in black ink that reads "David Clavin CPA PLLC". The signature is written in a cursive style.

April 25, 2023

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

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Hominy as of and for the year ended June 30, 2023, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 25, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 weakness or, significant deficiencies. Given these limitations, during our audit we did not note any matters involving the internal control over financial reporting that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 my 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 my 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.

A handwritten signature in black ink that reads "David Clanin CPA PLLC". The signature is written in a cursive style.

David Clanin, CPA PLLC
April 25, 2024

City of Hominy
Osage County, Oklahoma
Statement of Net Position – Modified Cash Basis
For the Year Ended June 30, 2023

| | Primary Government | | |
|----------------------------------|----------------------------|-----------------------------|--------------|
| | Governmental Activities | Business-Type Activities | Total |
| Assets: | | | |
| Cash and Investments: | | | |
| Cash and Cash Equivalents | \$ 711,341 | \$ 780,633 | \$ 1,491,974 |
| Investments | 2,241,838 | - | 2,241,838 |
| Restricted Assets: | | | |
| Cash and Investments: | - | 105,547 | 105,547 |
| Capital Assets: | | | |
| Land | 16,748 | 46,937 | 63,685 |
| Capital Assets, net | 1,194,584 | 2,208,226 | 3,402,810 |
| Total Assets | 4,164,511 | 3,141,343 | 7,305,854 |
| Liabilities: | | | |
| Current Liabilities: | | | |
| Meter Deposits | - | 58,973 | 58,973 |
| Notes Payable | - | 94,409 | 94,409 |
| Long Term Liabilities: | | | |
| Notes Payable | - | 42,603 | 42,603 |
| Total Liabilities | - | 195,985 | 195,985 |
| Net Position: | | | |
| Net Investment in Capital Assets | 1,211,332 | 2,255,163 | 3,466,495 |
| Restricted | - | 105,547 | 105,547 |
| Unrestricted | 2,953,179 | 584,648 | 3,537,827 |
| Total Net Position | \$ 4,164,511 | \$ 2,945,358 | \$ 7,109,869 |

The accompanying Notes to the Financial Statements are an integral part of this statement.

City of Hominy
Osage County, Oklahoma
Statement of Activities – Modified Cash Basis
For the Year Ended June 30, 2023

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) / Revenue |
|--|-----------|-------------------------|--|--|----------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental Activities: | | | | | |
| General Government: | | | | | |
| General Government | \$ 40,116 | \$ 9,261 | \$ - | \$ - | \$ (30,855) |
| Total General Government | 40,116 | 9,261 | - | - | (30,855) |
| Public Safety and Judiciary: | | | | | |
| City Attorney | 32,573 | - | - | - | (32,573) |
| Fire Department | 303,647 | 258,719 | 54,257 | - | 9,329 |
| Municipal Court | 21,733 | - | - | - | (21,733) |
| Police | 647,088 | 62,386 | - | 10,000 | (574,702) |
| Civil Defense | 29,367 | 5,589 | - | - | (23,778) |
| Total Public Safety and Judiciary | 1,034,408 | 326,694 | 54,257 | 10,000 | (643,457) |
| Transportation: | | | | | |
| Streets | 11,588 | - | - | - | (11,588) |
| Total Transportation | 11,588 | - | - | - | (11,588) |
| Cultural, Parks and Recreation: | | | | | |
| Library | 91,140 | - | 12,735 | - | (78,405) |
| Public Property | 260,103 | - | - | - | (260,103) |
| Swimming Pool | 44,277 | - | - | - | (44,277) |
| Senior Citizens Center | 77,703 | 4,500 | - | 22,800 | (50,403) |
| Lake | 24,688 | 19,461 | - | - | (5,227) |
| Cemetery | 56,077 | 27,998 | - | - | (28,079) |
| Total Cultural, Parks and Recreation | 553,988 | 51,959 | 12,735 | 22,800 | (466,494) |
| Unallocated Depreciation | 81,193 | - | - | - | (81,193) |
| Total Government Activities | 1,721,293 | 387,914 | 66,992 | 32,800 | (1,233,587) |
| Business-Type Activities | | | | | |
| Utilities | 3,690,013 | 3,412,476 | - | 298,671 | 21,134 |
| Ambulance | 633,264 | 485,770 | - | - | (147,494) |
| Airport | 27,369 | - | - | - | (27,369) |
| Unallocated Depreciation | 202,653 | - | - | - | (202,653) |
| Total Business Type Activities | 4,553,299 | 3,898,246 | - | 298,671 | (356,382) |
| Total | 6,274,592 | 4,286,160 | 66,992 | 331,471 | (1,589,969) |

The accompanying Notes to the Financial Statements are an integral part of this statement.

