

**CITY OF MANGUM OKLAHOMA
MANGUM, OKLAHOMA**

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

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

City of Mangum, Oklahoma
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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Mangum, 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 Mangum, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Mangum, Oklahoma's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
Governmental Fund — General Fund	Unmodified
Governmental Fund — Hospital Sales Tax	Unmodified
Mangum Utility Authority	Unmodified
Golf Course Fund	Unmodified
MUA Capital Improvement Fund	Unmodified
Power Plant Capital Improvement Fund	Unmodified
Water Well Improvement and Maintenance	Unmodified
Mangum Economic Development Authority	Unmodified
Aggregate Remaining Fund Information	Unmodified

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 of Mangum, Oklahoma, as of June 30, 2023, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Business-Type Activities, Each Major Fund, and Aggregate Remaining Fund Information

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

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

Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the City of Mangum, Oklahoma's legally separate component units. 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 of Mangum, Oklahoma also issues financial statements for the financial reporting entity that include the financial data for its component units. The City of Mangum, Oklahoma has not issued such reporting entity financial statements. The effects of not including the City of Mangum, Oklahoma's legally separate component units on the aggregate discretely presented component have not been determined.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 of Mangum, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mangum, Oklahoma's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

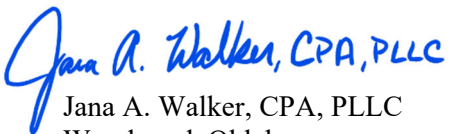
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and net pension schedules on pages 4–11, 39 and 40–42 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2024, on our consideration of the City of Mangum, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Mangum, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Mangum, Oklahoma's internal control over financial reporting and compliance.

 Jana A. Walker, CPA, PLLC

Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
November 1, 2024

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

FINANCIAL SUMMARY

- At June 30, 2023, the assets of the City exceeded its liabilities by \$9,428,683 (net position). Of this amount \$4,559,219 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. This compared to the previous year when assets exceeded liabilities by \$9,008,750.
- The City's total net position is comprised of the following:
 - (1) Invested in capital assets, net of related debt of \$4,307,543 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase of construction of capital assets.
 - (2) Restricted net position of \$561,921. The restrictions are based upon contractual, legal, or Commission action.
 - (3) Unrestricted net position of \$4,559,219 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- Total liabilities of the City were \$1,768,236 which reflects an 84% increase over prior year liabilities of \$963,301. The increase is attributable to the pension liability of the City which increased over \$871 thousand dollars year over year. The pension liability is calculated by a third-party and reported to the City on an annual basis.
- The City's governmental funds reported total ending fund balance of \$2,956,466 this year. This compared to prior year ending fund balance of \$2,740,560.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The City's annual reporting includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status and are presented to demonstrate the extent the City has met its operating objective efficiently and effectively using all the resources available and whether the City can continue to meet its objectives in the foreseeable future. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

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

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year and can be used to assess the City's operating results in its entirety and analyze how the City's programs are financed. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement

of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

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

The City's financial reporting entity includes the funds of the City (primary government) and organization for which the City is accountable (component units). More comprehensive information about the City's component units can be found in footnotes.

Fund Financial Statements

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

The City has three kinds of funds:

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

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

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

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

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

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. Fiduciary fund financial statements report similarly to proprietary funds. The City has a cafeteria plan which is reported as a fiduciary fund.

Notes to the financial statements

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

Other information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information detailing the combining statements of non-major governmental funds.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position

The City reported positive balances in total net position for both governmental and business-type activities.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total		Change	
	2023	2022	2023	2022	2023	2022	\$	%
Current assets	\$ 3,616,300	\$ 3,491,913	\$ 2,462,860	\$ 1,907,736	\$ 6,079,160	\$ 5,399,649	\$ 679,511	13%
Capital assets, net	2,791,109	3,681,235	1,539,409	1,642,766	4,330,518	5,324,001	(993,483)	-19%
Total assets	6,407,409	7,173,148	4,002,269	3,550,502	10,409,678	10,723,650	(313,972)	-3%
Deferred outflows	1,291,357	448,063	-	-	1,291,357	448,063	843,294	188%
Current liabilities	63,099	60,582	238,102	201,001	301,201	261,583	39,618	15%
Non-current liabilities	1,271,395	400,310	195,640	301,208	1,467,035	701,518	765,517	109%
Total liabilities	1,334,494	460,892	433,742	502,209	1,768,236	963,101	805,135	84%
Deferred inflows	504,116	1,199,862	-	-	504,116	1,199,862	(695,746)	-58%
Net position								
Invested in capital assets, net of related debt	2,830,760	3,681,235	1,476,783	1,403,252	4,307,543	5,084,487	(776,944)	-15%
Restricted	503,224	273,379	58,697	23,671	561,921	297,050	264,871	89%
Unrestricted	2,526,172	2,005,843	2,033,047	1,621,370	4,559,219	3,627,213	932,006	26%
Total net position	\$ 5,860,156	\$ 5,960,457	\$ 3,568,527	\$ 3,048,293	\$ 9,428,683	\$ 9,008,750	\$ 419,933	5%

Total assets for the City remained consistent with prior year noting a 3% change.

Total liabilities increased 84% over prior year. During the year, the City's pension liability increased 218% or \$871 thousand dollars. Offsetting that increase, regularly scheduled payments on outstanding debt of the City reduced long-term liabilities. The City reports over \$4.3 million in capital assets with \$75 thousand remaining on debt used to finance their acquisition and construction.

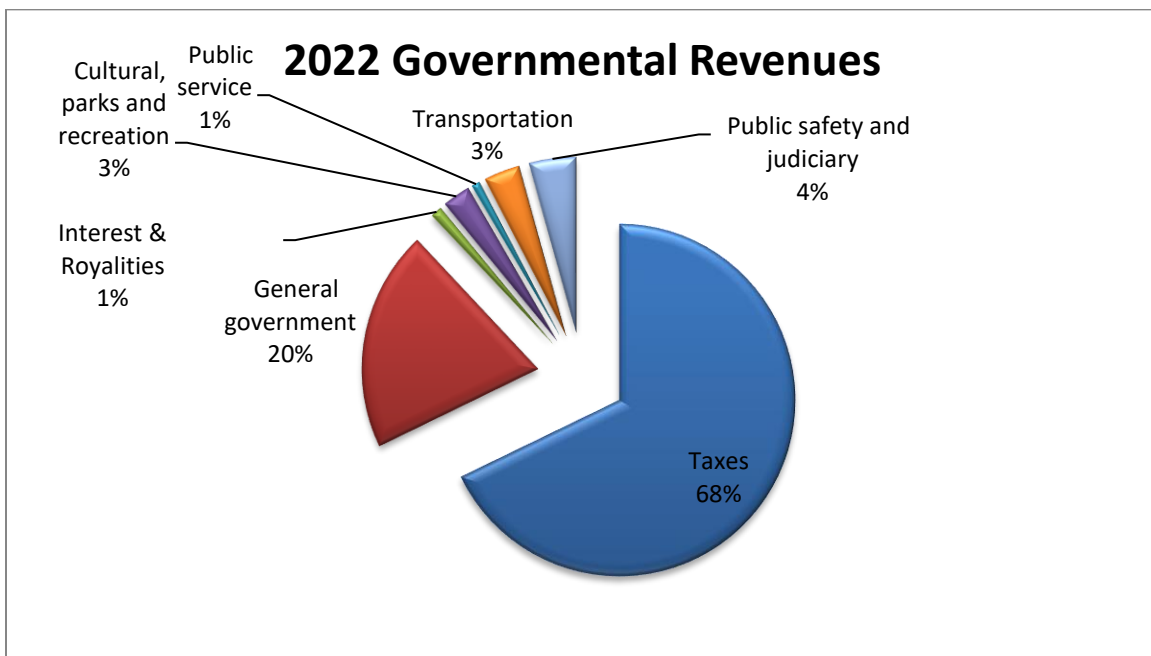
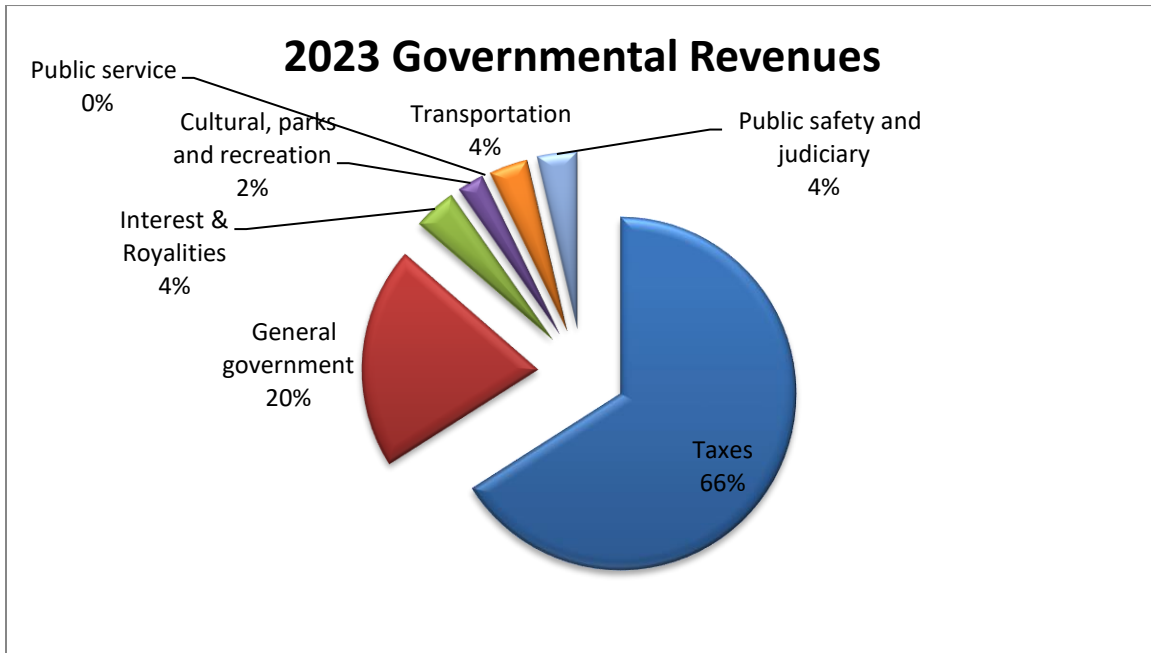
Overall, the net position of the City increased 5% or \$420 thousand dollars when compared to prior year.

