

Marietta Public Works Authority

Financial Statements
For the Fiscal Year Ended June 30, 2023

Marietta Public Works Authority
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For the Fiscal Year Ended June 30, 2023

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Marietta Public Works Authority
Management's Discussion and Analysis (unaudited)
June 30, 2023

For Marietta Public Works Authority, Marietta, Oklahoma, this is our presentation of Management's Discussion and Analysis (MD&A). This analysis serves as an introduction to the financial statements for users to facilitate whether overall financial health has improved or deteriorated as a result of the past year's operation. A required component of MD&A is to briefly describe the reasons for change in our revenue, liability, asset, and expenditure balances compared to the previous (2022) year.

Contents of Audited Financial Statements:

The Authority's audited financial statements include the following:

- *Statement of Net Position – Modified Cash Basis* – this statement provides information about the Authority's investments in resources (assets) and its obligations to creditors (liabilities), with the difference between them reported as net position.
- *Statement of Revenues, Expenses and Changes in Net Position – Modified Cash Basis* – this statement demonstrates changes in net position from one fiscal period to another by accounting for revenues and expenditures and measuring the financial results of operations. The information may be used to determine how the Authority has funded its costs.
- *Statement of Cash Flows – Modified Cash Basis* – this statement provides information concerning the Authority's cash receipts and payments, as well as changes in cash resulting from operations, capital and related financing, and investing activities.
- *Notes to Financial Statements* – notes to the audited financial statements contain information essential to understanding them, such as the Authority's accounting methods and policies.

Business Activities:

During the year the Marietta Public Works Authority continued emphasis on maintenance of plant and customer waterlines. The customers of the Authority are business and residential customers within the City of Marietta.

Marietta Public Works Authority
Management's Discussion and Analysis (unaudited)
June 30, 2023

Financial Highlights:

Summary:	For the Year Ended June 30,	
Revenues, expenses and changes in net position	2023	2022
Operating Revenues		
Water	\$ 844,938	\$ 849,454
Sewer	275,900	277,559
Garbage Collection Fee	12,543	12,653
Other	33,404	35,253
Total Operating Revenues	1,166,785	1,174,919
Operating Expenses		
Salaries and Benefits	498,652	465,125
Depreciation	145,357	139,359
Other	534,893	282,295
Total Operating Expenses	1,178,902	886,779
Net Operating Income (Loss)	(12,117)	288,140
Nonoperating Revenues (Expenses), net	(111)	(6,645)
Change in Net Position	(12,228)	281,495
Total Net Position, Beginning	2,193,708	1,912,213
Total Net Position, Ending	\$ 2,181,480	\$ 2,193,708

The Authority had a decrease in net position for the year. The Authority's total revenue decreased by \$8,134 compared to 2022. Operating expenses increased \$292,123 when compared to 2022. A substantial amount of this increase is due to just over \$165,000 spent on well tests to determine a suitable site for a new water well. Neither of the two tests performed during the year were successful locations. The Authority has an overall decrease in operating income of \$300,257, with net operating loss of \$(12,117) in 2023 compared to net operating income of \$288,140 in 2022.

Marietta Public Works Authority
Management's Discussion and Analysis (unaudited)
June 30, 2023

Summary: Net Position	June 30,	
	2023	2022
Current Assets	\$ 1,345,345	\$ 1,310,596
Noncurrent Assets, net	<u>1,041,163</u>	<u>1,111,979</u>
Total Assets	<u>2,386,508</u>	<u>2,422,575</u>
Current Liabilities	\$ 47,978	\$ 39,942
Noncurrent Liabilities	<u>157,050</u>	<u>188,925</u>
Total Liabilities	<u>205,028</u>	<u>228,867</u>
Net Position		
Invested in Capital Assets, net of related debt	880,568	922,202
Unrestricted	<u>1,300,912</u>	<u>1,271,506</u>
Total Net Position	<u>2,181,480</u>	<u>2,193,708</u>
Total Liabilities and Net Position	<u>\$ 2,386,508</u>	<u>\$ 2,422,575</u>

The Authority currently has plant and equipment with a net book value of \$1,041,163, a decrease of \$70,816 from last year. See Note B on page 13 for details of this change.

For the year ended June 30, 2023, total assets exceeded liabilities by \$2,181,480. The Authority has debt outstanding of \$160,595 at June 30, 2023.

Overall Outlook:

We continue working to improve the distribution system. The Authority remains financially strong as we make improvements system-wide, meeting the EPA and DEQ standards, and paying our bills.