City of Hominy
Osage County, Oklahoma
Statement of Activities – Modified Cash Basis – (Continued)
For the Year Ended June 30, 2023

| | Net (Expense) Revenue and Changes In Net Position | | |
|--------------------------------------|---|-----------------------------|-------------|
| | Governmental Activities | Business-Type Activities | Total |
| Net (Expense) Revenue | | | |
| General Revenues: | (1,233,587) | (356,382) | (1,589,969) |
| Taxes: | | | |
| Sales and Use Taxes | 478,046 | 198,360 | 676,406 |
| Franchise Taxes | 23,604 | - | 23,604 |
| Intergovernmental | 220,024 | - | 220,024 |
| Investment Earnings (Expense) | 9,340 | (1,843) | 7,497 |
| Miscellaneous | 82,044 | - | 82,044 |
| Transfers | 550,140 | (550,140) | - |
| Total General Revenues and Transfers | 1,363,198 | (353,623) | 1,009,575 |
| Change in Net Position | 129,611 | (710,005) | (580,394) |
| Net Position, Beginning of Year | 4,034,900 | 3,655,363 | 7,690,263 |
| Net Position, End of Year | 4,164,511 | 2,945,358 | 7,109,869 |

The accompanying Notes to the Financial Statements are an integral part of this statement.

City of Hominy
Osage County, Oklahoma
Balance Sheet – Governmental Funds – Modified Cash Basis
June 30, 2023

| | <u>General Fund</u> | <u>Capital Projects</u> Water Assessment | <u>Special Revenue</u> Park Facilities | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|---------------------|--|---|---|---|
| Assets: | | | | | |
| Cash and Cash Investments: | | | | | |
| Cash and Cash Equivalants | \$ 334,359 | \$ 62,036 | \$ 513 | \$ 314,433 | \$ 711,341 |
| Investments | 575,862 | 484,546 | 992,000 | 189,430 | 2,241,838 |
| Total Assets | <u>910,221</u> | <u>546,582</u> | <u>992,513</u> | <u>503,863</u> | <u>2,953,179</u> |
| Liabilities: | | | | | |
| Due to Others | - | - | - | - | - |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | | | |
| Restricted | - | 546,582 | 992,513 | 503,863 | 2,042,958 |
| Unassigned | 910,221 | - | - | - | 910,221 |
| Total Fund Balances | <u>910,221</u> | <u>546,582</u> | <u>992,513</u> | <u>503,863</u> | <u>2,953,179</u> |
| Total Liability and Fund Balances | <u>\$ 910,221</u> | <u>\$ 546,582</u> | <u>\$ 992,513</u> | <u>\$ 503,863</u> | <u>\$ 2,953,179</u> |

Total Governmental Funds Balance \$ 2,953,179

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial resources and therefore,
are not reported as assets in governmental funds. The cost of the assets is \$3,540,014
and the accumulated depreciation is \$2,328,682 for a net book value of \$1,211,332

1,211,332

Net Position of Governmental Activities

\$ 4,164,511

The accompanying Notes to the Financial Statements are an integral part of this statement.

City of Hominy
Osage County, Oklahoma
Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds – Modified Cash Basis
For the Year Ended June 30, 2023

| | <u>General Fund</u> | <u>Capital Projects</u> | <u>Special Revenue</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|---------------------|-------------------------|------------------------|---------------------------------|---------------------------------|
| | | <u>Water Assessment</u> | <u>Park Facilities</u> | | |
| Revenues: | | | | | |
| Taxes | \$ 539,750 | \$ - | \$ - | \$ 181,924 | \$ 721,674 |
| Fines and Forfeitures | 67,975 | - | - | - | 67,975 |
| Charges for Services | 314,908 | 69,528 | - | 3,478 | 387,914 |
| Grants | 99,792 | - | - | - | 99,792 |
| Donations | - | - | - | - | - |
| Investment Income | 2,450 | 2,184 | 3,868 | 838 | 9,340 |
| Miscellaneous | 82,044 | - | - | - | 82,044 |
| Total Revenues | <u>1,106,919</u> | <u>71,712</u> | <u>3,868</u> | <u>186,240</u> | <u>1,368,739</u> |
| Expenditures: | | | | | |
| Current | | | | | |
| Personal | 1,216,273 | - | - | - | 1,216,273 |
| Maintenance and Operations | 387,767 | - | - | 11,588 | 399,355 |
| Debt Service | - | - | - | - | - |
| Capital Outlay | 119,803 | - | - | 95,000 | 214,803 |
| Total Expenditures | <u>1,723,843</u> | <u>-</u> | <u>-</u> | <u>106,588</u> | <u>1,830,431</u> |
| Excess of revenues Over (Under) Expenditures | (616,924) | 71,712 | 3,868 | 79,652 | (461,692) |
| Other Financing Uses: | | | | | |
| Operating Transfers In (Out) | <u>1,000,247</u> | <u>(279,860)</u> | <u>1,000</u> | <u>(170,247)</u> | <u>551,140</u> |
| Excess of Revenues Over (Under) Expenditures & Transfers | 383,323 | (208,148) | 4,868 | (90,595) | 89,448 |
| Fund Balance, Beginning of Year | <u>526,898</u> | <u>754,730</u> | <u>987,645</u> | <u>594,458</u> | <u>2,863,731</u> |
| Fund Balance, End of Year | <u>\$ 910,221</u> | <u>\$ 546,582</u> | <u>\$ 992,513</u> | <u>\$ 503,863</u> | <u>\$ 2,953,179</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

