

**CITY OF PAWHUSKA  
OSAGE COUNTY, OKLAHOMA**

ANNUAL FINANCIAL STATEMENTS  
AND ACCOMPANYING  
INDEPENDENT AUDITOR'S REPORTS

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022

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**City of Pawhuska  
Osage County, Oklahoma  
City Officials  
June 30, 2022**

**Mayor and City Council**

Ward 1 - Mayor

Roger Taylor

Ward 2

Susan Bayro

Ward 3 – Vice Mayor

Mark Buchanan

Ward 4

Rodger Milleson

At Large

Steve Tolson

**City Attorney**

John Heskett

**City Manager**

Laura Teague

**City Clerk**

Sandy Henley

**City Treasurer**

Donna Kennedy

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

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

### Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Pawhuska, Oklahoma, "the City", as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City'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	Qualified
Business-type Activities	Qualified
General Fund	Unmodified
Government Fund: Street Improvement Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
Enterprise Fund: Public Works Authority	Qualified
Enterprise Fund: Educational Facilities Authority	Unmodified
Enterprise Fund: Municipal Trust Authority	Unmodified

#### *Qualified Opinions on Governmental Activities, Business-Type Activities and Enterprise Fund-Public Works Authority*

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities, Business Type Activities and Enterprise Fund-Public Works of the City of Pawhuska, Oklahoma, as of June 30, 2022, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting.

#### *Unmodified Opinions on the General Fund, Government Fund-Street Improvement, Enterprise Fund-Educational Facilities Authority, Enterprise Fund-Municipal Trust Authority, and the 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 general fund, government fund-street improvement fund, enterprise fund-educational facilities authority, enterprise fund-municipal trust authority, and the aggregate remaining fund information, of the City of Pawhuska, Oklahoma, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting.

## **Basis for Qualified 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Matter Giving Rise to Qualified Opinions on Governmental Activities, Business-Type Activities and Enterprise Fund-Public Works Authority*

Management has not adopted a methodology for capturing historical capital asset additions and improvements and providing for depreciation expense and accumulated depreciation generally reported under the modified cash basis of accounting. The amount by which this departure would affect the assets, fund balances and expenditures of the governmental activities, business-type activities and the enterprise fund-public works authority has not been determined but is presumed to be material.

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

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

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

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

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

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

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

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

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

### **Basis of Accounting**

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

### **Other Matters**

The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

 CPA PLLC

February 13, 2023

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

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

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pawhuska, Oklahoma "the City" as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated February 13, 2023 which was qualified with respect to the governmental activities, business-type activities and the enterprise fund-public works authority. However, our report was unmodified on the general fund, government fund-street improvement fund, enterprise fund-educational facilities authority, enterprise fund-municipal trust authority, and the aggregate remaining fund information.

**Report on Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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 the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

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

David Clanin, CPA PLLC  
February 13, 2023



**City of Pawhuska**  
**Statement of Net Position – Modified Cash Basis**  
**June 30, 2022**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 717,748.51	\$ 904,608.42	\$ 1,622,356.93
Investments	2,681,257.70	-	2,681,257.70
Due to/from Others	350,000.00	(350,000.00)	-
Restricted Cash and Investments	-	264,982.68	264,982.68
<b>TOTAL ASSETS</b>	<u>3,749,006.21</u>	<u>819,591.10</u>	<u>4,568,597.31</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Security Deposits	-	265,140.36	265,140.36
Notes Payable	-	206,388.39	206,388.39
Total Current Liabilities	<u>-</u>	<u>471,528.75</u>	<u>471,528.75</u>
Noncurrent Liabilities:			
Notes Payable	-	98,423.85	98,423.85
Total Noncurrent Liabilities	<u>-</u>	<u>98,423.85</u>	<u>98,423.85</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>569,952.60</u>	<u>569,952.60</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	-	(304,812.24)	-
Restricted	3,172,656.81	264,982.68	3,437,639.49
Unrestricted	576,349.40	289,468.06	865,817.46
<b>TOTAL NET POSITION</b>	<u>\$ 3,749,006.21</u>	<u>\$ 249,638.50</u>	<u>\$ 3,998,644.71</u>