	Summary of Changes in Net Position							
	Governmental Activities		Business-type Activities		Total		Change	
	2023	2022	2023	2022	2023	2022	\$	%
Revenues								
Program revenues	\$ 381,727	\$ 385,356	\$ 5,417,122	\$ 4,995,065	\$ 5,798,849	\$ 5,380,421	\$ 418,428	8%
Taxes and other general revenues	983,581	1,109,534	15,806	14,500	999,387	1,124,034	(124,647)	-11%
Total revenues	1,365,308	1,494,890	5,432,928	5,009,565	6,798,236	6,504,455	293,781	5%
Expenses								
General government	577,127	9,973	-	-	577,127	9,973	567,154	5687%
Public safety and judiciary	1,246,724	1,242,260	-	-	1,246,724	1,242,260	4,464	0%
Transportation	411,080	144,778	-	-	411,080	144,778	266,302	184%
Cultural, parks, and recreation	361,500	324,639	-	-	361,500	324,639	36,861	11%
Public service	77,702	129,796	-	-	77,702	129,796	(52,094)	-40%
Electric	-	-	2,540,337	2,266,229	2,540,337	2,266,229	274,108	12%
Water	-	-	243,762	187,597	243,762	187,597	56,165	30%
Sewer	-	-	72,590	73,565	72,590	73,565	(975)	-1%
Sanitation	-	-	545,503	467,073	545,503	467,073	78,430	17%
Golf	-	-	24,123	23,340	24,123	23,340	783	3%
Customer service	-	-	346,850	54,985	346,850	54,985	291,865	531%
Total expenses	2,674,133	1,851,446	3,773,165	3,072,789	6,447,298	4,924,235	1,523,063	31%
Excess (deficiency) before transfers	\$ (1,308,825)	\$ (356,556)	\$ 1,659,763	\$ 1,936,776	\$ 350,938	\$ 1,580,220	\$ (1,229,282)	-78%
Transfers	1,208,524	791,464	(1,139,529)	(1,688,016)	68,995	(896,552)	965,547	100%
Increase (decrease) in net position	\$ (100,301)	\$ 434,908	\$ 520,234	\$ 248,760	\$ 419,933	\$ 683,668	\$ (263,735)	-39%

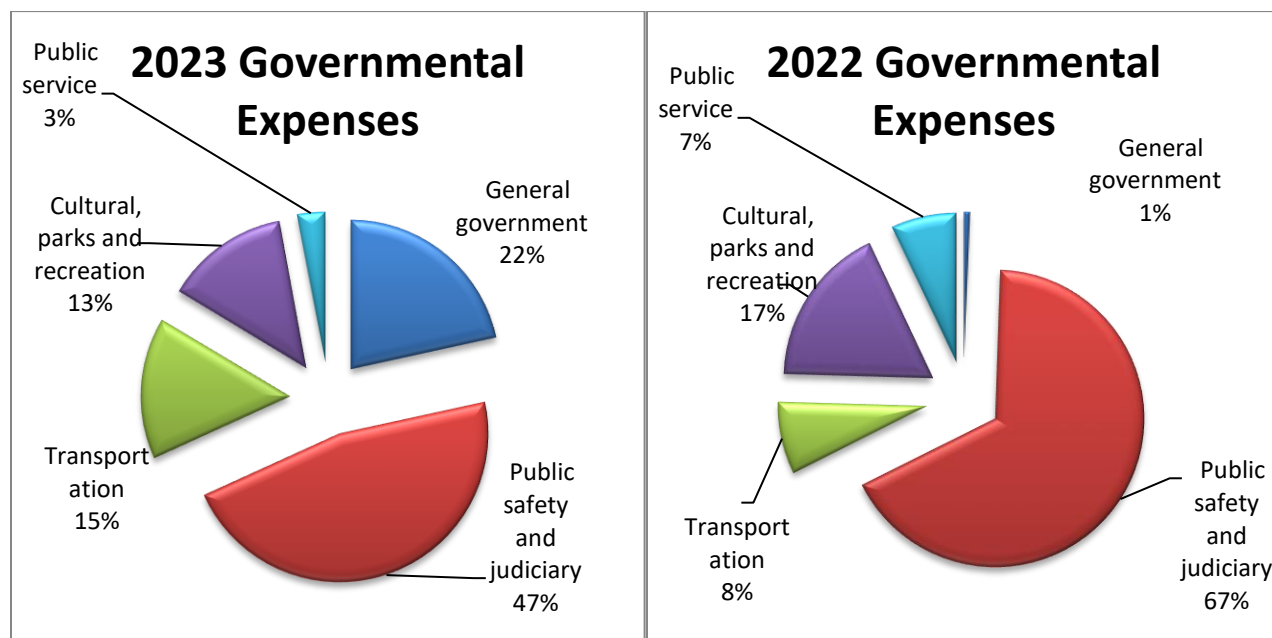
Revenues for the City noted an increase of \$294 thousand or 5% over prior year. Program revenues were responsible for the majority of the increase due to over \$296 thousand in operating grants and contributions earned during the fiscal year.

Operating expenses increased 31% when compared to prior year. The majority of the increase is the result of the increase in depreciation expense and the change in the pension liability increase referenced above.

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



Taxes provided 66% of the City's governmental revenues in fiscal year 2023 consistent with 68% in fiscal year 2022. All revenue sources remained consistent year over year.

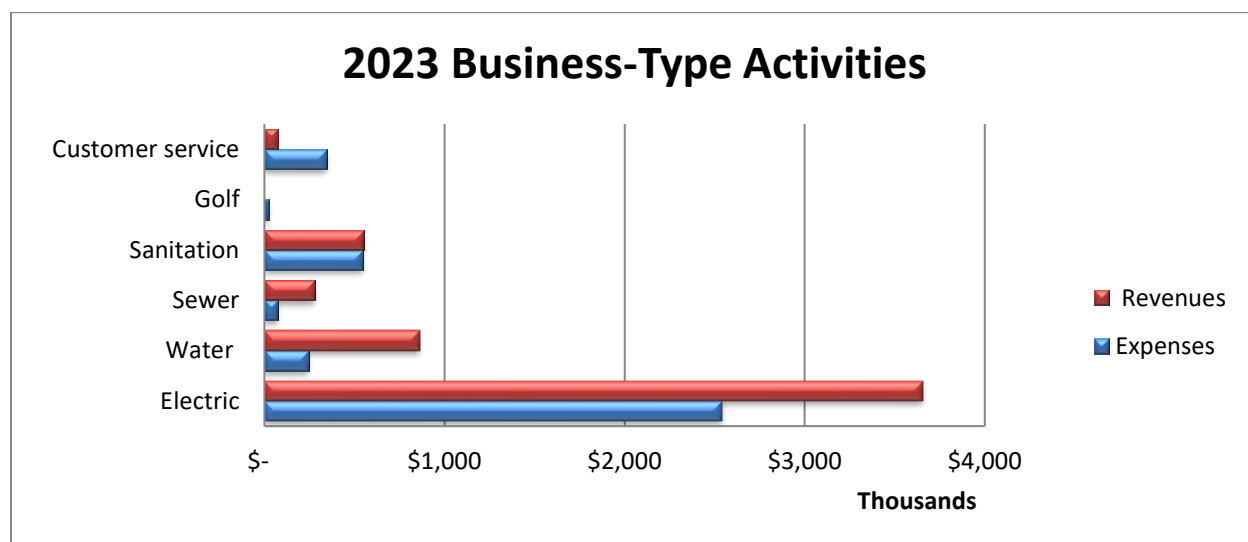


For the year ended June 30, 2023, total expenses for governmental activities were \$2,674,133 compared to \$1,851,446 in fiscal year 2022. Of this amount, public safety and judiciary was the largest operating service department at 47% or \$1,246,724, compared to prior year at 67% or \$1,242,260. General government expenses increased significantly over prior year due to the increase in the pension liability. These costs, as well as all other governmental activity expenses, were primarily funded by tax revenues.

It should be noted that governmental expenses are adjusted from the fund statements to the government-wide statements for the purchase and construction of capital assets. Government-wide statement is full accrual; capital outlay expenses are eliminated and capital assets are reported.

Business-type Activities

The following is a graphic representation of business-type expenses as a percentage of revenues for the major departments of the City's enterprise funds:



Business-type activities are shown comparing operating costs to operating revenues generated by the related services. Electric, Sanitation, Sewer, and Water activities are intended to be self-supporting with

user charges and other revenues designed to recover costs. Other activities provide services with minimal user charges. The Golf Course is funded with transfers from other departments within the City.

General Fund Budgetary Highlights

The General Fund original budget for fiscal year 2023 was \$2,223,244 compared to \$2,175,019 in prior year. In total, the City spent \$881,257 less than budgeted appropriations for the year ended. The City maintained compliance with state budget laws for the year ended June 30, 2023.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the City had \$4,307,543 invested in capital assets, net of related debt, including vehicles and equipment for police and fire operations, street improvements, and park facilities, in governmental activities and utility improvements/infrastructure in business-type activities. Refer to the table below.

Primary Government Capital Assets						
	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land and construction in process	\$ 752,554	\$ 752,554	\$ 245,127	\$ 235,436	\$ 997,681	\$ 987,990
Buildings	1,524,620	1,742,760	176,139	212,770	1,700,759	1,955,530
Machinery & equipment	417,212	307,786	174,262	106,243	591,474	414,029
Utility property & improvements	96,723	126,311	943,881	1,184,944	1,040,604	1,311,255
Total capital assets, net	\$ 2,791,109	\$ 2,929,411	\$ 1,539,409	\$ 1,739,393	\$ 4,330,518	\$ 4,668,804

Long-Term Debt

At year-end, the City had \$1,768,236 in long-term debt outstanding. The City's changes in long-term debt by type of debt are as follows:

Primary Government Long-Term Debt				
	Governmental		Business-type	
	<u>Activities</u>		<u>Activities</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Notes payable	-	-	75,147	258,254
Pension liability	1,271,395	400,310	-	-
Meter deposit liability	-	-	190,956	213,222
less current portion	-	-	(70,463)	(171,109)
Total long term debt	\$ 1,271,395	\$ 645,905	\$ 195,640	\$ 610,464

ECONOMIC FACTORS AND NEXT YEARS'S BUDGET AND RATES

Economic Environment

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at Mangum City Hall.