City of Hominy
Osage County, Oklahoma
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Government-Wide Statement of Activities
– Modified Cash Basis (continued)
For the Year Ended June 30, 2023

| | | |
|--|----|--------|
| Net Change in Fund Balances - Governmental Funds | \$ | 89,448 |
|--|----|--------|

Amounts reported for governmental activities in the Statement of Activities are different because:

In the governmental funds, capital outlays are reported as expenditures while in the government-wide statement of activities, depreciation expense is reported to allocate those expenditures over the life of the assets.

| | | |
|-------------------------------------|-----------------|---------------|
| Capital Asset Purchases Capitalized | 120,901 | |
| Depreciation expense | <u>(80,738)</u> | <u>40,163</u> |

| | | |
|---|----|-----------------------|
| Change in Net Position of Governmental Activities | \$ | <u><u>129,611</u></u> |
|---|----|-----------------------|

The accompanying Notes to the Financial Statements are an integral part of this statement.

City of Hominy
Osage County, Oklahoma
Statement of Net Position – Proprietary Fund – Modified Cash Basis
June 30, 2023

| | Business-Type Activities - Enterprise Funds | | | Totals |
|----------------------------------|---|---|---|---------------------|
| | Hominy Municipal Authority (Major) | Hominy Industrial Authority (Major) | Hominy Community Medical Authority (Non-Major) | |
| Assets: | | | | |
| Cash and Investments: | | | | |
| Cash and Cash Equivalents | \$ 502,857 | \$ 28,618 | \$ 249,158 | \$ 780,633 |
| Restricted Assets: | | | | |
| Cash and Investments | 105,547 | - | - | 105,547 |
| Capital Assets: | | | | |
| Land | - | 46,937 | - | 46,937 |
| Property and Equipment, net | 1,935,771 | 117,829 | 154,626 | 2,208,226 |
| Total Assets | <u>2,544,175</u> | <u>193,384</u> | <u>403,784</u> | <u>3,141,343</u> |
| Liabilities: | | | | |
| Current Liabilities: | | | | |
| Deposits | 58,973 | - | - | 58,973 |
| Notes Payable | 94,409 | - | - | 94,409 |
| Long Term Liabilities: | | | | |
| Notes Payable | 42,603 | - | - | 42,603 |
| Total Liabilities | <u>195,985</u> | <u>-</u> | <u>-</u> | <u>195,985</u> |
| Net Position: | | | | |
| Net Investment in Capital Assets | 1,935,771 | 164,766 | 154,626 | 2,255,163 |
| Restricted | 105,547 | - | - | 105,547 |
| Unrestricted | 306,872 | 28,618 | 249,158 | 584,648 |
| Total Net Position | <u>\$ 2,348,190</u> | <u>\$ 193,384</u> | <u>\$ 403,784</u> | <u>\$ 2,945,358</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

City of Hominy
Osage County, Oklahoma
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds – Modified Cash Basis
For the Year Ended June 30, 2023