The economy still impacts our efforts. Costs of chemicals, pipe, fuel, etc. continue to fluctuate. This is all out of our control; however, it has not stopped our progress.



Smith Carney^{PC}
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Marietta Public Works Authority
Marietta, Oklahoma

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of Marietta Public Works Authority (a component unit of the city of Marietta, Oklahoma), as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of Marietta Public Works Authority (a component unit of the City of Marietta, Oklahoma), as of June 30, 2023, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note I(B).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS). 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 Marietta Public Works Authority (a component unit of the city of Marietta, Oklahoma), and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note

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

Auditor's Responsibility

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 GAAS and GAS 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 GAAS and GAS, 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 Marietta Public Works Authority'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 Marietta Public Works Authority's ability to continue as a going concern for a reasonable period of time.

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises Management's Discussion and Analysis and the Oklahoma Municipal Retirement Fund Schedule of Funding Progress on pages 1-3 and 18 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists

between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2024 on our consideration of the Authority'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Smith, Carney & Co. P.C." The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma
February 5, 2024

BASIC FINANCIAL STATEMENTS

Marietta Public Works Authority
Statement of Net Position – Modified Cash Basis
June 30, 2023

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 1,087,842
Certificates of Deposit	81,758
Restricted Cash	28,021
Restricted Certificate of Deposit	3,937
Inventory	<u>143,787</u>
Total Current Assets	<u>1,345,345</u>

Noncurrent Assets

Capital Assets, not being depreciated	21,395
Capital Assets, being depreciated	<u>1,019,768</u>
Total Noncurrent Assets	<u>1,041,163</u>

Total Assets	<u><u>\$ 2,386,508</u></u>
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LIABILITIES AND EQUITY

Current Liabilities

Payroll Withholdings Payable	\$ 12,475
Refundable Meter Deposits - Current	5,354
Notes Payable - Current	<u>30,149</u>
Total Current Liabilities	<u>47,978</u>

Noncurrent Term Liabilities

Refundable Meter Deposits	26,604
Notes Payable	<u>130,446</u>
Total Noncurrent Liabilities	<u>157,050</u>

Total Liabilities	<u>205,028</u>
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Net Position

Invested in Capital Assets, net of related debt	880,568
Unrestricted	<u>1,300,912</u>

Total Net Position	<u>2,181,480</u>
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Total Liabilities and Net Position	<u><u>\$ 2,386,508</u></u>
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The notes to the financial statements are an integral part of this statement.

Marietta Public Works Authority
Statement of Revenues, Expenses and Changes in Net Position – Modified Cash Basis
For the Year Ended June 30, 2023

Operating Revenues:	
Charges For Services	
Water	\$ 844,938
Sewer	275,900
Garbage Collection Fee	12,543
Penalties	15,852
Rental	12,000
Miscellaneous	5,552
Total Operating Revenues	<u>1,166,785</u>
Operating Expenses:	
Salaries and Benefits	498,652
Contract Labor	9,600
Utilities	73,769
Repairs and Maintenance	211,910
Miscellaneous	7,778
Office Expense	3,319
Postage	7,262
Vehicle Operations	13,786
Supplies and Parts	102,084
License	5,868
Professional Fees	31,712
Lab Fees	29,178
Insurance	38,627
Depreciation and Amortization	145,357
Total Operating Expenses	<u>1,178,902</u>
Operating Income (Loss)	<u>(12,117)</u>
Nonoperating Revenues (Expenses):	
Interest Revenue	6,196
Interest Expense	<u>(6,307)</u>
Net Nonoperating Revenues (Expenses)	<u>(111)</u>
Change in Net Position	(12,228)
Total Net Position - Beginning	<u>2,193,708</u>
Total Net Position - Ending	<u>\$ 2,181,480</u>

The notes to the financial statements are an integral part of this statement.

Marietta Public Works Authority
Statement of Cash Flows – Modified Cash Basis
For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 1,166,785
Payments to Employees for Services	(492,709)
Payments to Vendors and Customers for Goods and Services	<u>(542,612)</u>
Net Cash Provided by Operating Activities	<u>131,464</u>
 CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of Fixed Assets	(74,541)
Principal Paid on Capital Debt	(29,182)
Interest Paid on Capital Debt	<u>(6,307)</u>
Net Cash Used in Capital Financing Activities	<u>(110,030)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	6,196
Investment in Certificates of Deposit	<u>(3,030)</u>
Net Cash Provided by Investing Activities	<u>3,166</u>
 Net Increase in Cash and Cash Equivalents	 24,600
 Cash and Cash Equivalents and Restricted Cash, June 30, 2022	 <u>1,091,263</u>
Cash and Cash Equivalents and Restricted Cash, June 30, 2023	<u>\$ 1,115,863</u>

**Reconciliation of Operating Income to Net Cash
Provided by Operating Activities**

Operating Income (Loss)	<u>\$ (12,117)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities	
Depreciation	145,357
Increase in Inventory	(7,119)
Increase in Accrued Expenses	5,943
Decrease in Customer Deposits	<u>(600)</u>
Total Adjustments	<u>143,581</u>
Net Cash Provided by Operating Activities	<u>\$ 131,464</u>

The notes to the financial statements are an integral part of this statement.