City of Mangum, Oklahoma
Statement of Net Position
June 30, 2023

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash and cash equivalents	\$ 1,917,624	\$ 1,308,220	\$ 3,225,844
Investments	989,158	133,517	1,122,675
Due from other funds	14,962	-	14,962
Accounts receivable (net)	151,681	774,181	925,862
Inventory	-	-	-
Total current assets	<u>3,073,425</u>	<u>2,215,918</u>	<u>5,289,343</u>
Restricted assets:			
Cash and cash equivalents	270,403	86,786	357,189
Investments	232,821	160,156	392,977
Total restricted assets	<u>503,224</u>	<u>246,942</u>	<u>750,166</u>
Noncurrent Assets:			
Pension asset	39,651	-	39,651
Land and construction in progress	752,554	245,127	997,681
Other capital assets (net of accumulated depreciation)	2,038,555	1,294,282	3,332,837
Total noncurrent assets	<u>2,830,760</u>	<u>1,539,409</u>	<u>4,370,169</u>
Total assets	<u>6,407,409</u>	<u>4,002,269</u>	<u>10,409,678</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on pension obligations	\$ 1,291,357	\$ -	\$ 1,291,357
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 13,798	\$ 151,230	\$ 165,028
Payroll liabilities	49,301	13,947	63,248
Due to other funds	-	2,462	2,462
Notes payable, current	-	70,463	70,463
Total current liabilities	<u>63,099</u>	<u>238,102</u>	<u>301,201</u>
Noncurrent liabilities:			
Meter and other deposit liability	-	190,956	190,956
Pension liability	1,271,395	-	1,271,395
Notes payable, non-current	-	4,684	4,684
Total noncurrent liabilities	<u>1,271,395</u>	<u>195,640</u>	<u>1,467,035</u>
Total liabilities	<u>1,334,494</u>	<u>433,742</u>	<u>1,768,236</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on pension obligations	504,116	-	504,116
NET POSITION			
Invested in capital assets, net of related debt	2,830,760	1,476,783	4,307,543
Reserved for restricted purposes	503,224	58,697	561,921
Unrestricted	2,526,172	2,033,047	4,559,219
Total net position	<u>\$ 5,860,156</u>	<u>\$ 3,568,527</u>	<u>\$ 9,428,683</u>

City of Mangum, Oklahoma
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government	\$ 577,127	\$ 21,035	\$ 237,844	\$ -	\$ (318,248)
Public safety and judiciary	1,246,724	22,598	23,583	-	(1,200,543)
Transportation	411,080	21,341	24,238	-	(365,501)
Cultural, parks and recreation	361,500	21,015	10,073	-	(330,412)
Public service	77,702	-	-	-	(77,702)
Total governmental activities	2,674,133	85,989	295,738	-	(2,292,406)
Business-type activities:					
Electric	2,540,337	3,653,984	-	-	1,113,647
Water	243,762	862,022	-	-	618,260
Sewer	72,590	279,834	-	-	207,244
Sanitation	545,503	549,475	-	-	3,972
Golf	24,123	-	-	-	(24,123)
Customer service	346,850	71,807	-	-	(275,043)
Total business-type activities	3,773,165	5,417,122	-	-	1,643,957
Total primary government	\$ 6,447,298	\$ 5,503,111	\$ 295,738	\$ -	\$ (648,449)

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

Changes in Net Position:

	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (2,292,406)	\$ 1,643,957	\$ (648,449)
General revenues:			
Taxes:			
Sales tax	598,650	-	598,650
Use tax	120,844	-	120,844
Franchise tax	32,057	-	32,057
Other taxes	85,891	-	85,891
Investment income	49,783	15,806	65,589
Other	96,356	-	96,356
Change in pension obligation	-	-	-
Internal service fund transfer	68,995	-	68,995
Transfers-Internal activity	1,139,529	(1,139,529)	-
Total general revenues and transfers	<u>2,192,105</u>	<u>(1,123,723)</u>	<u>1,068,382</u>
Change in net assets	(100,301)	520,234	419,933
Net position-beginning	5,960,457	3,048,293	9,008,750
Net position-ending	<u><u>\$ 5,860,156</u></u>	<u><u>\$ 3,568,527</u></u>	<u><u>\$ 9,428,683</u></u>

City of Mangum, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2023

	<u>General Fund</u>	<u>Hospital Sales Tax</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,233,300	\$ -	\$ 385,854	\$ 1,619,154
Investments	989,158	-	232,821	1,221,979
Due from other funds	6,500	31,694	6,000	44,194
Accounts receivable	2,428	-	1,620	4,048
Taxes receivable	144,420	-	3,213	147,633
Total assets	<u>2,375,806</u>	<u>31,694</u>	<u>629,508</u>	<u>3,037,008</u>
LIABILITIES				
Accounts payable	\$ 13,291	\$ -	\$ -	\$ 13,291
Due to other funds	27,793	-	1,439	29,232
Payroll liabilities	38,019	-	-	38,019
Municipal court bonds payable	-	-	-	-
Current portion of long-term debt	-	-	-	-
Total liabilities	<u>79,103</u>	<u>-</u>	<u>1,439</u>	<u>80,542</u>
FUND BALANCES				
Nonspendable	-	-	111,328	111,328
Restricted	-	31,694	167,549	199,243
Committed	45,993	-	301,671	347,664
Assigned	470,426	-	47,521	517,947
Unassigned	1,780,284	-	-	1,780,284
Total fund balances	<u>2,296,703</u>	<u>31,694</u>	<u>628,069</u>	<u>2,956,466</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,375,806</u>	<u>\$ 31,694</u>	<u>\$ 629,508</u>	<u>\$ 3,037,008</u>

Total fund balance- total governmental funds \$ 2,956,466

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

Land and capital assets, net of accumulated depreciation, are not financial resources and, in the funds, and therefore, are not reported:

Land and construction in process	752,554	
Capital assets	7,185,234	
Less: Accumulated depreciation	<u>(5,463,558)</u>	2,474,230

Long-term liabilities are not due and payable in the current period and are not reported in the funds.

Net pension asset	39,651	
Net pension liability	(1,271,395)	
Pension deferred outflows/(inflows)	<u>787,241</u>	(444,503)

Internal service funds are used by management to charge the costs of certain activities such as the central garage to the individual funds. Assets and liabilities of the internal service funds are reclassified to the governmental activities in the statement of net assets. Internal activity is reclassified to governmental and business-type activities based on the function of the activities charged.

Internal service funds net position	1,219,840	
Business-type activities internal liabilities to government fund activities	<u>(345,877)</u>	873,963

Net position of governmental activities \$ 5,860,156

City of Mangum, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	General Fund	Hospital Sales Tax	Non-Major Funds	Total Governmental Funds
<u>REVENUES</u>				
Sales tax	\$ 598,650	\$ -	\$ -	\$ 598,650
Use tax	120,844	-	-	120,844
Franchise tax	32,057	-	-	32,057
Other tax	85,891	-	-	85,891
Licenses and permits	2,591	-	-	2,591
Rents & royalties	8,036	-	-	8,036
Fines and forfeitures	16,516	-	-	16,516
Charges for services	33,239	-	22,504	55,743
Intergovernmental revenues	251,390	-	44,206	295,596
Other revenues	95,936	-	420	96,356
Donations	3,245	-	-	3,245
Interest	41,359	-	8,424	49,783
Total revenues	<u>1,289,754</u>	<u>-</u>	<u>75,554</u>	<u>1,365,308</u>
<u>EXPENDITURES</u>				
General government:				
Administration	-	-	-	-
City commission	-	-	-	-
General government	164,173	-	-	164,173
Total general government	<u>164,173</u>	<u>-</u>	<u>-</u>	<u>164,173</u>
Public safety and judiciary:				
Police	521,569	-	-	521,569
Animal control	73,676	-	-	73,676
Fire	403,501	-	16,455	419,956
Judiciary	29,717	-	-	29,717
Code enforcement	45,960	-	-	45,960
Total public safety and judiciary	<u>1,074,423</u>	<u>-</u>	<u>16,455</u>	<u>1,090,878</u>
Transportation:				
Street	140,349	-	12,600	152,949
Airport	-	-	24,545	24,545
Total transportation	<u>140,349</u>	<u>-</u>	<u>37,145</u>	<u>177,494</u>
Cultural, parks and recreation:				
Library	113,616	-	-	113,616
Park	120,113	-	-	120,113
Community building	-	-	-	-
Swimming pool	63,117	-	-	63,117
Total cultural, parks and recreation	<u>296,846</u>	<u>-</u>	<u>-</u>	<u>296,846</u>
Public service:				
Cemetery	1,510	-	217	1,727
Community service	72,902	-	-	72,902
Healthcare	-	-	-	-
Total public service	<u>74,412</u>	<u>-</u>	<u>217</u>	<u>74,629</u>
Capital outlay	208,977	-	-	208,977
Debt service:				
Principle	-	-	-	-
Interest expense	-	-	-	-
Total expenditures	<u>1,959,180</u>	<u>-</u>	<u>53,817</u>	<u>2,012,997</u>
Excess (deficiency) of revenues over expenditures	<u>(669,426)</u>	<u>-</u>	<u>21,737</u>	<u>(647,689)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Internal service transfer	385,874	-	-	385,874
Transfers in/(out)	447,871	-	29,850	477,721
Total other financing sources and uses	<u>833,745</u>	<u>-</u>	<u>29,850</u>	<u>863,595</u>
Net change in fund balances	164,319	-	51,587	215,906
Fund balances - beginning	2,132,384	31,694	576,482	2,740,560
Prior period adjustment	-	-	-	-
Fund balances - ending	<u>\$ 2,296,703</u>	<u>\$ 31,694</u>	<u>\$ 628,069</u>	<u>\$ 2,956,466</u>

City of Mangum, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

Reconciliation of the change in fund balances - total governmental funds
to the change in net position of governmental activities:

Net change in fund balances - total governmental funds \$ 215,906

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

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

Capital asset purchases capitalized	208,977	
Depreciation expense	<u>(347,279)</u>	(138,302)

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

(44,220)

Internal service funds are used by management to charge the costs of internal activities

Internal service fund changes in net position	552,035	
Business-type activities net activities due to governmental type activities	<u>(685,720)</u>	<u>(133,685)</u>

Change in Fund Balance of Governmental Activities		<u><u>\$ (100,301)</u></u>
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City of Mangum, Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2023