| | Business-Type Activities - Enterprise Funds | | | Totals |
|--|---|-----------------------------------|---|---------------------|
| | Hominy Municipal Authority | Hominy Industrial Authority | Hominy Community Medical Authority | |
| Revenues: | | | | |
| Electric Revenue | \$ 2,080,970 | \$ - | \$ - | \$ 2,080,970 |
| Water Revenue | 757,437 | - | - | 757,437 |
| Wastewater Revenue | 118,606 | - | - | 118,606 |
| Sanitation Revenue | 332,049 | - | - | 332,049 |
| Miscellaneous Revenue | 123,414 | - | - | 123,414 |
| Grant Revenue | 298,671 | - | - | 298,671 |
| Rentals | - | 25,840 | - | 25,840 |
| Sales Tax | - | - | 198,360 | 198,360 |
| Ambulance Revenue | - | - | 459,930 | 459,930 |
| Total Revenues | <u>3,711,147</u> | <u>25,840</u> | <u>658,290</u> | <u>4,395,277</u> |
| Operating Expenses: | | | | |
| General and Administrative | 748,094 | - | - | 748,094 |
| Electric Service | 1,755,065 | - | - | 1,755,065 |
| Water/Wastewater Plant | 466,214 | - | - | 466,214 |
| Water/Wastewater Maintenance | 529,609 | - | - | 529,609 |
| Sanitation Serving | 191,031 | - | - | 191,031 |
| Airport | - | 27,369 | - | 27,369 |
| Ambulance | - | - | 633,264 | 633,264 |
| Depreciation Expense | 115,090 | 79,309 | 8,254 | 202,653 |
| Total Operating Expenses | <u>3,805,103</u> | <u>106,678</u> | <u>641,518</u> | <u>4,553,299</u> |
| Operating Income (Loss) | (93,956) | (80,838) | 16,772 | (158,022) |
| Non-Operating Revenues (Expenses): | | | | |
| Interest Income | 3,041 | 2 | 925 | 3,968 |
| Interest Expense | (5,811) | - | - | (5,811) |
| Total | <u>(2,770)</u> | <u>2</u> | <u>925</u> | <u>(1,843)</u> |
| Income (Loss) Before Operating Transfers | <u>(96,726)</u> | <u>(80,836)</u> | <u>17,697</u> | <u>(159,865)</u> |
| Transfers in (Out) | <u>(550,140)</u> | <u>-</u> | <u>-</u> | <u>(550,140)</u> |
| Change in Net Position | (646,866) | (80,836) | 17,697 | (710,005) |
| Net Position at Beginning of Year | 2,995,056 | 274,220 | 386,087 | 3,655,363 |
| Net position at End of Year | <u>\$ 2,348,190</u> | <u>\$ 193,384</u> | <u>\$ 403,784</u> | <u>\$ 2,945,358</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

City of Hominy
Osage County, Oklahoma
Statement of Cash Flows – Proprietary Fund – Modified Cash Basis
For the Year Ended June 30, 2023

| | Business-Type Activities - Enterprise Funds | | | Total |
|---|---|------------------------------|---|-------------------|
| | Hominy Municipal Authority | Hominy Industrial Park | Hominy Community Medical Authority | |
| Cash Flows from Operating Activities: | | | | |
| Payments received from customers | \$ 3,711,147 | \$ 25,840 | \$ 658,290 | \$ 4,395,277 |
| Payments for salaries, payroll taxes and benefits | (566,936) | - | (498,836) | (1,065,772) |
| Payments for goods and services | (3,123,077) | (27,369) | (134,428) | (3,284,874) |
| Net Cash Provided by Operating Activities | <u>21,134</u> | <u>(1,529)</u> | <u>25,026</u> | <u>44,631</u> |
| Cash Flows from Noncapital Financing Activities: | | | | |
| Operating Transfers out to Other Funds | (550,140) | - | - | (550,140) |
| Change in Deposits | 188,277 | - | - | 188,277 |
| Net Cash Provided (Used) for Capital Financing Activities | <u>(361,863)</u> | <u>-</u> | <u>-</u> | <u>(361,863)</u> |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Acquisition & Construction of Capital Assets | (9,500) | - | (161,702) | (171,202) |
| Principal Paid on Debt | (91,856) | - | - | (91,856) |
| Interest Paid on Debt | (5,811) | - | - | (5,811) |
| Net Cash Provided (Used) for Capital and Related Financing Activities | <u>(107,167)</u> | <u>-</u> | <u>(161,702)</u> | <u>(268,869)</u> |
| Cash Flows from Investing Activities: | | | | |
| Cash Received for Interest | 3,041 | 2 | - | 3,043 |
| Net Cash Provided by Investing Activities | <u>3,041</u> | <u>2</u> | <u>-</u> | <u>3,043</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (444,855) | (1,527) | (136,676) | (583,058) |
| Cash and Cash Equivalents - Beginning of Year | 1,053,259 | 30,145 | 385,834 | 1,469,238 |
| Cash and Cash Equivalents - End of Year | <u>\$ 608,404</u> | <u>\$ 28,618</u> | <u>\$ 249,158</u> | <u>\$ 886,180</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | | | | |
| Operating Income | \$ (93,956) | \$ (80,838) | \$ 16,772 | \$ (158,022) |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | | | |
| Depreciation | 115,090 | 79,309 | 8,254 | 202,653 |
| Change in Assets and Liabilities: | | | | |
| Increase(Decrease) in Due to / Due from | - | - | - | - |
| Total Adjustments | <u>115,090</u> | <u>79,309</u> | <u>8,254</u> | <u>202,653</u> |
| Net Cash Provided by Operating Activities | <u>\$ 21,134</u> | <u>\$ (1,529)</u> | <u>\$ 25,026</u> | <u>\$ 44,631</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

**City of Hominy
Osage County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023**

I. Summary of Significant Accounting Policies

The following notes to the financial statements are an integral part of the City's financial statements.

The City's financial statements are prepared on the modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles.