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

**City of Pawhuska**  
**Statement of Activities – Modified Cash Basis**  
**For the Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues		Net (Expense) / Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government:				
General Government	\$ 888,130.56	\$ 270,776.77	\$ 21,321.46	\$ (596,032.33)
Total General Government	<u>888,130.56</u>	<u>270,776.77</u>	<u>21,321.46</u>	<u>(596,032.33)</u>
Public Safety and Judiciary:				
Fire Department	507,990.21	-	-	(507,990.21)
Police	809,613.66	111,354.19	-	(698,259.47)
Ambulance	532,626.87	379,679.05	-	(152,947.82)
Total Public Safety and Judiciary	<u>1,850,230.74</u>	<u>491,033.24</u>	<u>-</u>	<u>(1,359,197.50)</u>
Transportation:				
Airport	3,101.17	4,800.00	-	1,698.83
Streets	338,990.69	-	-	(338,990.69)
Total Transportation	<u>342,091.86</u>	<u>4,800.00</u>	<u>-</u>	<u>(337,291.86)</u>
Cultural, Parks and Recreation:				
Library	167,760.97	-	-	(167,760.97)
Public Properties	295,841.91	-	-	(295,841.91)
Youth Center	33,266.89	-	-	(33,266.89)
Lake	4,036.08	-	-	(4,036.08)
Cemetery	-	33,915.00	-	33,915.00
Total Cultural, Parks and Recreation	<u>500,905.85</u>	<u>33,915.00</u>	<u>-</u>	<u>(466,990.85)</u>
Other Capital Improvements	536,687.05	-	-	(536,687.05)
Total Government Activities	<u>\$ 4,118,046.06</u>	<u>\$ 800,525.01</u>	<u>\$ 21,321.46</u>	<u>\$ (3,296,199.59)</u>
Business-Type Activities				
Utility Services	6,179,038.43	6,526,305.04	-	984,038.07
Educational Facilities	-	1,156.00	-	1,156.00
Municipal Trust Authority	60,000.00	-	-	(60,000.00)
Total Business Type Activities	<u>6,239,038.43</u>	<u>6,527,461.04</u>	<u>-</u>	<u>925,194.07</u>
Total	<u>\$ 10,357,084.49</u>	<u>\$ 7,327,986.05</u>	<u>\$ 21,321.46</u>	<u>\$ (2,371,005.52)</u>

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

**City of Pawhuska**  
**Statement of Activities – Modified Cash Basis – (Continued)**  
**For the Year Ended June 30, 2022**

	Net (Expense) Revenue and Changes In Net Position		
	Governmental	Business-Type	
	Activities	Activities	Total
<b>Net (Expense) Revenue</b>			
General Revenues:	(3,296,199.59)	925,194.07	(2,371,005.52)
Taxes:			
Sales and Use Taxes	1,909,930.29	-	1,909,930.29
Franchise Taxes	71,525.06	-	71,525.06
Cigarette Taxes	18,395.36	-	18,395.36
Intergovernmental	185,926.62	-	185,926.62
Investment Earnings	21,321.46	644.54	21,966.00
Interest Expense	-	(20,748.11)	(20,748.11)
Miscellaneous	310,219.13	14,300.00	324,519.13
Rental Income	109,876.41	-	109,876.41
Transfers	574,225.00	(574,225.00)	-
Total General Revenues and Transfers	3,201,419.33	(580,028.57)	2,621,390.76
Change in Net Position	(94,780.26)	345,165.50	250,385.24
Net Position, Beginning of Year	3,843,786.47	(95,527.00)	3,748,259.47
Net Position, End of Year	<u>\$ 3,749,006.21</u>	<u>\$ 249,638.50</u>	<u>\$ 3,998,644.71</u>

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

**City of Pawhuska**  
**Balance Sheet – Governmental Funds – Modified Cash Basis**  
**June 30, 2022**

	General Fund	Street Improvement Fund	Other Funds	Total Governmental Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$ (390,180.67)	\$ 1,160,568.80	\$ (52,639.62)	\$ 717,748.51
Investments	-	1,175,000.00	1,506,257.70	2,681,257.70
Due From Other Funds	397,639.05	-	-	397,639.05
<b>Total Assets</b>	<u>\$ 7,458.38</u>	<u>\$ 2,335,568.80</u>	<u>\$ 1,453,618.08</u>	<u>\$ 3,796,645.26</u>
<b>Liabilities</b>				
Due to Other Funds	-	-	47,639.05	47,639.05
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>47,639.05</u>	<u>47,639.05</u>
<b>Fund Balance</b>				
Restricted	-	2,335,568.80	837,088.01	3,172,656.81
Committed	-	-	568,891.02	568,891.02
Assigned	-	-	-	(780.00)
Unassigned	7,458.38	-	-	8,238.38
<b>Total Fund Balance</b>	<u>7,458.38</u>	<u>2,335,568.80</u>	<u>1,405,979.03</u>	<u>3,749,006.21</u>
<b>Total Liability and Fund Balance</b>	<u>\$ 7,458.38</u>	<u>\$ 2,335,568.80</u>	<u>\$ 1,453,618.08</u>	<u>\$ 3,796,645.26</u>

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

**City of Pawhuska**  
**Statement of Revenues, Expenditures and Changes in Fund**  
**Balances – Governmental Funds – Modified Cash Basis**  
**For the Year Ended June 30, 2022**