Marietta Public Works Authority
Notes to the Financial Statements
June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The Marietta Public Works Authority is a public trust created July 15, 1959, under and pursuant to the laws of the State of Oklahoma now in force and effect (generally, but not exclusively, Sections 176 and 180, inclusive, of Title 60, Oklahoma Statutes 1951, as amended, and the Oklahoma Trust Act.) The Authority is a component unit of its Beneficiary, the City of Marietta.

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

Marietta Public Works Authority (MPWA), is a proprietary fund that accounts for activities related to the provision of water and sewer services to businesses and residents. It operates water and sewer treatment plants, water distribution system, sewer collections systems, and pump stations.

Proprietary funds are accounted for using the cash basis of accounting modified as follows:

- Capital assets are recorded as assets when purchased and related depreciation is recorded.
- Long-term debt is recorded when incurred.
- Employee withholding taxes that have not been deposited with the IRS but relate to compensation paid and retirement contributions not remitted are recorded as liabilities.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - continued

The Authority is not legally required to adopt a budget for the general fund. Therefore, budget comparison information is not included in the Authority's financial statements.

C. Assets, Liabilities and Net Position

Deposits and Investments

For purposes of the statement of cash flows, the Authority considers short-term investments with original maturities of three months or less from the date of acquisition to be cash equivalents.

Public trusts created under Oklahoma Statutes Title 60 are not subject to investment limitations and are primarily governed by any restrictions in their trust or note indenture.

Inventories

All inventories are valued at cost using the first-in / first-out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased.

Restricted Assets

Amounts held for customer utility deposits are reported as restricted assets.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., water and sewer systems), are defined by the Authority as assets with an initial individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Marietta Public Works Authority
Notes to the Financial Statements
June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

C. *Assets, Liabilities and Net Position – (continued)*

Capital Assets – (continued)

Property, plant, and equipment of the Authority, are depreciated using the straight line method over the following estimated useful lives:

<i>Assets</i>	<i>Years</i>
Water System	40
Sewer System	40
Equipment	10
Computers and Electronics	5
Automobiles	5

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

Net Position

Net assets are divided into three components:

- *Invested in Capital Assets, net of related debt* – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- *Restricted* – consist of net assets that are restricted by creditors through debt covenants laws, or regulations of other governments.
- *Unrestricted* – all other net assets are reported in this category.

Subsequent Events

Management has evaluated subsequent events through the report date which was when the financial statements were available to be issued.

Marietta Public Works Authority
Notes to the Financial Statements
June 30, 2023

II. DETAILED NOTES ON ALL FUNDS

A. Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority policy regarding custodial credit risk requires collateral for all deposits in excess of Federal Deposit Insurance. At June 30, 2023, the unreconciled bank balance was \$1,207,755. This entire amount was insured and collateralized.

B. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 21,395	\$ -	\$ -	\$ 21,395
<i>Total Capital Assets, not being depreciated</i>	<u>21,395</u>	<u>-</u>	<u>-</u>	<u>21,395</u>
 <i>Capital Assets, being depreciated:</i>				
Buildings	329,328	10,490	-	339,818
Equipment	303,040	12,147	-	315,187
Furniture and Fixtures	50,567	729	-	51,296
Computers and Electronics	17,145	-	-	17,145
Automobiles	102,217	51,175	-	153,392
Water System	2,147,981	-	-	2,147,981
Plant	<u>2,421,879</u>	<u>-</u>	<u>-</u>	<u>2,421,879</u>
<i>Total Capital Assets, being depre</i>	<u>5,372,157</u>	<u>74,541</u>	<u>-</u>	<u>5,446,698</u>
Less: Accumulated Depreciation	<u>4,281,573</u>	<u>145,357</u>	<u>-</u>	<u>4,426,930</u>
<i>Total Capital Assets, being depreciated, net</i>	<u>1,090,584</u>	<u>(70,816)</u>	<u>-</u>	<u>1,019,768</u>
<i>Total Capital Assets, net</i>	<u>\$ 1,111,979</u>	<u>\$ (70,816)</u>	<u>\$ -</u>	<u>\$ 1,041,163</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Water	\$ 49,030
Sewer	66,542
Administration	<u>29,785</u>
Total Depreciation Expense	<u>\$ 145,357</u>