A. Reporting Entity

The City of Hominy, Oklahoma is organized under the statutes of the State of Oklahoma in 1906. The City operates under a council form of government and is governed by a five-member board of councilmen. The councilmen elect the mayor from their own body. The City provides the following services as authorized by its charter: general government, public safety (police, fire and ambulance}, streets, public works (electric, water, sewer, and sanitation), judicial, culture, parks and recreation, public improvements and planning and zoning for the City of Hominy, Oklahoma.

These financial statements present the activities of the City and its component units and trusts, entities for which the City is considered to be financially accountable. Blended component units and trusts, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with the data of the primary government.

Blended Component Units/Trusts:

The Hominy Public Works Authority (HPWA) was created pursuant to a Trust Indenture for the benefit of the City of Hominy, Oklahoma. HPWA was established to acquire, construct, develop, equip, operate, maintain, repair, enlarge and remodel water, sewer and electric facilities for the City of Hominy. The water, sanitary sewer, electric, and solid waste disposal systems owned by the City have been leased to HPWA until such date that all indebtedness of the Authority is retired or provided for. HPWA is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes 1991, Section 176, et seq., and is governed by a board consisting of five trustees identical with the City Council. HPWA is exempt from State and Federal Income taxes. HPWA is reported as an enterprise fund.

The Hominy Community Medical Authority (HCMA) was created pursuant to a Trust Indenture dated February 18, 1986, for the benefit of the City of Hominy, Oklahoma. HCMA is a public trust and an agency of the State of Oklahoma, under Title 60, Oklahoma Statutes 1991, Section 176-180, et seq., and is governed by a board consisting of five trustees identical with the City Council. HCMA is used for the operation of the ambulance services. HCMA is exempt from State and Federal Income taxes. HCMA is reported as an enterprise fund.

The Hominy Industrial Authority (HIA) was created October 25, 1965, for the benefit of the City of Hominy, Oklahoma. HIA was created to promote the development of industry and to provide additional employment in the Hominy, Oklahoma, area. The Authority is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes 1991, Section 176-180, et seq., and is governed by a board consisting of five trustees appointed by the City Council. HIA is exempt from State and Federal Income taxes. HIA is reported as an enterprise fund.

**City of Hominy
Osage County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023**

I. Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., statement of net position and statement of activities) report information on activities of the primary government and its component units. Government activities, which normally are supported by taxes and intergovernmental revenues, and other non-exchange transaction are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

The government-wide financial statements 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 change therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles.

Only cash (and cash equivalents) and items that involve the receipt or disbursement of cash (or cash equivalents) during the period are recognized, except for the following modifications:

- (1) Interfund receivables and payables that arise from transactions and events involving cash or cash equivalents are recognized.
- (2) Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, marketable investments, and receivables resulting from loans) that arise from transactions and events involving cash or cash equivalents are recognized; and
- (3) Liabilities for cash (or cash equivalents) held on behalf of others, held in escrow, or received in advance of being earned or meeting eligibility requirement are recognized.

As a result of the use of this modified cash basis of accounting, certain transactions are not recorded in the financial statements. For example, accounts receivable and revenue for billed or provided services that have not been collected in cash are not accrued as revenue or receivables.

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise fund. Separate financial statements are provided from government funds and proprietary funds.

The government-wide financial statements are presented on the modified cash basis of accounting. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of presentation – fund financial statements

The following are the City's major governmental funds:

General Fund – is the main operating fund of the City. It accounts and reports for all financial resources not required to be reported in another fund.

Water Assessment Fund – is a Capital Projects Fund which accounts for and reports resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of major capital facilities, other than those activities financed by proprietary activities or held in trust for individuals, private organizations or other governments.

City of Hominy
Osage County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023

I. Summary of Significant Accounting Policies (continued)

D. Basis of presentation – fund financial statements (continued)

Park Facilities Fund – is a Special Revenue Fund which accounts for specific revenue sources that are legally restricted or committed to expenditures for specific purposes (not including major capital projects).

Other governmental funds of the City that are considered non-major funds include:

Special Revenue Funds – account for specific revenue sources that are legally restricted or committed to expenditures for specific purposes (not including major capital projects). The following are the City's Special Revenue Funds: Street & Alley and Library Donations.

Permanent Funds – account for and report resources that are restricted to the extent that only earnings (not principal) may be used for purposes that support the reporting government's programs, excluding private-purpose trusts. The fund is accounted for using the modified accrual basis of accounting and the measurement focus is essentially the flow of current financial resources. The City's permanent fund is composed of the Cemetery Trust Fund.

Proprietary Funds – Proprietary funds are classified as enterprise funds. In the City's modified cash basis financial statements revenues are recorded when received and expenditures are recorded when paid with the exception of payroll taxes withheld, other withholdings, and accrued compensated absences which the City records as a modification to the cash basis of accounting. The accrual amounts are not material to the financial statement presentation.