	General Fund	Street Improvement Fund	Other Funds	Total Government Funds
Revenues:				
Taxes				
Sales and Use Taxes	\$ 1,281,047.14	\$ 445,471.27	\$ 183,411.88	\$ 1,909,930.29
Vehicle Tax	-	-	24,444.64	24,444.64
Gasoline Tax	-	-	5,465.03	5,465.03
Alcohol Tax	156,016.95	-	-	156,016.95
Tobacco Tax	18,395.36	-	-	18,395.36
Franchise Tax	71,525.06	-	-	71,525.06
Charges for Services			-	-
Ambulance	379,679.05	-	-	379,679.05
Billing Charges	227,312.11	-	-	227,312.11
Airport	4,800.00	-	-	4,800.00
Cemetery	33,915.00	-	-	33,915.00
Licenses and Permits	22,276.00	-	-	22,276.00
Rents	109,876.41	-	-	109,876.41
Other Charges for Services	16,934.50	-	4,547.28	21,481.78
Fines and Forfeitures	111,354.19	-	-	111,354.19
Donations	-	-	140.64	140.64
Grants	-	-	21,028.34	21,028.34
Interest	-	-	21,321.46	21,321.46
Miscellaneous	274,649.61	-	35,428.88	310,078.49
Total Revenue	<u>2,707,781.38</u>	<u>445,471.27</u>	<u>295,788.15</u>	<u>3,449,040.80</u>
Expenditures				
Personal	2,675,574.07	-	9.28	2,675,583.35
Maintenance and Operations	742,465.93	-	8,658.16	751,124.09
Capital Outlay	13,500.00	49,288.39	628,550.23	691,338.62
Total Expenditures	<u>3,431,540.00</u>	<u>49,288.39</u>	<u>637,217.67</u>	<u>4,118,046.06</u>
Excess of revenues Over (Under) Expenditures	(723,758.62)	396,182.88	(341,429.52)	(669,005.26)
Other Financing Uses				
Operating Transfers In (Out)	650,000.00	-	(75,775.00)	574,225.00
Excess of Revenues Over (Under) Expenditures & Transfers	(73,758.62)	396,182.88	(417,204.52)	(94,780.26)
Fund Balance, Beginning of Year	81,217.00	1,939,385.92	1,823,183.55	3,843,786.47
Fund Balance, End of Year	<u>\$ 7,458.38</u>	<u>\$ 2,335,568.80</u>	<u>\$ 1,405,979.03</u>	<u>\$ 3,749,006.21</u>

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

**City of Pawhuska**  
**Statement of Net Position – Proprietary Fund – Modified Cash Basis**  
**June 30, 2022**

	Business-Type Activities - Enterprise Funds			
	Pawhuska Public Works Authority	Pawhuska Educational Facilities Authority	Pawhuska Municipal Trust Authority	Totals
<b>Assets</b>				
Cash and Cash Equivalents	\$ 862,918.90	\$ 23,978.00	\$ 17,711.52	\$ 904,608.42
Investments	-	-	-	-
Cash and Investments - Restricted	264,982.68	-	-	264,982.68
Due from Other Funds	-	-	-	-
Total Assets	<u>1,127,901.58</u>	<u>\$ 23,978.00</u>	<u>17,711.52</u>	<u>1,169,591.10</u>
<b>Liabilities</b>				
Current Liabilities:				
Due to Other Funds	350,000.00	-	-	350,000.00
Meter Deposits	265,140.36	-	-	265,140.36
Notes Payable - Current Portion	191,543.45	-	14,844.94	206,388.39
Long Term Liabilities				-
Notes Payable	60,000.00	-	38,423.85	98,423.85
Total Liabilities	<u>866,683.81</u>	<u>-</u>	<u>53,268.79</u>	<u>919,952.60</u>
<b>Net Position</b>				
Net Investment in Capital Assets	-	-	-	-
Restricted	264,982.68	-	-	264,982.68
Unrestricted	(3,764.91)	23,978.00	(35,557.27)	(15,344.18)
Total Net Position	<u>\$ 261,217.77</u>	<u>\$ 23,978.00</u>	<u>\$ (35,557.27)</u>	<u>\$ 249,638.50</u>

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

**City of Pawhuska**  
**Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund**  
**– Modified Cash Basis**  
**For the Year Ended June 30, 2022**

	Pawhuska Public Works Authority	Pawhuska Educational Facilities Authority	Pawhuska Municipal Trust Authority	Total
Revenues				
Electric	\$4,532,117.18	\$ -	\$ -	\$4,532,117.18
Sales Tax	192,085.24	-	-	192,085.24
Water	788,872.47	-	-	788,872.47
Sewer	324,977.47	-	-	324,977.47
Sanitation	584,245.37	-	-	584,245.37
Grant Revenue	636,771.46	-	-	636,771.46
Other Revenues	104,007.31	1,156.00	-	105,163.31
Total Revenues	<u>7,163,076.50</u>	<u>1,156.00</u>	<u>-</u>	<u>\$7,164,232.50</u>
Operating Expenses				
Cost of Electric	3,065,430.34	-	-	3,065,430.34
Cost of Sanitation	483,173.58	-	-	483,173.58
Personal	944,664.29	-	-	944,664.29
Maintenance and Operations	1,322,177.39	-	60,000.00	1,382,177.39
Capital Outlay	363,592.83	-	-	363,592.83
Total Operating Expenses	<u>6,179,038.43</u>	<u>-</u>	<u>60,000.00</u>	<u>6,239,038.43</u>
Operating Income	984,038.07	1,156.00	(60,000.00)	925,194.07
Non-Operating Revenues (Expenses)				
New Taps	14,300.00	-	-	14,300.00
Interest Revenue	644.54	-	-	644.54
Interest Expense	(19,524.11)	-	(1,224.00)	(20,748.11)
Net Income (Loss)	<u>979,458.50</u>	<u>1,156.00</u>	<u>(61,224.00)</u>	<u>919,390.50</u>
Transfers in (Out)	(650,000.00)	-	75,775.00	(574,225.00)
Change in Net Position	329,458.50	1,156.00	14,551.00	345,165.50
Net Position at Beginning of Year	(68,240.73)	22,822.00	(50,108.27)	(95,527.00)
Net position at End of Year	<u>\$ 261,217.77</u>	<u>\$ 23,978.00</u>	<u>\$ (35,557.27)</u>	<u>\$ 249,638.50</u>