Marietta Public Works Authority
Notes to the Financial Statements
June 30, 2023

II. DETAILED NOTES ON ALL FUNDS – (continued)

C. Long-Term Liabilities

Government Capital Corporation Capital Financing

The Authority entered into a \$346,800, 12 year, 3.315% interest rate capital financing with the Government Capital Corporation dated October 20, 2015. Principal and interest are payable annually on October 28th.

Assets acquired through financing and included in capital assets, being depreciated are as follows:

Digital Water Meters		\$	346,800
Less: Accumulated Depreciation			<u>(262,990)</u>
			<u><u>\$ 83,810</u></u>

The future minimum financing obligations and the net present value of these payments as of June 30, 2023 were as follows:

<u>Year Ended</u>			
2024		\$	35,489
2025			35,489
2026			35,489
2027			35,489
2028			<u>35,005</u>
Total payments			176,961
Less amount representing interest			<u>(16,366)</u>
Present value		\$	<u><u>160,595</u></u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023, is as follows:

	Beginning Balance	<i>Additions</i>	<i>Reduction</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
Government Capital Corporation	\$ 189,777	\$ -	\$ 29,182	\$ 160,595	\$ 30,149
	<u>\$ 189,777</u>	<u>\$ -</u>	<u>\$ 29,182</u>	<u>\$ 160,595</u>	<u>\$ 30,149</u>

Marietta Public Works Authority
Notes to the Financial Statements
June 30, 2023

II. DETAILED NOTES ON ALL FUNDS – (continued)

D. Restricted Assets

Balances of restricted assets at June 30, 2023 are as follows:

Cash	28,021
Certificate of Deposit	<u>3,937</u>
Total Restricted Assets	<u>\$ 31,958</u>

E. Pension Plan

Municipal Retirement Plan - Defined Benefit Plan

Plan Description: The Authority participates in a cost sharing, multiple employer defined benefit pension plan administered by the Oklahoma Municipal Retirement Fund (OMRF). OMRF provides retirement, disability and death benefits to plan members and their beneficiaries. OMRF is authorized to establish and amend all plan provisions. Participation in the plan is mandatory for all full time employees, and each employee is required to contribute a percentage of his or her salary. Employees are vested at 10 years.

The OMRF issues a publicly available financial report that includes financial statements and the required supplementary information that can be obtained by requesting a copy at OMRF, 100 N. Broadway, Oklahoma City, OK 73102.

Employee membership data related to the Plan, as of June 30, 2023 was as follows:

Retired, survivors and deferred vested	5
Active Employees	<u>5</u>
	10

Any participant at least 65 years old with 10 or more years of vesting service, may retire without reduction in their monthly benefit.

The amount of retirement income is established by OMRF and is equal to 2.625% of final average compensation multiplied by the number of years of credited service. Final average compensation is the average of the 5 highest consecutive years of salaries out of the last 10 years of service.

II. DETAILED NOTES ON ALL FUNDS – (continued)

E. Pension Plan – (continued)

Funding Policy: The contribution requirements of Marietta Public Works Authority and its employees are established and may be amended by the OMRF board. Employees are required to contribute 5.0 percent of their annual covered salary after tax. The Authority is required to contribute at an actuarially determined rate of 23.53 percent; the rate at June 30, 2023 determined by resolution was 22.42 percent of covered payroll.

Annual Pension Cost: For 2022-2023, Marietta Public Works Authority's annual pension cost was \$64,495, the required contribution paid and included in salary and benefit expense as of June 30, 2023. The required contribution was determined as part of the July 1, 2022 actuarial valuation uses the entry age normal actuarial cost method. The actuarial assumptions included (I) 7.25 percent investment rate of return, (II) projected salary increases due to inflation of 2.75 percent, compounded annually, and (III) projected salary increases due to age/seniority, compounded annually.

The Schedule of Funding Progress of the plan as of July 1, 2022, the most recent valuation date, has been included as Other Information.

F. Risk Management

The Authority is exposed to various risks of loss (torts, theft of, damage to, or destruction of assets, business interruptions, errors and omissions, job-related illnesses or injuries to employees, and acts of God) and has established a risk management strategy that attempts to minimize losses and the carrying cost of insurance. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded coverage in the past three years.