Enterprise Funds – are used to account for those operations that are financed and operated in a manner similar to private business where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that the determination of revenues earned, costs incurred and/or net income is necessary for capital maintenance, public policy or management accountability.

The City's major enterprise funds are:

Hominy Public Works Authority – accounts for the operations of providing public works (electric, water, sewer, and sanitation) to the City.

Hominy Industrial Authority – which accounts for the promotion of industrial development.

Hominy Community Medical Authority – which accounts for ambulance services.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental activities and business-type activities are presented using the modified cash basis of accounting. Under the modified cash basis of accounting nearly all elements of the income statement are recorded using the cash basis, and accounts receivable and inventory are not recorded in the balance sheet.

In the fund financial statements, governmental funds and proprietary funds are presented on the modified cash basis of accounting. Under this modified cash basis of accounting, revenues are recognized when they are received. Expenditures (including capital outlay) are recorded when they are paid rather than when the obligation is incurred.

**City of Hominy
Osage County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023**

I. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Net Position

Cash and Investments

For the purpose of the Statement of Net Assets “cash, including time deposits” includes all demand, savings accounts, and certificates of deposit of the City. For the purposes of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” includes all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Receivables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due from other/due to other funds”.

Capital Assets

The accounting treatment over property, plant and equipment (fixed assets) depends on whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation.

A capitalization threshold of \$5,000 is used to report capital assets. Donated capital assets are reported at estimated fair market value at the date of donation.

The range of estimated useful lives by type of asset is as follows:

| | |
|-----------------------------------|-------------|
| Buildings & Infrastructure | 25-50 years |
| Improvements other than buildings | 20-50 years |
| Machinery and Equipment | 5-10 years |

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

City of Hominy
Osage County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023

I. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Net Position (continued)

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. Financial requirements of the Sales tax revenue bond issued by the City requires funds be held in a reserve account. Under the terms and provisions of the note, the funds are maintained with the Trustee bank and are not subject to lien or attachment by any other creditors. These funds are to be maintained so long as the notes are outstanding. Restricted assets also include funds restricted for capital projects and funds on deposit representing utility customer meter deposits which are refundable to the customer.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of note payable and capitalized lease obligations.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as revenue and payments of principal and interest are reported as expenditures. The accounting for long-term debt of the proprietary fund is the same in the fund statements as it is in the government-wide statements.

Equity Classifications

Net Position/Fund Balance

In the government-wide financial statement, net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation.

**City of Hominy
Osage County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023**

I. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Net Position (continued)

Net Position/Fund Balance (continued)

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed on the use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; or by law through constitutional provision or enabling legislation.

Committed fund balance represents amounts that are usable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes by taking action similar to that which imposed the commitment. The City's Board of Trustees is the highest level of decision-making authority of the City.

Assigned fund balance represents amounts that are *intended* to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

Resource Use Policy

It is in the City's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the City considers the restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the City's policy that when an expenditure/expense is incurred for purposes for which committed, assigned or unassigned resources, including fund balances, are available, the City considers committed, amounts to be spent first, followed by assigned amounts, and lastly, unassigned amounts.

**City of Hominy
Osage County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023**

I. Summary of Significant Accounting Policies (continued)

F. Revenues, Expenditures and Expenses

Sales Tax

The City passed an ordinance on March 3, 2015 to increase the sales tax rate by 1.0% from 3.0% to 4.0% in order to finance the payment of a judgment against the City. The additional tax is to have a term of no more than 15 years and shall terminate in less than 15 years to the extent sufficient funds have been collected to pay the judgment or any debt obligations issued to pay said judgments. The City has pledged to pay back the 2015 series bonds issued by the CDA using the 1.0% sales tax.

Use Tax

The City levies a use-tax on personal property purchased outside the City limits but stored, used or consumed within the City. The use tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission, which is one month after the tax is received from the vendors.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities. In the fund financial statements, expenditures are classified by character, such as Current (further classified by function), Debt Service, and Capital Outlay.

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent re-allocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

City of Hominy
Osage County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023

II. Stewardship, Compliance and Accountability

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

A. Fund Accounting Requirements

The City complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include the following:

| <u>Fund</u> | <u>Required By</u> |
|------------------------|--------------------|
| Utility Authority Fund | Trust Indenture |

B. Deposit and Investments Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee. As reflected in note III A., all deposits were fully insured or collateralized.

**City of Hominy
Osage County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023**

II. Stewardship, Compliance and Accountability (continued)

C. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

| <u>Revenue Source</u> | <u>Legal Restrictions of Use</u> |
|------------------------|---|
| Special Sales Tax | Debt Service |
| Utility Revenue | Debt Service and Utility Capital Assets |
| Gasoline Excise Tax | Street and Alley Purposes |
| Commercial Vehicle Tax | Street and Alley Purposes |

For the year ended June 30, 2017, the City complied, in all material respects, with these revenue restrictions.