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

**City of Pawhuska**  
**Statement of Cash Flows – Proprietary Fund – Modified Cash Basis**  
**For the Year Ended June 30, 2022**

	Business-Type Activities - Enterprise Funds		
	Pawhuska Public Works Authority	Pawhuska Educational Facilities Authority	Pawhuska Municipal Trust Authority
			Total
Cash Flows from Operating Activities			
Cash Received from Customers & Service Users	\$ 7,163,076.50	\$ 1,156.00	\$ -
Cash payments for Goods & Services & Employees	(6,179,038.43)	-	(60,000.00)
Net Cash Provided by Operating Activities	984,038.07	1,156.00	(60,000.00)
Cash Flows from Noncapital Financing Activities			
Operating Transfers out to Other Funds	(300,000.00)	-	-
Change in Security Deposits	(19,653.64)	-	-
Net Cash Provided (Used) for Capital Financing Activities	(319,653.64)	-	-
Cash Flows from Capital and Related Financing Activities			
Principal Paid on Debt	(286,994.55)	-	(14,551.21)
Loan Proceeds	79,220.00	-	-
Interest Paid on Debt	(19,524.11)	-	(1,224.00)
Net Cash Provided (Used) for Capital and Related Financing Activities	(238,108.66)	-	(15,775.21)
Cash Flows from Investing Activities			
Cash Received for New Taps	14,300.00	-	-
Purchases of Investments	-	-	-
Interest Received	644.54	-	-
Net Cash Provided by Investing Activities	14,944.54	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	441,220.31	1,156.00	(75,775.21)
Cash and Cash Equivalents - Beginning of Year	686,681.27	22,822.00	93,486.73
Cash and Cash Equivalents - End of Year	\$ 1,127,901.58	\$ 23,978.00	\$ 17,711.52
			\$ 1,169,591.10

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



**City of Pawhuska**  
**Statement of Cash Flows – Proprietary Fund – Modified Cash Basis (continued)**  
**For the Year Ended June 30, 2022**

Reconciliation of Operating Income to Net Cash Provided by

Operating Activities				
Operating Income	984,038.07	1,156.00	(60,000.00)	925,194.07
Adjustments to Reconcile Operating Income to Net Cash Provided by				
Operating Activities				
Depreciation	-	-	-	-
Change in Assets and Liabilities				
Increase (Decrease) in Accounts Payable	-	-	-	-
Increase (Decrease) in Accrued Expenses	-	-	-	-
Total Adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u>\$ 984,038.07</u>	<u>\$ 1,156.00</u>	<u>\$ (60,000.00)</u>	<u>\$ 925,194.07</u>

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

**City of Pawhuska**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**I. Summary of Significant Accounting Policies**

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

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

**A. Reporting Entity**

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

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

**Blended Component Units/Trusts:**

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

The Pawhuska Educational Facilities Authority (PEFA) was created by Trust Indenture dated 2010, under the provisions of Title 60, Oklahoma Statutes 2011, Sections 176 to 180.3, inclusive. The Trust was created generally to promote the development of educational, recreational and cultural activities within and near the territorial limits of the City and to thereby provide educational, recreational and cultural facilities which will benefit and strengthen culture and the economy of the City of Pawhuska, Oklahoma. The Authority is exempt from State and Federal Income taxes. The Authority issued General Obligation Bonds for the purpose of constructing, equipping, repairing and remodeling school buildings, acquiring school furniture, fixtures and equipment and acquiring and improving school sites. The City of Pawhuska, as beneficiary, has elected to preserve the legal structure of this Authority for a potential future use. PEFA is reported as an enterprise fund.

**City of Pawhuska**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**I. Summary of Significant Accounting Policies (continued)**

**A. Reporting Entity (continued)**

**Blended Component Units/Trusts (Continued):**

The Pawhuska Municipal Trust Authority (PMTA) was created pursuant to a Trust Indenture dated October 1, 1986, for the benefit of the City of Pawhuska, Oklahoma. PMTA is a public trust and an agency of the State of Oklahoma, under Title 60, Oklahoma Statutes 1991, Section 176-180, et seq., and is governed by a board consisting of five trustees identical with the City Council. PMTA is used to provide maintain, construct, set apart, promote, and conduct parks, playgrounds, golf courses, recreational centers, social and community centers, and other recreational facilities with and near the territorial limits of the City of Pawhuska. PMTA is exempt from State and Federal Income taxes. PMTA is reported as an enterprise fund.