General Liability, Physical Property and Automobile Liability/Physical Damage

General liability, physical property and automobile liability/physical damage are insured through the Oklahoma Rural Water Assurance Group risk entity pool. Deductibles range from \$0 to \$1,000. Risk of loss retained is limited to the excess of insurance liability coverage limits set by ORWA.

Marietta Public Works Authority
Notes to the Financial Statements
June 30, 2023

II. DETAILED NOTES ON ALL FUNDS – (continued)

F. Risk Management – (continued)

Worker’s Compensation

Workers’ compensation is insured through CompSource Oklahoma. Risk of loss retained is limited to the excess of insurance liability coverage limits set by CompSource Oklahoma.

G. Related Party Transactions

The Authority performs billing and collection for the City of Marietta’s garbage collection services. Amounts for trash service are included on monthly utility bills. The Authority collects payments, and remits the amounts received, less a 3% administration fee, to the City of Marietta each month.

Total amounts collected and paid to City of Marietta are as follows:

Garbage Collections	\$ 344,072
Amounts Sent to City of Marietta	<u>(331,529)</u>
Administration Fee, retained by MPWA	<u>\$ 12,543</u>

***OTHER
INFORMATION***

Marietta Public Works Authority
Oklahoma Municipal Retirement Fund
Schedule of Funding Progress
June 30, 2023

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets (a)</i>	<i>Actuarial Accrued Liability (AAL) Entry Age (b)</i>	<i>Unfunded AAL (UAAL) (b-a)</i>	<i>Funded Ratio (a/b)</i>	<i>Covered Payroll (c)</i>	<i>UAAL as a Percentage of Covered Payroll (b-a)/c</i>
7/1/2018	448,302	786,877	338,575	57.0%	202,571	167.1%
7/1/2019	473,817	845,530	371,713	56.0%	213,714	173.9%
7/1/2020	504,946	887,973	383,027	56.9%	220,583	173.6%
7/1/2021	570,911	957,120	386,209	59.6%	249,147	155.0%
7/1/2022	620,326	971,783	351,457	63.8%	225,525	155.8%

The schedule of funding progress presented as other information immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

<i>Year Ended June 30,</i>	<i>Contribution Rate</i>	<i>Cost (ARC)</i>	<i>Contributed</i>	<i>Net Pension Obligation</i>
2023	22.42%	\$ 64,495	100%	\$ -
2022	22.42%	\$ 57,439	100%	\$ -
2021	22.42%	\$ 55,859	100%	\$ -

***REPORT
ON INTERNAL CONTROL
AND COMPLIANCE***



Smith Carney^{PC}
Certified Public Accountants

**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 Board of Trustees
Marietta Public Works Authority
Marietta, 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 (Government Auditing Standards), the financial statements of Marietta Public Works Authority (the Authority) as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated February 5, 2024. The financial statements of the Authority were prepared on the modified cash basis of accounting.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

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Report on Compliance and Other Matters

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

Marietta Public Works Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Marietta Public Works Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Marietta Public Works Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Oklahoma City, Oklahoma
February 5, 2024

Marietta Public Works Authority
Schedule of Findings and Responses
June 30, 2023

Current Year Findings

2023-1 Water Loss Communication

Criteria - As water leaks are the most significant cause of water loss, controls to document significant losses regarding when, where, and type should be documented and conveyed in the minutes.

Condition - When analyzing the water loss ratio, a 18% water loss was calculated for the current year which is up from 11% in the prior year. This was not documented as discussed in the current year minutes.

Cause – During the period, a large leak occurred over memorial weekend which resulted in a loss of approximately 2 million gallons of water.

Effect – Discussing water losses and documenting the board discussion provides transparency and controls.

Recommendation – The Authority should note in the board minutes any materially large losses of water and discuss as needed.

Management's Response – The Authority will review water loss and discuss at board meetings and document in the board minutes.

Deficiencies Communicated in Prior Year Also Applicable to Current Year

2023-2 Unclaimed Deposit Refunds

Criteria - Unclaimed property is required to be reported to the State Treasurer or applicable city yearly per Oklahoma Code 60 section 654 or applicable city ordinance.

Condition - During review of the Meter bank account we noted several uncleared refund checks dating back to 2011.

Cause - The Authority has maintained these closed account refunds due to previous customers coming to the Authority to receive the refunds even after an extended time.

Effect – Oklahoma law requires escheating unclaimed property to the State or City.

Recommendation – The Authority should have their legal counsel research the proper method to handle this unclaimed property.

Management's Response – The Authority will obtain advice from their legal counsel on how to process these unclaimed deposits.