	Mangum Utility Authority	Golf Course Fund	Mangum Economic Development Authority	Total Enterprise Funds	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 921,755	\$ 8,566	\$ 32,022	\$ 962,343	\$ 914,750
Investments	133,517	-	-	133,517	-
Accounts receivable, net	774,181	-	-	774,181	-
Inventory	-	-	-	-	-
Total current assets	<u>1,829,453</u>	<u>8,566</u>	<u>32,022</u>	<u>1,870,041</u>	<u>914,750</u>
Current assets:					
Restricted assets:					
Cash, including time deposits	86,786	-	-	86,786	-
Investments	160,156	-	-	160,156	-
Total restricted assets	<u>246,942</u>	<u>-</u>	<u>-</u>	<u>246,942</u>	<u>-</u>
Noncurrent assets:					
Capital assets (net)	1,363,411	175,998	-	1,539,409	316,879
Total noncurrent assets	<u>1,363,411</u>	<u>175,998</u>	<u>-</u>	<u>1,539,409</u>	<u>316,879</u>
Total assets	<u>\$ 3,439,806</u>	<u>\$ 184,564</u>	<u>\$ 32,022</u>	<u>\$ 3,656,392</u>	<u>\$ 1,231,629</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 151,230	\$ -	\$ -	\$ 151,230	\$ 507
Payroll liabilities	13,947	-	-	13,947	11,282
Due to other funds	2,462	-	-	2,462	-
Notes payable, current	70,463	-	-	70,463	-
Total current liabilities	<u>238,102</u>	<u>-</u>	<u>-</u>	<u>238,102</u>	<u>11,789</u>
Noncurrent liabilities:					
Meter and other deposit liability	190,956	-	-	190,956	-
Notes payable, non-current	4,684	-	-	4,684	-
Total noncurrent liabilities	<u>195,640</u>	<u>-</u>	<u>-</u>	<u>195,640</u>	<u>-</u>
Total liabilities	<u>433,742</u>	<u>-</u>	<u>-</u>	<u>433,742</u>	<u>11,789</u>
NET POSITION					
Invested in capital assets, net of related debt	1,300,785	175,998	-	1,476,783	-
Restricted	58,697	-	-	58,697	-
Unrestricted	1,646,582	8,566	32,022	1,687,170	1,219,840
Total net position	<u>\$ 3,006,064</u>	<u>\$ 184,564</u>	<u>\$ 32,022</u>	<u>\$ 3,222,650</u>	<u>\$ 1,219,840</u>

Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund balances are included with business-type activities and reported as interfund balances

\$ 345,877

Net position of business-type activities

\$ 3,568,527

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

	Mangum Utility Authority	Golf Course Fund	Mangum Economic Development Authority	Total Enterprise Funds	Internal Service Fund
<u>Operating revenues:</u>					
Charges for services:					
Electric charges	\$ 3,653,984	\$ -	\$ -	\$ 3,653,984	\$ -
Water charges	862,022	-	-	862,022	-
Sewer charges	279,834	-	-	279,834	-
Sanitation charges	549,475	-	-	549,475	-
Penalties	58,849	-	-	58,849	-
Total charges for services	5,404,164	-	-	5,404,164	-
Other fees and charges	7,605	-	5,353	12,958	-
Total operating revenues	5,411,769	-	5,353	5,417,122	-
<u>Operating expenses:</u>					
Cost of sales	2,476,519	-	-	2,476,519	-
Personal services	461,059	-	-	461,059	517,964
Materials and supplies	194,974	-	-	194,974	246,973
Other services and charges	106,398	5,352	-	111,750	10,866
Depreciation and amortization	84,585	18,771	-	103,356	79,692
Total operating expenses	3,323,535	24,123	-	3,347,658	855,495
Net operating income	2,088,234	(24,123)	5,353	2,069,464	(855,495)
<u>Nonoperating revenue (expense):</u>					
Investment income	15,431	80	295	15,806	8,038
Interest expense	(68,089)	-	-	(68,089)	-
Total nonoperating revenue (expense)	(52,658)	80	295	(52,283)	8,038
Net income before contributions and transfers	2,035,576	(24,043)	5,648	2,017,181	(847,457)
Internal service fund transfer	-	-	-	-	-
Transfers from other funds	181,607	5,000	-	186,607	1,409,242
Transfers to other funds	(2,052,395)	-	-	(2,052,395)	(9,750)
Change in net position	164,788	(19,043)	5,648	151,393	552,035
Net position-beginning of year	2,841,276	203,607	26,374	3,071,257	667,805
Prior period adjustment	-	-	-	-	-
Net position-end of year	<u>\$ 3,006,064</u>	<u>\$ 184,564</u>	<u>\$ 32,022</u>	<u>\$ 3,222,650</u>	<u>\$ 1,219,840</u>
Change in net position, per above				\$ 151,393	
Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue of certain internal service funds is reported with business-type activities				368,841	
Change in net position of business-type activities				<u>\$ 520,234</u>	

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

	Mangum Utility Authority	Golf Course Fund	Mangum Economic Development Authority	Total Enterprise Funds
<u>Cash flows from operating activities:</u>				
Receipts from customers	\$ 5,000,052	\$ -	\$ 5,353	\$ 5,005,405
Payments to suppliers	(2,603,821)	(4,871)	-	(2,608,692)
Payments to employees	(453,645)	-	-	(453,645)
Net cash provided (used) by operating activities	1,942,586	(4,871)	5,353	1,943,068
<u>Cash flows from non-capital financing activities:</u>				
Transfers from other funds	181,607	5,000	-	186,607
Transfers to other funds	(2,052,395)	-	-	(2,052,395)
Net cash provided (used) by non-capital financing activities	(1,870,788)	5,000	-	(1,865,788)
<u>Cash flows from capital and related financing activities:</u>				
Purchase of capital assets	-	-	-	-
Principal paid on capital debt	(183,107)	-	-	(183,107)
Interest paid on capital debt	(68,089)	-	-	(68,089)
Net cash provided (used) by capital and related financing activities	(251,196)	-	-	(251,196)
<u>Cash flows from investing activities:</u>				
Investment income	15,431	80	295	15,806
Reinvestment of investment	(26,386)	-	-	(26,386)
Net cash provided (used) by investing activities	(10,955)	80	295	(10,580)
Net increase (decrease) in cash and cash equivalents	(190,353)	209	5,648	(184,496)
Cash & cash equivalents, beginning of the year	1,198,894	8,357	26,374	1,233,625
Cash & cash equivalents, end of the year	<u>\$ 1,008,541</u>	<u>\$ 8,566</u>	<u>\$ 32,022</u>	<u>\$ 1,049,129</u>
Cash, including time deposits	\$ 921,755	\$ 8,566	\$ 32,022	\$ 962,343
Restricted cash, including time deposits	86,786	-	-	86,786
Total cash and cash equivalents, end of year	<u>\$ 1,008,541</u>	<u>\$ 8,566</u>	<u>\$ 32,022</u>	<u>\$ 1,049,129</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>				
Operating income (loss)	\$ 2,088,234	\$ (24,123)	\$ 5,353	\$ 2,069,464
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	84,585	18,771	-	103,356
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(411,717)	-	-	(411,717)
(Increase) decrease in inventory	44,577	481	-	45,058
(Increase) decrease in other assets	-	-	-	-
Increase (decrease) in accounts payable	129,493	-	-	129,493
Increase (decrease) in payroll liabilities	7,414	-	-	7,414
Total adjustments	(145,648)	19,252	-	(126,396)
Net cash provided (used) by operating activities	\$ 1,942,586	\$ (4,871)	\$ 5,353	\$ 1,943,068

City of Mangum, Oklahoma
Statement of Fiduciary Net Position
Cafeteria Plan Trust Fund
June 30, 2023

	Cafeteria Plan
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 13,396
Total assets	<u>\$ 13,396</u>
	<hr/>
LIABILITIES	
Benefits payable	\$ 13,396
Total liabilities	<u>\$ 13,396</u>
	<hr/>

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting framework and the more significant accounting principles and practices of the City of Mangum, Oklahoma ("City") are discussed in subsequent section of this note. The remainder of the notes are organized to provide explanations, including required disclosures of the City's financial activities for the fiscal year ended June 30, 2023. The City operates under a charter with a Commissioner-Manager form of government, amended February 2012. The City provides police and fire protection, electric, water, and sanitation services to citizens, as well as recreational areas including parks and swimming pool.

A. Reporting Entity

Fund Types and Major Funds

Major Governmental Funds

General Fund

This is the primary fund of the City. It is used to account for the general operations of the City and all financial resources not reported in other funds.

Hospital Sales Tax Fund

This fund is reported as a special revenue fund under governmental activities. It accounts for the 1 cent sales tax restricted for debt service on the Mangum Utilities Authority Sales Tax Refunding Revenue Bonds, Series 2006. Sales tax revenues are transferred from the General fund to the Hospital Sales Tax fund to be used for semi-annual debt service payments. Any excess sales tax dollars can be used for the maintenance and repair of the hospital. Refer to further discussion regarding the debt obligation in footnote (2)B. Management has elected to report this fund as major. A budget to actual report is not required and therefore excluded.

Major Proprietary Funds

There are two kinds of proprietary funds, enterprise funds and internal service funds. Enterprise funds essentially encompass the same function reported as business-type activities in the government-wide statements. Services are provided to a customer external to the City organization such as the water utility service. Internal service funds provide services and charge fees to customers within the City organization such as equipment services (repair and maintenance of City vehicles). Because the City's internal service fund primarily serves governmental functions, they are included within the governmental activities of the governmental-wide financial statements.

Mangum Utilities Authority (MUA)

MUA accounts for the operating activities of the electric, water, sewer, and sanitation utilities leased to the MUA by the City. The City Commission serves as the trustees of the Authority. MUA was established in August 1962 as a public trust pursuant to Title 60 of Oklahoma statutes. The MUA includes the following funds combined for presentation in the financial statements:

MUA Capital Improvement

This fund accounts for funds set aside for the purchase of capital assets for the City. Funds are transferred from this account in accordance with Commission approval. Management has elected to report this fund as major.

Power Plant Capital Improvement

This fund accounts for funds set aside for improvements at the City's power plant. Funds are transferred from this account in accordance with Commission approval. Management has elected to report this fund as major.

Water Well Improvement and Maintenance

This fund accounts for funds set aside for the maintenance and improvement of the City's water wells. Funds are transferred from this account in accordance with Commission approval. Management has elected to report this fund as major.

Mangum Golf Course Fund

The Golf Fund accounts for the operating activities of the municipal golf course. Management has elected to report this fund as major.

Mangum Economic Development Authority (MEDA)

This Authority was established in July 2019 as a public trust for the benefit of the City of Mangum to finance, operate, develop, construct, maintain, manage, market and administer projects for investment and reinvestment, within or near the City.

Internal Service Fund

Internal Service Fund

Accounts for the financing of goods or services provided by one department to other departments within the City on a cost-reimbursement basis. The Fund receives transfers from all departments that use vehicles and equipment. Funds will be used for scheduled replacement of vehicles and equipment as well as other fleet services. This proprietary fund is reported primarily with governmental activities in the government-wide financial statements.

Fiduciary Component Unit (reported in fiduciary financial statements)

Cafeteria Plan

Established to account for funds withheld under section 125 of the Internal Revenue code

Discrete Component Unit (excluded from reporting)

Mangum City Hospital Authority

Established in July 1997 as a public trust pursuant to Title 60 of Oklahoma statutes, this fund accounts for the operations of the Mangum City Hospital. The City Commission appoints the trustees of the Mangum City Hospital Authority. Effective June 22, 2017, the Mangum City Hospital is owned by the City and operated by a third party.