**Other Component Units/Trusts:**

The Pawhuska Municipal Industrial Development Trust Authority (PMIDTA) was created May 6, 1996, for the benefit of the City of Pawhuska, Oklahoma. PMIDTA was created to promote the development of industry and to provide additional employment in the Pawhuska, Oklahoma, area. The Authority is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes 1991, Section 176-180, et seq., and is governed by a board consisting of five trustees appointed by the City Council. PMIDTA is exempt from State and Federal Income taxes. There are currently no assets or liabilities of the PMIDTA and there were no activities during the year. The City of Pawhuska, as beneficiary, has elected to preserve the legal structure of this Authority for any potential future use.

The Pawhuska EMS Authority (PEMSA) was approved to be created pursuant to a Trust Indenture, for the benefit of the City of Pawhuska, Oklahoma and will be used for the operation of the ambulance services. PEMS was created for the operation of ambulance services in the Pawhuska, Oklahoma, area. The Authority is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes 1991, Section 176-180, et seq., and is governed by a board consisting of five trustees appointed by the City Council. PEMS is exempt from State and Federal Income taxes. There are currently no assets or liabilities of the PEMS and there were no activities during the year. The City of Pawhuska, as beneficiary, has elected to preserve the legal structure of this Authority for any potential future use.

**B. Description of Government Wide Financial Statements**

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

The government-wide financial statements are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and change therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles.

**City of Pawhuska**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**B. Description of Government Wide Financial Statements (continued)**

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

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

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

**C. Basis of Presentation – Government-Wide Financial Statements**

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

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

**D. Basis of Presentation – Fund Financial Statements**

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are two categories of funds: governmental and proprietary.

Governmental Funds – used to account for the City's general activities. Governmental fund types use the flow of current financial resources measurement focus and the modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenue, and expenditures/expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Fund Accounting**

As a result of the use of this modified cash basis of accounting, certain assets and their related revenue and certain liabilities and their related expenses are not recorded in these financial statements.

**City of Pawhuska**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**I. Summary of Significant Accounting Policies (continued)**

**D. Basis of Presentation – Fund Financial Statements (continued)**

The following are the City's major governmental funds:

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

1999 Sales Tax Improvement Fund - is a Capital Projects Fund which accounts for and reports resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of major capital facilities, other than those activities financed by proprietary activities or held in trust for individuals, private organizations or other governments.

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

Special Revenue Funds - account for specific revenue sources that are legally restricted or committed to expenditures for specific purposes (not including major capital projects). The City's Special Revenue Funds are presented on pages 29 and 30.

Capital Projects Funds - which accounts for and reports resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of major capital facilities, other than those activities financed by proprietary activities or held in trust for individuals, private organizations or other governments. Capital Project Funds of the City are presented on page 31 and 32.

Permanent Funds - accounts for in the same manner as governmental funds, such as the General Fund. The fund is accounted for using the modified accrual basis of accounting and the measurement focus is essentially the flow of current financial resources. The City's permanent fund is the Cemetery Care Fund.

**City of Pawhuska**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**I. Summary of Significant Accounting Policies (continued)**

**D. Basis of Presentation – Fund Financial Statements (continued)**

The following are the City's proprietary funds:

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

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

Pawhuska Educational Facilities Authority - which accounts for the promotion of development of educational, recreational and cultural activities within and near the territorial limits of the City.

Pawhuska Municipal Trust Authority - which accounts for providing maintaining, constructing parks, playgrounds, golf courses, recreational centers, community centers and other recreational facilities with and near the territorial limits of the City.

**E. Assets, Liabilities and Net Position**

**Cash and Investments**

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

**Receivables**

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

**Capital Assets**

The City records acquisitions of long-lived property and equipment as capital outlay in the financial statements. The City does not record capital assets, depreciation expense and accumulated depreciation.

**City of Pawhuska**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**I. Summary of Significant Accounting Policies (continued)**

**E. Assets, Liabilities and Net Position (continued)**

**Restricted Assets**

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

**Long-Term Debt**

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

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

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

**Equity Classifications**

*Net Position/Fund Balance*

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

**City of Pawhuska**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**I. Summary of Significant Accounting Policies (continued)**

**E. Assets, Liabilities and Net Position (continued)**

*Net Position/Fund Balance (continued)*

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

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

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

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

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

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

*Resource Use Policy*

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



**City of Pawhuska**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**I. Summary of Significant Accounting Policies (continued)**

**F. Revenues, Expenditures and Expenses**

**Sales Tax**

The City presently levies a 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 Tax Commission receives the sales tax approximately one month after collection by vendors. The sales tax is recorded entirely in the General Fund.