D. Debt Restrictions and Covenants

General Obligation Debt – City debt

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation. For the year ended June 30, 2023, the City had no outstanding general obligation debt.

Other Long-Term Debt

Except as noted in the previous paragraph, as required by the Oklahoma State Constitution, the City (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval.

E. Fund Equity Restrictions

Deficit Prohibition

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The City complied with this statute in all material respects for the year ended June 30, 2023.

City of Hominy
Osage County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023

III. Detailed Notes on Transaction Classes/Accounts

A. Cash and Investments

Authorized Investments

City policy for eligible investments is governed by State statutes which, in general, allow the City to invest in obligations of the United States and insured or collateralized Certificate of Deposits. Investment income is recorded in the fund in which it is earned.

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's cash deposits are maintained in financial institutions. As of June 30, 2023 none of City's deposits was exposed to custodial credit risk.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

B. Restricted Assets

The amounts reported as restricted assets are comprised of cash held in trust for customer utility meter deposits.

City of Hominy
Osage County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023

III. Detailed Notes on Transaction Classes/Accounts (continued)

C. Capital Assets

| | Balance June 30, 2022 | Additions | Disposals | Balance June 30, 2023 |
|-----------------------------------|--------------------------|---------------------|-------------|--------------------------|
| Governmental Activities: | | | | |
| Non-depreciable assets: | | | | |
| Land | \$ 16,748 | \$ - | \$ - | \$ 16,748 |
| Depreciable assets: | | | | |
| Buildings and Improvements | 1,574,393 | - | - | 1,574,393 |
| Machinery and Equipment | 670,283 | 120,901 | - | 791,184 |
| Vehicles | 831,676 | - | - | 831,676 |
| Infrastructure | 326,013 | - | - | 326,013 |
| Total Depreciable assets | <u>3,402,365</u> | <u>120,901</u> | <u>-</u> | <u>3,523,266</u> |
| Total Capital Assets | <u>3,419,113</u> | <u>120,901</u> | <u>-</u> | <u>3,540,014</u> |
| Accumulated Depreciation: | | | | |
| Buildings and Improvements | (570,001) | (25,045) | - | (595,046) |
| Machinery and Equipment | (661,450) | (12,090) | - | (673,540) |
| Vehicles | (658,007) | (44,058) | - | (702,065) |
| Infrastructure | (358,031) | - | - | (358,031) |
| Total Accum Depr | <u>(2,247,489)</u> | <u>(81,193)</u> | <u>-</u> | <u>(2,328,682)</u> |
| Net Capital Assets | <u>\$ 1,171,624</u> | <u>\$ 39,708</u> | <u>\$ -</u> | <u>\$ 1,211,332</u> |
| Business-Type Activities: Total | | | | |
| Non-depreciable assets: | | | | |
| Land | \$ 46,937 | \$ - | \$ - | \$ 46,937 |
| Depreciable assets: | | | | |
| Buildings and Improvements | \$ 6,469,772 | \$ - | \$ - | \$ 6,469,772 |
| Furniture, fixtures and equipment | 244,952 | 9,500 | - | 254,452 |
| Vehicles | 1,434,929 | - | - | 1,434,929 |
| Total Depreciable assets | <u>8,149,653</u> | <u>9,500</u> | <u>-</u> | <u>8,159,153</u> |
| Total Capital Assets | <u>8,196,590</u> | <u>9,500</u> | <u>-</u> | <u>8,206,090</u> |
| Accumulated Depreciation: | | | | |
| Buildings and Improvements | (4,391,960) | (145,605) | - | (4,537,565) |
| Furniture, fixtures and equipment | (151,098) | (10,154) | - | (161,252) |
| Vehicles | (1,205,216) | (46,894) | - | (1,252,110) |
| | <u>(5,748,274)</u> | <u>(202,653)</u> | <u>-</u> | <u>(5,950,927)</u> |
| Net Capital Assets | <u>\$ 2,448,316</u> | <u>\$ (193,153)</u> | <u>\$ -</u> | <u>\$ 2,255,163</u> |

**City of Hominy
Osage County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023**

III. Detailed Notes on Transaction Classes/Accounts (continued)

D. Long-Term Debt

The Business-type long-term debt of the financial reporting entity consisted of the following:

Oklahoma Water Resources Board Series 2003 Small Community Drinking Water SRF Promissory Note dated October 23, 2003, in the original amount of \$950,000, payable in semi-annual installments of \$30,638 with an interest rate of 2.205% and with an administrative fee of 0.5% per annum commencing August 30, 2004, and on or before the 15th day of March and September thereafter up to and including March 15, 2024 for water treatment system improvements, secured by a pledge of system revenues.

1st Bank of Hominy note payable dated July 1, 2020, in the original amount of \$103,828, payable in monthly installments of \$1,880.59 with an interest rate of 3.25% for an electric department truck, secured by asset and pledge of system revenues.