Due to restrictions of the state constitution relating to the issuance of municipal debt, public trusts are created to finance City services with revenue bonds or other non-general obligation financing and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the City. Public trusts created to provide financing services are blended into the City's primary government as an integral part of City operations although retaining separate legal identity. Component units that do not meet the criteria for blending are reported discretely.

B. Basic Financial Statements

Government-wide Financial Statements

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

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

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considered revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenses are recorded when the related fund liability is incurred.

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

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

C. Budget Policy and Practice

Budget Approval

The City Manager submits an annual budget to the City Commission in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the Commission for review, and public hearings are held to address priorities and the allocation of resources. In June, the Commission adopts the annual fiscal year budgets for City's operating funds. Budget amendments or supplements may be made during the year when unexpected modifications are required in estimated revenues and appropriations. Budget amendments are recommended by the City Manager and must be approved by the Commission. As

stated in the approved budget resolution, transfers between departments within the same fund may be made without additional Commission approval as long as budget appropriations for the fund as a whole are not increased. Such transfers should be made prior to department appropriations being exceeded. Public trusts submit budgets and other planning documents to their respective governing bodies. Other funds budgeted on a project-length basis are also subjected to the Commission review and approval process.

Basis of Budgeting

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and object class as follows: personal services, other services and charges, supplies, capital outlay, transfers, and debt service. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations without Commission approval.

The budgets for operating funds and proprietary funds are prepared on the cash basis. Revenues are budgeted in the year they are expected to be received. Expenses are budgeted in the year they are expected to be paid.

D. Policies Related to Assets, Liabilities, and Fund Equity

Cash and Investments

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

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

Inventories

Inventories are similarly reported in government-wide and fund financial statements.

Inventories consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost and recorded as an expense at the time the item is used. Governmental inventory consists of maintenance supplies for the museum. Business-type inventory includes rock, maintenance parts, and repair supplies.

Accounts Receivable

Significant receivables for governmental activities include sales and use tax receivables. Business-type receivables consist mainly of amount due from customers primarily for utility services. These receivables are due within 30 days. Certain enterprise funds report accounts receivable net of an allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 60 to 90 days. At June 30, 2023, the City has estimated an allowance of \$430,665.

Restricted Assets

Restricted assets include assets legally restricted for capital projects and special revenue funds funded through long-term debt, debt service reserves or grants. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

Interfund Balances

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

Capital Assets, Depreciation, and Amortization

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

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

• Buildings	10-30 years
• Machinery, furniture & equipment	5-10 years
• Infrastructure	40 years

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

Compensated Absences

Full-time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Generally, after one year of services, employees are entitled to all accrued vacation leave upon termination. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued current liabilities in the government-wide and proprietary financial statements. Governmental funds report compensated absences payable to current employees. Sick leave accrues to full-time employees indefinitely. Unused sick leave benefits are not paid to employees while they are employed nor upon termination of employment.

Long-Term Debt

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as a liability.

Fund Equity

Fund Balance

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes beyond the restrictions applicable to the fund.

Net Position

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

Invested in capital assets, net of related debt

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

Restricted net position

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

Unrestricted net position

This consists of net position that does not meeting the criteria of "restricted" or "invested in capital assets, net of related debt".

Governmental Fund Balances

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

Non-spendable

This includes amounts that cannot be spent as they (1) are not in spendable form or (2) have legal or contractual obligations to remain intact. Examples include fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

Restricted

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

Committed

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

Assigned

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

Unassigned

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

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) therefore will not be recognized as an outflow of resources (expense) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on net pension obligations for the retirement plans of the City. A deferred charge on pension obligations results from the net difference between projected and actual earnings on pension plan investments.

Deferred inflows of resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s); therefore, will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred charge on net pension obligations for the retirement plans of the City. A deferred charge on pension obligations results from the net difference between projected and actual earnings on pension plan investments.

Use of Estimates

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

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

E. Policies Related to Revenues and Expenses

Program Revenues

Charges for Services

Program revenues reported with governmental activities include charges for services like permits and fees, park charges, and fines and forfeitures. Business-type activity charges for services include all operating income of proprietary funds.

Grants and Contributions

Governmental grants and contributions primarily consist of grants from Federal and state agencies. The nature of the grant determines if it is reported as operating or capital program revenues.

Business-type activity grants and contributions include donations from others as well as grants from Federal and state agencies.

General Revenues

General revenues reported with governmental activities include tax revenues and unrestricted investment income.

Sales Tax

The City levied a 3% sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The City records sales tax proceeds as sales tax revenue within the General Fund.

(2) ASSETS AND LIABILITIES

A. Assets

Deposits and Investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's deposits are secured by collateral values at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation

CITY OF MANGUM, OKLAHOMA
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(FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

Investments

The City invests solely in certificates of deposit.

Capital Assets

Changes in Capital Assets

	Primary Government			
	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
<u>Governmental Activities</u>				
Land and construction in process	\$ 752,554	\$ -	\$ -	\$ 752,554
Buildings & structures	4,261,739	-	-	4,261,739
Machinery, furniture, & equipment	1,924,788	208,977	-	2,133,765
Infrastructure & improvements	1,106,609	-	-	1,106,609
Total	8,045,690	208,977	-	8,254,667
Less accumulated depreciation	5,116,279	347,279	-	5,463,558
Governmental fixed assets, net	<u>\$ 2,929,411</u>	<u>\$ (138,302)</u>	<u>\$ -</u>	<u>\$ 2,791,109</u>
	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
<u>Business-type Activities</u>				
Land	\$ 245,127	\$ -	\$ -	\$ 245,127
Buildings & structures	320,421	-	-	320,421
Machinery, furniture, & equipment	1,718,706	-	-	1,718,706
Infrastructure & improvements	3,110,836	-	-	3,110,836
Total	5,395,090	-	-	5,395,090
Less accumulated depreciation	3,752,324	103,357	-	3,855,681
Business-type fixed assets, net	<u>\$ 1,642,766</u>	<u>\$ (103,357)</u>	<u>\$ -</u>	<u>\$ 1,539,409</u>
Total primary government	<u>\$ 4,572,177</u>	<u>\$ (241,659)</u>	<u>\$ -</u>	<u>\$ 4,330,518</u>

Business-type Activities:

Capital Assets by Fund

	Utility Authority	Golf Fund	Total Enterprise Capital Assets
Land	\$ 245,127	\$ -	\$ 245,127
Buildings & structures	157,000	305,079	462,079
Machinery, furniture, & equipment	1,496,485	174,720	1,671,205
Infrastructure & improvements	3,016,680	-	3,016,680
Total	4,915,292	479,799	5,395,091
Less accumulated depreciation	(3,551,881)	(303,801)	(3,855,682)
Business-type fixed assets, net	<u>\$ 1,363,411</u>	<u>\$ 175,998</u>	<u>\$ 1,539,409</u>

Depreciation Expense

<u>Governmental Activities</u>		<u>Business-type Activities</u>	
General government	\$ 46,111	Water	\$ 65,601
Public safety & judiciary	48,263	Electric	8,972
Transportation	199,818	Sanitation	1,529
Cultural, parks & recreation	50,014	Wastewater	8,484
Public service	3,073	Golf	18,771
Total depreciation expense	<u>\$ 347,279</u>	Total depreciation expense	<u>\$ 103,357</u>

B. Liabilities

Long-term liabilities of the City of Mangum as of June 30, 2023 are summarized as follows:

Business-type Activities:

Notes Payable:

Note payable to the Oklahoma Water Resources Board dated June 13, 2001 with the original amount of \$2,100,000 due and payable in semi-annual installments including interest at 2.705% plus an administrative fee of 0.5% for water system improvements. 62,626

Note payable to Oklahoma Municipal Power Authority (OMPA) dated November 2017 for \$50,000 for electric distribution system and equipment payable at 3.7% interest over a term of 84 months at a monthly payment of \$676.56, maturing November 2024. 12,521

Total Business-type activities long term debt \$ 75,147

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Changes in Long-Term Debt

<u>Type of Debt</u>	<u>Balance at July 1, 2022</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2023</u>	<u>Due Within One Year</u>
Business-type activities:					
Mangum Utility Authority					
Notes payable	\$ 258,254	\$ -	\$ 183,107	\$ 75,147	\$ 70,463
Total business-type debt	\$ 258,254	\$ -	\$ 183,107	\$ 75,147	\$ 70,463

Annual Debt Service Requirements

<u>Year Ending June 30</u>	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2024	70,463	629
2025	4,684	31
2026	-	-
Totals	\$ 75,147	\$ 660

C. Interfund Balances

<u>Transfer To</u>	<u>Transfer From</u>				
	<u>General Fund</u>	<u>Non-Major Funds</u>	<u>Utility Authority</u>	<u>Golf Course</u>	<u>Total</u>
General Fund	\$ -	-	1,199,825	-	\$ 1,199,825
Non-Major Funds	842,092	-	-	-	842,092
Utility Authority	-	-	-	-	-
Golf Course	-	5,000	-	-	5,000
	\$ 842,092	\$ 5,000	\$ 1,199,825	\$ -	\$ 2,046,917

(3) PENSION AND POST-EMPLOYMENT PLANS

RETIREMENT PLANS

The City participates in three employee pension systems as follows:

<u>Name of Plan</u>	<u>Type of Plan</u>
Oklahoma Public Employees Retirement System (OPERS)	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan

A. Oklahoma Public Employees Retirement Fund

Plan Description

The City participated in OPERS, as state-wide cost sharing multiple-employer pension system which covers eligible employees of participating organizations that are not covered by other plans. All regular, permanent employees who work 1,000 or more hours in a year are eligible for participation in OPERS. Benefits vest after 8 years of service. Employees who retire at age 62 or after completion of six years of service, if later, are entitled to an annual retirement benefits, payable monthly, equal to 2.0% of final average compensation multiplied by the number of years of credited services. Final average compensation is defined as the average of the three highest years' annual salary out of the last ten calendar years of service.

An employee is eligible for an early retirement benefit once he has attained age 55 and has completed ten years of service. The amount of benefit is determined based on the final average salary and credited service as of the date of termination. If benefit payments are to begin before age 65, the benefit is actuarially reduced. A late retirement benefit is computed in the same manner as a normal retirement based on average salary and credited service as of the termination of employment. A participant who becomes totally and permanently disabled after completion of eight year of service is entitled to a disability benefit computed as an early retirement benefit based on average salary and service as of the date of disability but without actuarial reduction for payments beginning prior to normal retirement age if the employee is also eligible for a disability benefit from Social Security.