**Use Tax**

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

**Operating Revenues and Expenses**

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

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified by character, such as Current (further classified by function), Debt Service, and Capital Outlay.

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

**Interfund Transfers**

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

**City of Pawhuska**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**II. Stewardship, Compliance and Accountability**

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

**A. Fund Accounting Requirements**

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

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

**B. Deposit and Investments Laws and Regulations**

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

**City of Pawhuska**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**II. Stewardship, Compliance and Accountability (continued)**

**C. Revenue Restrictions**

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

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

For the year ended June 30, 2022, the City complied, in all material respects, with these revenue restrictions.

**D. Debt Restrictions and Covenants**

**General Obligation Debt – City debt**

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation. For the year ended June 30, 2022, the City had no outstanding general obligation debt.

**Other Long-Term Debt**

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

**Notes Payable – Trust debt**

The various loan agreements relating to the notes payable issuances of Pawhuska Development Authority may contain some financial restrictions or covenants. For the year ended June 30, 2022, the City complied in material respects.

**E. Fund Equity Restrictions**

**Deficit Prohibition**

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The City complied with this statute in all material respects for the year ended June 30, 2022.

**City of Pawhuska**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**III. Detailed Notes on Transaction Classes/Accounts**

**A. Cash and Investments**

Authorized Investments

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

*Investment Credit Risk*

The City has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of- state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

The City's cash and investments at June 30, 2022 were held in Money Market accounts and 12 month Certificate of Deposits.

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's cash deposits are maintained in financial institutions. As of June 30, 2022 none of City's deposits was exposed to custodial credit risk.

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

**City of Pawhuska**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**B. Restricted Assets**

Restricted cash at June 30, 2022 consists of amounts held in trust as required to secure customer utility deposits.

**C. Long-Term Debt**

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

Pawhuska Public Works Authority Sales Tax Revenue Note, Series 2013 original issue \$1,000,000, interest rate 2.47%, due in semi-annual installments of \$40,000 to \$55,000, final payment of \$60,000 due September 1, 2023. Note is secured by a pledge of system revenues.

Pawhuska Public Works Authority issued a note payable with American Heritage Bank, Pawhuska, Oklahoma, in the amount of \$66,833.08 for the purchase of an excavator. Interest is 2.5% on the note. The note is to be paid in 36 monthly installments, with the monthly payments being \$1,931.18. The note is secured by business assets.

Pawhuska Public Works Authority issued a note payable with American Heritage Bank, Pawhuska, Oklahoma, in the amount of \$75,000 for the purchase of a building. Interest is 2.0% on the note. The note is to be paid in 60 monthly installments, with the monthly payments being \$1,314.58. The note is secured by business assets.

Pawhuska Public Works Authority, Series A 2020 Promissory Note with maximum loan advance of \$1,300,000 with American Heritage Bank. Interest on the note is 2.95% and the note matures on April 1, 2023.

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

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

	Balance June 30, 2021	Proceeds	Payments	Balance June 30, 2022	Due Within One Year
Business-Type Activities:					
AHB - Series A 2020	142,850.00	79,220.00	(159,600.00)	62,470.00	62,470.00
AHB - Excavator	41,468.00	-	(22,394.55)	19,073.45	19,073.45
AHB - Building	67,820.00	-	(14,551.21)	53,268.79	14,844.94
2013 Sales Tax Revenue Note	275,000.00	\$ -	(105,000.00)	170,000.00	110,000.00
Total Business-Type	527,138.00	-	(105,000.00)	304,812.24	206,388.39

**City of Pawhuska**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

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

Year Ended June 30,	Principal	Interest	Total
2023	206,388.39	3,534.04	209,922.43
2024	75,144.55	630.41	75,774.96
2025	15,450.24	324.72	15,774.96
2026	7,829.06	45.71	7,874.77
Totals	<u>\$ 304,812.24</u>	<u>\$ 4,534.88</u>	<u>\$ 309,347.12</u>

**City of Pawhuska**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**IV. Other Information**

**A. Risk Management**

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

The City is a member of the Oklahoma Municipal Assurance Group Workers' Compensation Plan (the Plan), an organization formed for the purpose of providing workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that City, the Plan is responsible for providing loss control services and certain fiscal activities including obtaining contract arrangements for the underwriting excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the Plan year.

As a member of the Plan, the City is required to pay fees set by the Plan according to an established payment schedule. The City is responsible for complying with all requirements of the Oklahoma Workers' Compensation Act. A Loss Fund has been established from the proceeds of fees paid by the City. The State Insurance Fund provides coverage in excess of the Loss Fund so the City's liability for claim loss is limited to the balance of that fund. However, failure of the State Insurance Fund to honor its obligations could result in losses to the Plan.

**B. Contingent Liabilities**

The City of Pawhuska and Pawhuska Development Authority are parties to various legal proceedings or have threatened litigation which normally occurs in the course of municipal governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State Constitution and statutes provide for the levy of an ad valorem tax over a three-year period by a Sinking

Fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings or threatened litigation 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.