1st Bank of Hominy note payable dated September 14, 2020, in the original amount of \$70,000, payable in monthly installments of \$1,298.92 with an interest rate of 4.25% for an electric equipment, secured by asset and pledge of system revenues.

The City is not obligated in any manner for the debt of its component units or trusts. The water system, including all of the proceeds, revenue, water charges, assessments and income of all kinds and nature together with contract rights, accounts receivable and general intangibles have been pledged as collateral to secure these notes. The note agreements call for monthly payments to be made toward debt retirement.

The following is a summary of long-term debt transactions of the proprietary fund:

| | Balance June 30, 2022 | Proceeds | Payments | Balance June 30, 2023 | Due Within One Year |
|---------------------------|--------------------------|-------------|------------------|--------------------------|------------------------|
| Business-Type Activities: | | | | | |
| 1st Bank of Hominy | \$ 65,925 | \$ - | \$ 20,732 | \$ 45,193 | \$ 21,415 |
| 1st Bank of Hominy | 47,129 | - | 13,852 | 33,277 | 14,452 |
| OWRB - 2003 | 115,814 | - | 57,272 | 58,542 | 58,542 |
| Total Business-Type | <u>\$ 228,868</u> | <u>\$ -</u> | <u>\$ 91,856</u> | <u>\$ 137,012</u> | <u>\$ 94,409</u> |

The annual debt service requirements to maturity, including principal, interest and administrative fees, for long-term debt are as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---------------------|-------------------|-----------------|-------------------|
| 2024 | 94,409 | 3,257 | 97,666 |
| 2025 | 38,856 | 954 | 39,810 |
| 2026 | 3,747 | 22 | 3,769 |
| Totals | <u>\$ 137,012</u> | <u>\$ 4,233</u> | <u>\$ 141,245</u> |

City of Hominy
Osage County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The City purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials' liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

B. Contingent Liabilities

The governing board of the City is not aware of any pending or threatened legal actions against it. However, any such actions would probably be covered by insurance.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

C. Subsequent Events

Management has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

OTHER SUPPLEMENTARY INFORMATION

City of Hominy
Osage County, Oklahoma
Combining Balance Sheet – General Fund Accounts – Modified Cash Basis
For the Year Ended June 30, 2023

| | Special Revenue | | Permanent Funds | Total Non- Major Governmental Funds |
|-------------------------------------|---------------------|---------------------|--------------------|--|
| | Street and Alley | Spillway Renovation | Cemetery Trust | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 38,509 | \$ 167,855 | \$ 108,069 | \$ 314,433 |
| Investments | 135,642 | 53,788 | - | 189,430 |
| Total Assets | <u>174,151</u> | <u>221,643</u> | <u>108,069</u> | <u>503,863</u> |
| Liabilities: | | | | |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | | |
| Restricted | 174,151 | 221,643 | 108,069 | 503,863 |
| Total Fund Balances | <u>174,151</u> | <u>221,643</u> | <u>108,069</u> | <u>503,863</u> |
| Total Liabilities and Fund Balances | <u>\$ 174,151</u> | <u>\$ 221,643</u> | <u>\$ 108,069</u> | <u>\$ 503,863</u> |

City of Hominy
Osage County, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund Accounts – Modified Cash Basis
For the Year Ended June 30, 2023

| | Special Revenue | | Permanent Funds | Total Non-Major Governmental Funds |
|--|------------------|------------------------|--------------------|--|
| | Street and Alley | Spillway Renovation | Cemetery Trust | |
| Revenues: | | | | |
| Vehicle Tax | \$ 23,532 | \$ - | \$ - | \$ 23,532 |
| Gasoline Tax | 3,436 | - | - | 3,436 |
| Sales Tax | - | 154,956 | - | 154,956 |
| Interest | 324 | - | 514 | 838 |
| Charges for Services / Lot Sales | - | - | 3,478 | 3,478 |
| Total Revenues | 27,292 | 154,956 | 3,992 | 186,240 |
| Expenditures: | | | | |
| Maintenance and Operations | 11,588 | - | - | 11,588 |
| Capital Outlay | 95,000 | - | - | 95,000 |
| Total Expenditures | 106,588 | - | - | 106,588 |
| Excess of Revenue Over (Under) Expenditures | (79,296) | 154,956 | 3,992 | 79,652 |
| Other Financing Uses: | | | | |
| Operating Transfers In (Out) | - | (170,247) | - | (170,247) |
| Excess of Revenues Over(Under) Expenditures and Transfers | (79,296) | (15,291) | 3,992 | (90,595) |
| Fund Balance - Beginning of Year | 253,447 | 236,934 | 104,077 | 594,458 |
| Fund Balance - End of Year | \$ 174,151 | \$ 221,643 | \$ 108,069 | \$ 503,863 |