OPERS issues a publicly available financial report that can be obtained at www.opers.ok.gov.

For the year ended June 30, 2023, employees were required to contribute 6.5% of annual compensation. The City contributed 13.5%.

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

At June 30, 2023, the City reported a liability of \$342,564 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2022, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2023, the City's proportion was 0.040754 percent.

Changes to the actuarial valuation between the measurement date of the net pension liability and the City's reporting dates are not expected to have a significant effect on the net pension asset.

For the year ended June 30, 2023, the City recognized pension expense of \$77,414. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 15,706
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	359,564	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	115,159	-
Total	\$ 474,723	\$ 15,706

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

Year ended June 30:		
2023	\$	165,517
2024		52,241
2025		36,671
2026		204,587
Thereafter		-

Actuarial assumptions: The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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Inflation	3 percent
Salary increases	5.54 percent, average
Investment rate of return	7.5 percent of net investment expenses per annum, compounded annually

Mortality rates were based on the RP-2000 Combined Active/Retiree Health Mortality Table projected to 2010 using Scale AA.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the three year period ended June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which the best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class as of July 1, 2023 are summarized in the following table:

	Target Allocation	Long Term Expected Rate of Return
US Large Cap Equity	38%	5.30%
US Small Cap Equity	6%	5.60%
US Fixed income	25%	0.70%
International stock	18%	5.60%
Emerging market stock	6%	6.40%
TIPS	4%	0.70%
Rate anticipation	4%	1.50%
	100%	

Discount rate:

The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in State statute. Based on those assumptions, the pension plan's fiduciary net position was projected through 2113 to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
City's proportionate share of the net pension liability/(asset)	839,625	342,564	(77,806)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

B. Oklahoma Police Pension and Retirement System

Plan description – The City of Mangum, as the employer, participates in the Oklahoma Police Pension and Retirement Plan – a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/OPPRS.

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

CITY OF MANGUM, OKLAHOMA
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date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

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

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

Contributions – The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$22,853.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported an asset of \$244,368 for its proportionate share of the net pension asset. The net pension asset was measured as of July 1, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information, the City's proportion was 0.0509%.

For the year ended June 30, 2023, the City recognized pension expense of \$9,476. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 19,449	\$ 4,319
Changes of assumptions	1,380	-
Net difference between projected and actual earnings on pension plan investments	209,971	171,280
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	22,853	-
Total	\$ 253,653	\$ 175,599

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

Year ended June 30:

2023	\$ 35,292
2024	3,267
2025	(10,524)
2026	47,485
2027	2,534

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

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

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Active employees (post-retirement) and nondisabled pensioners:
 RP-2000 Blue Collar Healthy Combined table with fully generational
 Improvement using scale AA.

Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set
 forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

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

<u>Long-Term Expected Asset Class</u>	<u>Real Rate of Return</u>
Fixed income	4.79%
Domestic equity	5.74%
International equity	9.19%
Real Estate	7.99%
Private Equity	10.20%
Other assets	3.5%

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

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of the net pension liability/(asset)	114,881	(39,651)	(170,269)

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

C. Oklahoma Firefighters Pension and Retirement System

Plan Description – The City of Mangum, as the employer, participates in the Firefighters Pension & Retirement – a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at www.ok.gov/fprs.

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

Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later.

CITY OF MANGUM, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more service.

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

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

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

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$33,603.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported a liability of \$928,831 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information the City's proportion was 0.071026%.

For the year ended June 30, 2023, the City recognized pension expense of \$21,964. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 119,237	\$ 4,689
Changes of assumptions	-	5,922
Net difference between projected and actual earnings on pension plan investments	410,140	302,200
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	22,853	-
Total	<u><u>\$ 552,230</u></u>	<u><u>\$ 312,811</u></u>

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

Year ended June 30:		
2023	\$	80,538
2024		47,117
2025		13,389
2026		98,375
2027		-

CITY OF MANGUM, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	4.9%
Domestic equity	37%	7.07%
International equity	20%	9.19%
Real Estate	10%	7.99%
Other assets	13%	5.57%

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percent point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of the net pension liability/(asset)	730,962	400,310	247,394

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

(4) COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Grant Program Involvement

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

C. Retirement

Under the City's personnel policy, employees are allowed to carryover unused sick leave. Employees are not compensated for unused sick leave at the time of their termination; hence, no accrual has been made in the statement of net position. However, upon retirement, an employee can convert a maximum of 720 hours of unused sick leave to retirement benefits with OPERS in exchange for an extra year of benefits. Upon conversion with OPERS, the City would incur a liability to OPERS for the number of hours converted at the employee's pay rate.

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

	Original Budget	Final Budget	Actual	Variance with Budget Over/(Under)
<u>REVENUES</u>				
Interest	\$ -	\$ -	\$ 36,709	\$ 36,709
Licenses and permits	-	-	2,591	2,591
Taxes	825,550	825,550	837,442	11,892
Intergovernmental	1,035,050	1,035,050	3,523	(1,031,527)
Charges for services	7,290	7,290	7,305	15
Fines & forfeitures	15,280	15,280	16,516	1,236
Miscellaneous	277,164	277,164	103,972	(173,192)
Total revenues	2,160,334	2,160,334	1,008,058	(1,152,276)
<u>EXPENDITURES</u>				
City Commission	18,860	18,860	15,999	(2,861)
Administration	583,970	456,970	-	(456,970)
Attorney	27,100	27,100	26,472	(628)
Judge	3,280	3,280	3,245	(35)
Police	449,314	449,314	324,644	(124,670)
Fire	593,163	593,163	403,501	(189,662)
Street	158,261	158,261	140,349	(17,912)
Park	174,986	174,986	120,113	(54,873)
Cemetery	-	2,000	1,510	(490)
Library	114,750	114,750	113,616	(1,134)
Community Services	99,560	99,560	72,902	(26,658)
Code Enforcement	-	50,000	45,960	(4,040)
Animal Control	-	75,000	73,676	(1,324)
Total expenditures	2,223,244	2,223,244	1,341,987	(881,257)
Revenue over (under) expenditures	(62,910)	(62,910)	(333,929)	(271,019)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in/(out)	-	-	566,710	566,710
Net other financing sources (uses)	-	-	566,710	566,710
Revenues and other financing sources over (under) expenditures and other uses	(62,910)	(62,910)	232,781	295,691
Fund balance at beginning of year (Non-GAAP budgetary basis)			2,438,740	
Fund balance at end of year (Non-GAAP budgetary basis)			<u>\$ 2,671,521</u>	
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Revenue and transfer accruals			(374,818)	
Fund balance at end of year (GAAP basis)			<u>\$ 2,296,703</u>	

Schedules of Required Supplementary Information

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

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>
Town's portion of the net pension liability (asset)	0.0645%	0.0696%	0.0582%	0.0642%	0.0639%	0.0527%	0.0534%	0.0509%	0.0494%
Town's proportionate share of the net pension liability (asset)	\$ (21,728)	\$ 2,839	\$ 89,113	\$ 4,942	\$ (30,416)	\$ (3,362)	\$ 61,371	\$ (244,368)	\$ (39,651)
Town's covered-employee payroll	\$ 183,524	\$ 281,051	\$ 303,127	\$ 194,763	\$ 176,779	\$ 179,332	\$ 175,250	\$ 177,110	\$ 209,765
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-12%	1%	29%	3%	-17%	-2%	35%	-138%	-19%
Plan fiduciary net position as a percentage of the total pension liability	109.04%	100.00%	99.99%	100.00%	100.00%	100.00%	100.00%	100.01%	100.00%

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

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Police Pension Retirement Plan

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>
Contractually required contribution	\$ 23,858	\$ 25,584	\$ 22,308	\$ 25,320	\$ 36,865	\$ 35,482	\$ 22,916	\$ 23,024	\$ 22,853
Contributions in relation to the contractually required contribution	<u>(23,858)</u>	<u>(25,584)</u>	<u>(22,308)</u>	<u>(25,320)</u>	<u>(36,865)</u>	<u>(35,482)</u>	<u>(22,916)</u>	<u>(23,024)</u>	<u>(22,853)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 183,524	\$ 281,051	\$ 303,127	\$ 194,763	\$ 176,779	\$ 179,332	\$ 175,250	\$ 177,110	\$ 209,765
Contributions as a percentage of covered-employee payroll	13.00%	9.10%	7.36%	13.00%	20.85%	19.79%	13.08%	13.00%	10.89%

Schedules of Required Supplementary Information

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

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>
Town's portion of the net pension liability (asset)	0.0592%	0.0634%	0.0602%	0.0624%	0.0604%	0.0566%	0.0526%	0.0608%	0.7103%
Town's proportionate share of the net pension liability (asset)	\$ 608,728	\$ 672,527	\$ 735,183	\$ 785,026	\$ 679,939	\$ 597,553	\$ 647,992	\$ 400,310	\$ 928,831
Town's covered-employee payroll	\$ 149,274	\$ 172,390	\$ 174,413	\$ 168,462	\$ 170,394	\$ 169,969	\$ 193,677	\$ 229,951	\$ 259,304
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	408%	390%	422%	466%	399%	352%	335%	174%	358%
Plan fiduciary net position as a percentage of the total pension liability	-371.80%	99.92%	99.94%	99.98%	99.98%	99.98%	99.98%	99.99%	99.98%

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

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Fire Pension Retirement Plan

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>
Contractually required contribution	\$ 20,898	\$ 23,237	\$ 24,837	\$ 23,585	\$ 24,245	\$ 23,638	\$ 26,745	\$ 32,193	\$ 33,603
Contributions in relation to the contractually required contribution	<u>(20,898)</u>	<u>(23,237)</u>	<u>(24,837)</u>	<u>(23,585)</u>	<u>(24,245)</u>	<u>(23,638)</u>	<u>(26,745)</u>	<u>(32,193)</u>	<u>(33,603)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 149,274	\$ 172,390	\$ 174,413	\$ 168,462	\$ 170,394	\$ 169,969	\$ 193,677	\$ 229,951	\$ 259,304
Contributions as a percentage of covered-employee payroll	14.00%	13.48%	14.24%	14.00%	14.23%	13.91%	13.81%	14.00%	12.96%

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Public Employees Retirement System

	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2023*
Town's portion of the net pension liability (asset)	0.0445%	0.0454%	0.0430%	0.0425%	0.0400%	0.0363%	0.0373%	0.0378%	0.0408%
Town's proportionate share of the net pension liability (asset)	\$ 81,760	\$ 163,196	\$ 426,469	\$ 4,864	\$ 78,002	\$ 48,352	\$ 332,686	\$ (507,456)	\$ 342,564
Town's covered-employee payroll	\$ 955,103	\$ 943,399	\$ 905,462	\$ 799,278	\$ 705,126	\$ 886,793	\$ 894,721	\$ 934,563	\$ 1,191,164
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	8.56%	17.30%	47.10%	0.61%	11.06%	5.45%	37.18%	-54.30%	28.76%
Plan fiduciary net position as a percentage of the total pension liability	99.96%	99.91%	99.96%	100.00%	100.00%	100.00%	100.00%	100.01%	100.00%