**C. Subsequent Events**

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**



**City of Pawhuska**  
**Combining Balance Sheet – Special Revenue Funds – Modified Cash Basis**  
**For the Year Ended June 30, 2022**

	Special Revenue												Special Revenue Totals
	Street & Alley	Library	Gerald Ledington Book	Economic Development	CDBG	Juvenile Court	Municipal Court	Carl and Virginia Short	Imprest	Short Community Center	Youth Center	Short Swim Pool	
ASSETS													
Cash and Equivalents	\$ 47,380.51	\$ 19,573.13	\$ 2,839.80	\$ 56,864.73	\$ (289,984.09)	\$ 2,223.00	\$ 47,639.05	\$ 26,732.98	\$ 1,500.00	\$ -	\$ (2,280.00)	\$ 21,772.18	\$ (65,738.71)
Investments	200,000.00	90,230.16	85,325.13	400,000.00			-	150,425.88	-	-			925,981.17
Total Assets	247,380.51	109,803.29	88,164.93	456,864.73	(289,984.09)	2,223.00	47,639.05	177,158.86	1,500.00	-	(2,280.00)	21,772.18	860,242.46
				-						-			
Liabilities													
Due to Other Funds	-	-	-	-	-	-	47,639.05	-	-	-	-	-	47,639.05
Total Liabilities	-	-	-	-	-	-	47,639.05	-	-	-	-	-	47,639.05
Fund Balances													
Restricted	247,380.51	-	88,164.93	-	(289,984.09)	-	-	177,158.86	-	-	-	21,772.18	244,492.39
Committed	-	109,803.29	-	456,864.73	-	2,223.00	-	-	-	-	-	-	568,891.02
Assigned	-	-	-	-	-	-	-	-	1,500.00	-	(2,280.00)	-	(780.00)
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	247,380.51	109,803.29	88,164.93	456,864.73	(289,984.09)	2,223.00	-	177,158.86	1,500.00	-	(2,280.00)	21,772.18	812,603.41
Total Liabilities and Fund Balances	\$ 247,380.51	\$ 109,803.29	\$ 88,164.93	\$ 456,864.73	\$ (289,984.09)	\$ 2,223.00	\$ 47,639.05	\$ 177,158.86	\$ 1,500.00	\$ -	\$ (2,280.00)	\$ 21,772.18	\$ 860,242.46

**City of Pawhuska**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Special Revenue Funds – Modified Cash Basis**  
**For the Year Ended June 30, 2022**

	Special Revenue											
	Street & Alley	Library	Gerald Ledington Book	Economic Development	CDBG	Juvenile Court	Muncipal Court	Carl and Virginia Short	Imprest	Youth Center	Short Swim Pool	Special Revenue Totals
Revenues:												
Taxes												
Gasoline Tax	\$ 5,465.03	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,465.03
Vehicle Tax	24,444.64	-	-	-	-	-	-	-	-	-	-	24,444.64
Sales Tax	-	-	-	183,411.88	-	-	-	-	-	-	-	183,411.88
Charges for Services	-	1,547.28	-	-	-	-	-	-	-	-	-	1,547.28
Donations	-	94.90	45.74	-	-	-	-	-	-	-	-	140.64
Grants	-	20,828.34	-	-	-	-	-	-	-	-	-	20,828.34
Interest	-	455.83	-	-	-	-	-	978.47	-	-	-	1,434.30
Miscellaneous Income	-	-	575.41	-	-	-	-	-	-	22,504.72	-	23,080.13
Total Revenues	<u>29,909.67</u>	<u>22,926.35</u>	<u>621.15</u>	<u>183,411.88</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>978.47</u>	<u>-</u>	<u>22,504.72</u>	<u>-</u>	<u>260,352.24</u>
Expenditures:												
Personal	9.28	-	-	-	-	-	-	-	-	-	-	9.28
Maintenance and Operations	8,658.16	-	-	-	-	-	-	-	-	-	-	8,658.16
Capital Outlay	-	20,828.34	5,125.70	13,500.00	289,984.09	-	-	-	-	33,266.89	-	362,705.02
Total Expenditures	<u>8,667.44</u>	<u>20,828.34</u>	<u>5,125.70</u>	<u>13,500.00</u>	<u>289,984.09</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,266.89</u>	<u>-</u>	<u>371,372.46</u>
Excess of Revenue Over (Under)												
Expenditures	21,242.23	2,098.01	(4,504.55)	169,911.88	(289,984.09)	-	-	978.47	-	(10,762.17)	-	(111,020.22)
Other Financing Uses												
Operating Transfers In (Out)	-	-	-	(75,775.00)	-	-	-	-	-	-	-	(75,775.00)
Excess of Revenues Over (Under)												
Expenditures & Transfers	21,242.23	2,098.01	(4,504.55)	94,136.88	(289,984.09)	-	-	978.47	-	(10,762.17)	-	(186,795.22)
Fund Balance - Beginning of Year	<u>226,138.28</u>	<u>107,705.28</u>	<u>92,669.48</u>	<u>362,727.85</u>	<u>-</u>	<u>2,223.00</u>	<u>-</u>	<u>176,180.39</u>	<u>1,500.00</u>	<u>8,482.17</u>	<u>21,772.18</u>	<u>999,398.63</u>
Fund Balance - End of Year	<u>\$ 247,380.51</u>	<u>\$ 109,803.29</u>	<u>\$ 88,164.93</u>	<u>\$ 456,864.73</u>	<u>\$ (289,984.09)</u>	<u>\$ 2,223.00</u>	<u>\$ -</u>	<u>\$ 177,158.86</u>	<u>\$ 1,500.00</u>	<u>\$ (2,280.00)</u>	<u>\$ 21,772.18</u>	<u>\$ 812,603.41</u>