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

Schedules of Required Supplementary Information

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Public Employees Retirement System

	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2023*
Actuarially determined contribution	\$ 128,939	\$ 132,342	\$ 127,405	\$ 107,903	\$ 103,333	\$ 95,548	\$ 91,965	\$ 103,891	\$ 115,159
Contributions in relation to the actuarially determined contribution	(128,939)	(132,342)	(127,405)	(107,903)	(103,333)	(95,548)	(91,965)	(103,891)	(115,159)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 955,103	\$ 943,399	\$ 905,462	\$ 799,278	\$ 705,126	\$ 886,793	\$ 894,721	\$ 934,563	\$ 1,191,164
Contributions as a percentage of covered-employee payroll	13.50%	14.03%	14.07%	13.50%	14.65%	10.77%	10.28%	11.12%	9.67%

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

	Riverside Endowment	Street and Alley	Grant Fund	Busby Trust	Crime Stoppers	Revolving Loan	Cemetery Perpetual Care	Friends of the Park	Airport	Airport Grants	Capital Improvem ent	Total Non-Major Funds
ASSETS												
Cash and cash equivalents	\$ 462	\$ 93,722	\$13,895	\$ 10,760	\$ 16,255	\$ 111,328	\$ 29,379	\$ 17,371	\$ 64,867	\$ 10,857	\$ 16,958	\$ 385,854
Investments	43,934	67,477	-	102,297	-	-	19,113	-	-	-	-	232,821
Due from other governments	-	-	-	6,000	-	-	-	-	-	-	-	6,000
Taxes receivable	-	3,213	-	-	-	-	-	-	-	-	-	3,213
Accounts receivable	-	-	-	-	-	-	-	-	1,620	-	-	1,620
Total assets	<u>\$ 44,396</u>	<u>\$ 164,412</u>	<u>\$13,895</u>	<u>\$ 119,057</u>	<u>\$ 16,255</u>	<u>\$ 111,328</u>	<u>\$ 48,492</u>	<u>\$ 17,371</u>	<u>\$ 66,487</u>	<u>\$ 10,857</u>	<u>\$ 16,958</u>	<u>\$ 629,508</u>
LIABILITIES												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	1,439	-	-	-	-	-	-	-	-	-	1,439
Total liabilities	<u>-</u>	<u>1,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,439</u>
FUND BALANCES												
Nonspendable	-	-	-	-	-	111,328	-	-	-	-	-	111,328
Restricted	-	-	-	119,057	-	-	48,492	-	-	-	-	167,549
Committed	44,396	162,973	-	-	-	-	-	-	66,487	10,857	16,958	301,671
Assigned	-	-	13,895	-	16,255	-	-	17,371	-	-	-	47,521
Total fund balance	<u>44,396</u>	<u>162,973</u>	<u>13,895</u>	<u>119,057</u>	<u>16,255</u>	<u>111,328</u>	<u>48,492</u>	<u>17,371</u>	<u>66,487</u>	<u>10,857</u>	<u>16,958</u>	<u>628,069</u>
Total liabilities and fund balance	<u>\$ 44,396</u>	<u>\$ 164,412</u>	<u>\$13,895</u>	<u>\$ 119,057</u>	<u>\$ 16,255</u>	<u>\$ 111,328</u>	<u>\$ 48,492</u>	<u>\$ 17,371</u>	<u>\$ 66,487</u>	<u>\$ 10,857</u>	<u>\$ 16,958</u>	<u>\$ 629,508</u>

City of Mangum, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds

Year Ended June 30, 2023

	Riverside Endowment	Street and Alley	Grant Fund	Busby Trust	Crime Stoppers	Revolving Loan	Cemetery Perpetual Care	Friends of the Park	Airport	Airport Grants	Capital Improvement	Total Non-Major Funds
REVENUES												
Intergovernmental revenue	\$ -	\$ 24,238	\$ 19,968	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,206
Charges for services	-	-	-	-	-	-	1,163	-	21,341	-	-	22,504
Other income	-	-	-	-	420	-	-	-	-	-	-	420
Donations	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	617	1,778	130	1,745	154	2,348	611	240	560	103	138	8,424
Total revenues	617	26,016	20,098	1,745	574	2,348	1,774	240	21,901	103	138	75,554
EXPENDITURES												
General government:												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Total general government	-	-	-	-	-	-	-	-	-	-	-	-
Public safety and judiciary:												
Police	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	16,455	-	-	-	-	-	-	-	-	16,455
Total public safety and judiciary	-	-	16,455	-	-	-	-	-	-	-	-	16,455
Transportation:												
Street	-	12,600	-	-	-	-	-	-	-	-	-	12,600
Airport	-	-	-	-	-	-	-	-	24,545	-	-	24,545
Total transportation	-	12,600	-	-	-	-	-	-	24,545	-	-	37,145
Cultural, parks and recreation:												
Library	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pool	-	-	-	-	-	-	-	-	-	-	-	-
Total cultural, parks and recreation	-	-	-	-	-	-	-	-	-	-	-	-
Public service:												
Cemetery	-	-	-	-	-	-	217	-	-	-	-	217
Total public service	-	-	-	-	-	-	217	-	-	-	-	217
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Debt service												
Principle	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	12,600	16,455	-	-	-	217	-	24,545	-	-	53,817
Excess (deficiency) of revenues over expenditures	617	13,416	3,643	1,745	574	2,348	1,557	240	(2,644)	103	138	21,737
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	-	-	-	-	-	-	24,594	-	8,260	32,854
Transfers (out)	-	-	-	-	-	-	-	-	(3,004)	-	-	(3,004)
Total other financing sources and uses	-	-	-	-	-	-	-	-	21,590	-	8,260	29,850
Net change in fund balances	617	13,416	3,643	1,745	574	2,348	1,557	240	18,946	103	8,398	51,587
Fund balance - beginning	43,779	149,557	10,252	117,312	15,681	108,980	46,935	17,131	47,541	10,754	8,560	576,482
Fund balance - ending	\$ 44,396	\$ 162,973	\$ 13,895	\$ 119,057	\$ 16,255	\$ 111,328	\$ 48,492	\$ 17,371	\$ 66,487	\$ 10,857	\$ 16,958	\$ 628,069

City of Mangum, Oklahoma
Combining Balance Sheet
General Fund
June 30, 2023

	General Fund	Library Grant	Theater Renovation	Hospital Rent	Municipal Pool	Dispatch Operations	American Rescue Plan	Fire Donations	Total General Fund
ASSETS									
Cash and cash equivalents	\$ 703,694	\$ 13,690	\$ 26,630	\$ 2,666	\$ 91,446	\$ 60,158	\$ 329,343	\$ 5,673	\$ 1,233,300
Investments	989,158	-	-	-	-	-	-	-	989,158
Due from other governments	6,500	-	-	-	-	-	-	-	6,500
Taxes receivable	144,420	-	-	-	-	-	-	-	144,420
Accounts receivable	2,344	-	-	-	-	84	-	-	2,428
Total assets	<u>\$ 1,846,116</u>	<u>\$ 13,690</u>	<u>\$ 26,630</u>	<u>\$ 2,666</u>	<u>\$ 91,446</u>	<u>\$ 60,242</u>	<u>\$ 329,343</u>	<u>\$ 5,673</u>	<u>\$ 2,375,806</u>
LIABILITIES									
Accounts payable	\$ 6,291	\$ -	\$ -	\$ -	\$ 7,000	\$ -	\$ -	\$ -	\$ 13,291
Due to other funds	27,793	-	-	-	-	-	-	-	27,793
Payroll liabilities	31,748	-	-	-	2,490	3,781	-	-	38,019
Total liabilities	<u>65,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,490</u>	<u>3,781</u>	<u>-</u>	<u>-</u>	<u>79,103</u>
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Committed	-	13,690	26,630	-	-	-	-	5,673	45,993
Assigned	-	-	-	2,666	81,956	56,461	329,343	-	470,426
Unassigned	1,780,284	-	-	-	-	-	-	-	1,780,284
Total fund balance	<u>1,780,284</u>	<u>13,690</u>	<u>26,630</u>	<u>2,666</u>	<u>81,956</u>	<u>56,461</u>	<u>329,343</u>	<u>5,673</u>	<u>2,296,703</u>
Total liabilities and fund balance	<u>\$ 1,846,116</u>	<u>\$ 13,690</u>	<u>\$ 26,630</u>	<u>\$ 2,666</u>	<u>\$ 91,446</u>	<u>\$ 60,242</u>	<u>\$ 329,343</u>	<u>\$ 5,673</u>	<u>\$ 2,375,806</u>

City of Mangum, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Combining General Fund
Year Ended June 30, 2023