**City of Pawhuska**  
**Combining Balance Sheet – Capital Projects and Permanent Funds – Modified Cash Basis**  
**For the Year Ended June 30, 2022**

	Capital Projects						Permanent Funds	
	Capital Improvement	Police Improvement	Fire Improvement	Louise Snyder Park	Water and Sewer Reserve	Permanent Improvement	Cemetery Care	Total
Assets								
Cash and Cash Equivalents	\$ 63,566.19	\$ 11,288.33	\$ 92,375.46	\$ 897.26	\$ (228,876.48)	\$ 20,792.58	\$ 53,055.75	\$ 13,099.09
Investments	<u>300,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000.00</u>	<u>80,276.53</u>	<u>580,276.53</u>
Total Assets	<u>363,566.19</u>	<u>11,288.33</u>	<u>92,375.46</u>	<u>897.26</u>	<u>(228,876.48)</u>	<u>220,792.58</u>	<u>133,332.28</u>	<u>593,375.62</u>
Liabilities								
Due to Others	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances								
Restricted	<u>363,566.19</u>	<u>11,288.33</u>	<u>92,375.46</u>	<u>897.26</u>	<u>(228,876.48)</u>	<u>220,792.58</u>	<u>133,332.28</u>	<u>593,375.62</u>
Total Fund Balances	<u>363,566.19</u>	<u>11,288.33</u>	<u>92,375.46</u>	<u>897.26</u>	<u>(228,876.48)</u>	<u>220,792.58</u>	<u>133,332.28</u>	<u>593,375.62</u>
Total Liabilities and Fund Balance	<u>\$ 363,566.19</u>	<u>\$ 11,288.33</u>	<u>\$ 92,375.46</u>	<u>\$ 897.26</u>	<u>\$ (228,876.48)</u>	<u>\$ 220,792.58</u>	<u>\$ 133,332.28</u>	<u>\$ 593,375.62</u>

**City of Pawhuska**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Capital Projects and Permanent Funds – Modified Cash Basis**  
**For the Year Ended June 30, 2022**

	Capital Improvement Funds						Permanent Funds	
	Capital Improvement	Police Improvement	Fire Improvement	Louise Snider Park	Water and Sewer Reserve	Permanent Improvement	Cemetery Care	Total
Revenues:								
Charges for Services	\$ -	\$ 200.00	\$ 2,800.00	\$ -	\$ -	\$ -	\$ -	\$ 3,000.00
Grants	-	-	200.00	-	-	-	-	200.00
Interest	19,368.95	-	-	-	-	-	518.21	19,887.16
Miscellaneous Income	-	-	12,348.75	-	-	-	-	12,348.75
Total Revenues	<u>19,368.95</u>	<u>200.00</u>	<u>15,348.75</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>518.21</u>	<u>35,435.91</u>
Expenditures:								
Capital Outlay	-	-	32,642.25	-	233,202.96	-	-	265,845.21
Total Expenditures	<u>-</u>	<u>-</u>	<u>32,642.25</u>	<u>-</u>	<u>233,202.96</u>	<u>-</u>	<u>-</u>	<u>265,845.21</u>
								-
Excess of Revenues over (under) Expenditures	19,368.95	200.00	(17,293.50)	-	(233,202.96)	-	518.21	(230,409.30)
Other Financing Uses								
Operating Transfers in (out)	-	-	-	-	-	-	-	-
Excess of Revenues over (under) Expenditures & Transfers	19,368.95	200.00	(17,293.50)	-	(233,202.96)	-	518.21	(230,409.30)
								-
Fund Balance -Beginning of Year	<u>344,197.24</u>	<u>11,088.33</u>	<u>109,668.96</u>	<u>897.26</u>	<u>4,326.48</u>	<u>220,792.58</u>	<u>132,814.07</u>	<u>823,784.92</u>
Fund Balance - End of Year	<u>\$ 363,566.19</u>	<u>\$ 11,288.33</u>	<u>\$ 92,375.46</u>	<u>\$ 897.26</u>	<u>\$ (228,876.48)</u>	<u>\$ 220,792.58</u>	<u>\$ 133,332.28</u>	<u>\$ 593,375.62</u>