	General Fund	Library Grant	Theater Renovation	Hospital Rent	Municipal Pool	Dispatch Operations	American Rescue Plan	Fire Donations	Total General Fund
REVENUES									
Sales tax	\$ 598,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 598,650
Use tax	120,844	-	-	-	-	-	-	-	120,844
Franchise tax	32,057	-	-	-	-	-	-	-	32,057
Other tax	85,891	-	-	-	-	-	-	-	85,891
Licenses and permits	2,591	-	-	-	-	-	-	-	2,591
Rents & royalties	8,036	-	-	-	-	-	-	-	8,036
Fines and forfeitures	16,516	-	-	-	-	-	-	-	16,516
Intergovernmental revenue	3,523	10,023	-	-	-	-	237,844	-	251,390
Charges for services	7,305	-	-	-	19,852	6,082	-	-	33,239
Other income	95,936	-	-	-	-	-	-	-	95,936
Donations	-	-	-	-	50	-	-	3,195	3,245
Interest income	36,709	100	254	26	831	-	3,388	51	41,359
Total revenues	1,008,058	10,123	254	26	20,733	6,082	241,232	3,246	1,289,754
EXPENDITURES									
General government:									
General government	15,999	-	-	-	-	-	148,174	-	164,173
Total general government	15,999	-	-	-	-	-	148,174	-	164,173
Public safety and judiciary:									
Police	324,644	-	-	-	-	196,925	-	-	521,569
Animal control	73,676	-	-	-	-	-	-	-	73,676
Fire	403,501	-	-	-	-	-	-	-	403,501
Judiciary	29,717	-	-	-	-	-	-	-	29,717
Code enforcement	45,960	-	-	-	-	-	-	-	45,960
Total public safety and judiciary	877,498	-	-	-	-	196,925	-	-	1,074,423
Transportation:									
Street	140,349	-	-	-	-	-	-	-	140,349
Airport	-	-	-	-	-	-	-	-	-
Total transportation	140,349	-	-	-	-	-	-	-	140,349
Cultural, parks and recreation:									
Library	113,616	-	-	-	-	-	-	-	113,616
Park	120,113	-	-	-	-	-	-	-	120,113
Community building	-	-	-	-	-	-	-	-	-
Swimming pool	-	-	-	-	63,117	-	-	-	63,117
Total cultural, parks and recreation	233,729	-	-	-	63,117	-	-	-	296,846
Public service:									
Cemetery	1,510	-	-	-	-	-	-	-	1,510
Community service	72,902	-	-	-	-	-	-	-	72,902
Total public service	74,412	-	-	-	-	-	-	-	74,412
Capital outlay	208,977	-	-	-	-	-	-	-	208,977
Debt service									
Principle	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Total expenditures	1,550,964	-	-	-	63,117	196,925	148,174	-	1,959,180
Excess (deficiency) of revenues over expenditures	(542,906)	10,123	254	26	(42,384)	(190,843)	93,058	3,246	(669,426)
OTHER FINANCING SOURCES (USES)									
Internal service fund transfer	385,874	-	-	-	-	-	-	-	385,874
Transfers in	1,022,928	-	-	-	37,410	230,000	-	-	1,290,338
Transfers (out)	(842,092)	-	-	-	-	-	-	(375)	(842,467)
Total other financing sources and uses	566,710	-	-	-	37,410	230,000	-	(375)	833,745
Net change in fund balances	23,804	10,123	254	26	(4,974)	39,157	93,058	2,871	164,319
Fund balance - beginning	1,756,480	3,567	26,376	2,640	86,930	17,304	236,285	2,802	2,132,384
Fund balance - ending	\$ 1,780,284	\$ 13,690	\$ 26,630	\$ 2,666	\$ 81,956	\$ 56,461	\$ 329,343	\$ 5,673	\$ 2,296,703

City of Mangum, Oklahoma
Combining Statement of Net Position
Mangum Utility Authority
June 30, 2023

	Mangum Utility Authority	Meter Deposit Fund	MUA Capital Improvement	Power Plant Capital Improvement	Water Well Improvement and Maintenance	Total Mangum Utility Authority
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 478,764	\$ -	\$ 165,249	\$ 249,582	\$ 28,160	\$ 921,755
Investments	20,270	-	-	68,374	44,873	133,517
Accounts receivable, net	774,181	-	-	-	-	774,181
Inventory	-	-	-	-	-	-
Total current assets	<u>1,273,215</u>	<u>-</u>	<u>165,249</u>	<u>317,956</u>	<u>73,033</u>	<u>1,829,453</u>
Current assets:						
Restricted assets:						
Cash, including time deposits	-	86,786	-	-	-	86,786
Investments	-	160,156	-	-	-	160,156
Total restricted assets	<u>-</u>	<u>246,942</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,942</u>
Noncurrent assets:						
Capital assets (net)	<u>1,363,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,363,411</u>
Total noncurrent assets	<u>1,363,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,363,411</u>
Total assets	<u>\$ 2,636,626</u>	<u>\$ 246,942</u>	<u>\$ 165,249</u>	<u>\$ 317,956</u>	<u>\$ 73,033</u>	<u>\$ 3,439,806</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 151,230	\$ -	\$ -	\$ -	\$ -	\$ 151,230
Payroll liabilities	13,947	-	-	-	-	13,947
Due to other funds	2,462	-	-	-	-	2,462
Notes payable, current	<u>62,626</u>	<u>-</u>	<u>-</u>	<u>7,837</u>	<u>-</u>	<u>70,463</u>
Total current liabilities	<u>230,265</u>	<u>-</u>	<u>-</u>	<u>7,837</u>	<u>-</u>	<u>238,102</u>
Noncurrent liabilities:						
Meter and other deposit liability	2,711	188,245	-	-	-	190,956
Notes payable, non-current	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,684</u>	<u>-</u>	<u>4,684</u>
Total noncurrent liabilities	<u>2,711</u>	<u>188,245</u>	<u>-</u>	<u>4,684</u>	<u>-</u>	<u>195,640</u>
Total liabilities	<u>232,976</u>	<u>188,245</u>	<u>-</u>	<u>12,521</u>	<u>-</u>	<u>433,742</u>
NET POSITION						
Invested in capital assets, net of related debt	1,300,785	-	-	-	-	1,300,785
Restricted	-	58,697	-	-	-	58,697
Unrestricted	<u>1,102,865</u>	<u>-</u>	<u>165,249</u>	<u>305,435</u>	<u>73,033</u>	<u>1,646,582</u>
Total net position	<u>\$ 2,403,650</u>	<u>\$ 58,697</u>	<u>\$ 165,249</u>	<u>\$ 305,435</u>	<u>\$ 73,033</u>	<u>\$ 3,006,064</u>

City of Mangum, Oklahoma
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Mangum Utility Authority
Year Ended June 30, 2023

	Mangum Utility Authority	Meter Deposit Fund	MUA Capital Improvement	Power Plant Capital Improvement	Water Well Improvement and Maintenance	Total Mangum Utility Authority
<u>Operating revenues:</u>						
Charges for services:						
Electric charges	\$ 3,653,984	\$ -	\$ -	\$ -	\$ -	\$ 3,653,984
Water charges	862,022	-	-	-	-	862,022
Sewer charges	279,834	-	-	-	-	279,834
Sanitation charges	549,475	-	-	-	-	549,475
Penalties	58,849	-	-	-	-	58,849
Total charges for services	5,404,164	-	-	-	-	5,404,164
Other fees and charges	7,605	-	-	-	-	7,605
Total operating revenues	5,411,769	-	-	-	-	5,411,769
<u>Operating expenses:</u>						
Cost of sales	2,476,519	-	-	-	-	2,476,519
Personal services	461,059	-	-	-	-	461,059
Materials and supplies	200,138	-	(5,164)	-	-	194,974
Other services and charges	106,398	-	-	-	-	106,398
Depreciation and amortization	84,585	-	-	-	-	84,585
Total operating expenses	3,328,699	-	(5,164)	-	-	3,323,535
Net operating income	2,083,070	-	5,164	-	-	2,088,234
<u>Nonoperating revenue (expense):</u>						
Investment income	6,386	3,081	1,528	3,241	1,195	15,431
Grant income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Bad debt	-	-	-	-	-	-
Interest expense	(66,147)	-	-	(545)	(1,397)	(68,089)
Total nonoperating revenue (expense)	(59,761)	3,081	1,528	2,696	(202)	(52,658)
Net Income before contributions and transfers	2,023,309	3,081	6,692	2,696	(202)	2,035,576
Internal service fund transfer	-	-	-	-	-	-
Transfers from other funds	46,725	31,945	23,370	37,647	41,920	181,607
Transfers to other funds	(2,000,416)	-	-	-	(51,979)	(2,052,395)
Change in net position	69,618	35,026	30,062	40,343	(10,261)	164,788
Net position-beginning of year	2,334,032	23,671	135,187	265,092	83,294	2,841,276
Net position-end of year	\$ 2,403,650	\$ 58,697	\$ 165,249	\$ 305,435	\$ 73,033	\$ 3,006,064

City of Mangum, Oklahoma
Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	Fleet Management Fund	Internal Service Fund	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 679,760	\$ 234,990	\$ 914,750
Total current assets	<u>679,760</u>	<u>234,990</u>	<u>914,750</u>
Noncurrent assets:			
Capital assets (net)	316,879	-	316,879
Total noncurrent assets	<u>316,879</u>	<u>-</u>	<u>316,879</u>
Total assets	<u>\$ 996,639</u>	<u>\$ 234,990</u>	<u>\$ 1,231,629</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ -	\$ 507	\$ 507
Payroll liabilities	-	11,282	11,282
Total current liabilities	<u>-</u>	<u>11,789</u>	<u>11,789</u>
Total liabilities	<u>-</u>	<u>11,789</u>	<u>11,789</u>
NET POSITION			
Unrestricted	996,639	223,201	1,219,840
Total net position	<u>\$ 996,639</u>	<u>\$ 223,201</u>	<u>\$ 1,219,840</u>

City of Mangum, Oklahoma
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Fund
Year Ended June 30, 2023

	Fleet Management Fund	Internal Service Fund	Total Internal Service Fund
<u>Operating revenues:</u>			
Other fees and charges	-	-	-
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>
<u>Operating expenses:</u>			
Cost of sales	-	-	-
Personal services	-	517,964	517,964
Materials and supplies	73,782	173,191	246,973
Other services and charges	-	10,866	10,866
Depreciation and amortization	79,692	-	79,692
Total operating expenses	<u>153,474</u>	<u>702,021</u>	<u>855,495</u>
Net operating income	(153,474)	(702,021)	(855,495)
<u>Nonoperating revenue (expense):</u>			
Investment income	6,266	1,772	8,038
Total nonoperating revenue (expense)	<u>6,266</u>	<u>1,772</u>	<u>8,038</u>
Net Income before contributions and transfers	(147,208)	(700,249)	(847,457)
Transfers from other funds	580,542	828,700	1,409,242
Transfers to other funds	<u>-</u>	<u>(9,750)</u>	<u>(9,750)</u>
Change in net position	433,334	118,701	552,035
Net position-beginning of year	<u>563,305</u>	<u>104,500</u>	<u>667,805</u>
Net position-end of year	<u><u>\$ 996,639</u></u>	<u><u>\$ 223,201</u></u>	<u><u>\$ 1,219,840</u></u>

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

To the City Council
City of Mangum, 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 Mangum, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Mangum, Oklahoma's basic financial statements, and have issued our report thereon dated November 1, 2024. The financial statements of Mangum City Hospital Authority were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Mangum City Hospital Authority.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

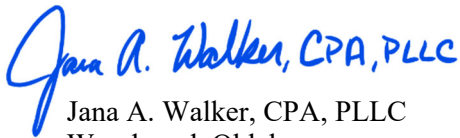
As part of obtaining reasonable assurance about whether City of Mangum, Oklahoma financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as items: 2023-001.

City of Mangum, Oklahoma Response to Findings

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

Purpose of This Report

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



Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
November 1, 2024

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

FINDING 2023-001 Lack of Timely Filed Audit

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

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

Cause: Late filing of prior year audits.

Effect or Potential Effect: Debt covenant violation.

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

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

Current Status: The audit was completed prior to 150 days after year end.

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

No prior year findings.