



City of

Stigler

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

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

THE CITY OF STIGLER, OKLAHOMA

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

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

THIS PAGE INTENTIONALLY LEFT BLANK

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

TABLE OF CONTENTS

	Page
Independent Auditor’s Report on Financial Statements	5-7
Other Information - Management’s Discussion and Analysis	9-14
The Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position (Modified Cash Basis).....	16
Statement of Activities (Modified Cash Basis).....	17
Governmental Funds Financial Statements:	
Balance Sheet (Modified Cash Basis).....	19
Statement of Revenues, Expenditures, and Changes in Fund Balances (MCB)	20
Proprietary Fund Financial Statements:	
Statement of Net Position (Modified Cash Basis)	22
Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis).....	23
Statement of Cash Flows (Modified Cash Basis).....	24
Footnotes to the Basic Financial Statements	25-35
Supplementary and Other Information:	
Budgetary Comparison Information	
Budgetary Comparison Schedule (Modified Cash Basis) – General Fund.....	37
Footnotes to Budgetary Comparison Schedule	37
Combining Non-Major Governmental Fund Statements	
Combining Balance Sheet (Modified Cash Basis).....	38
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (MCB).....	38
Federal and State Awards Information	
Schedule of Expenditures of Federal and State Awards (Modified Cash Basis).....	39-40
Internal Control and Compliance Information:	
Independent Auditors’ Report on Internal Control and Compliance Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with Government Auditing Standards.....	43-44

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

THIS PAGE INTENTIONALLY LEFT BLANK



INDEPENDENT AUDITOR’S REPORT

To the Honorable Mayor and Members of the City Council
City of Stigler, Oklahoma

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

HSPG & ASSOCIATES, PC

5400 N Grand Blvd, Suite 330 • Oklahoma City, Oklahoma 73112 • Phone: 405.844.9995 • Fax: 405.844.9975

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Other Matters

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplemental combining schedules – modified cash basis, and federal and state awards information – modified cash basis, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining schedules and federal and state awards information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2024, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

HSPG & Associates, P.C.

February 26, 2024

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

THIS PAGE INTENTIONALLY LEFT BLANK

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

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

FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$126,904 and the assets of the City exceed its liabilities at June 30, 2023, by \$6,485,788 (net position). Of this amount, \$4,606,699 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2023, the City's governmental funds reported combined ending fund balances of \$4,389,890.
- At the end of fiscal year 2023, unassigned fund balance for the General Fund was \$2,186,513.

ABOUT THE CITY

The City of Stigler is an incorporated municipality with a population of approximately 2,703 located in Haskell County in southeastern Oklahoma. The City is a Council-Manager form of government and operates under a charter that provides for three branches of government:

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

The City provides typical municipal services such as public safety, street and alley maintenance, parks and recreation, library, community development, and through its Trusts, certain utility services including water, sewer, sanitation and industrial development.

The City's Financial Reporting Entity

This annual report includes all activities for which the City is fiscally responsible. These activities, defined as the City's financial reporting entity, are operated within separate legal entities.

The City's financial reporting entity includes the following separate legal entities.

- **The City of Stigler (primary government)** – operates the public safety, cemetery, streets, health and welfare, culture and recreation, and administrative activities of the City.
- **The Stigler Municipal Improvement Authority (SMIA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater, sanitation, and sports complex activities services of the City. The City of Stigler is the beneficiary of the Trust and the City Council serves as the governing body of the Trust (reported as a blended component unit).

- **The Stigler Industrial Development Authority** – operates the industrial development services of the City, governed by the Trustees who are appointed by the City Council (reported as a discretely presented component unit).

In addition, as required by state law, all debt obligations incurred by the Trusts must be approved by two-thirds vote of the City Council. This is considered sufficient imposition of will to demonstrate financial accountability and to include the Trusts within the City’s financial reporting entity. The Public Trusts do not issue separate annual financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Stigler (the “City”), the Stigler Municipal Improvement Authority (the “SMIA”), and the Stigler Industrial Development Authority (the “SIDA”). Included in this report are government-wide statements for each of the three categories of activities – governmental, business-type, and a discretely-presented component unit.

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

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

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

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

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

Fund Financial Statements

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

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

Proprietary funds - When the City, through the Municipal Improvement Authority, charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are also reported on the modified cash basis of accounting as defined in Note 1.B. The City's proprietary fund is the Stigler Municipal Improvement Authority that accounts for the operation of the water, sewer, and sanitation activities.

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 23-34 of this report.

Other Information

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

THE CITY AS A WHOLE

For the year ended June 30, 2023, net position on a modified cash basis for the governmental and business-type activities increased \$126,904.

Following is a summary of net position reported on a modified cash basis for the City of Stigler.

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

The City of Stigler's Net Position (000's)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2023	2022		2023	2022		2023	2022	
Current assets	\$ 4,391	\$ 4,478	-2%	\$ 2,156	\$ 1,933	12%	\$ 6,547	\$ 6,411	2%
Total assets	<u>4,391</u>	<u>4,478</u>	-2%	<u>2,156</u>	<u>1,933</u>	12%	<u>6,547</u>	<u>6,411</u>	2%
Current liabilities	-	-	0%	61	52	18%	61	52	18%
Total liabilities	<u>-</u>	<u>-</u>	0%	<u>61</u>	<u>52</u>	18%	<u>61</u>	<u>52</u>	18%
Net position									
Restricted	1,879	2,343	-20%	-	-	-	1,879	2,343	-20%
Unrestricted	2,512	2,135	18%	2,095	1,881	11%	4,607	4,016	15%
Total net position	<u>\$ 4,391</u>	<u>\$ 4,478</u>	-2%	<u>\$ 2,095</u>	<u>\$ 1,881</u>	11%	<u>\$ 6,486</u>	<u>\$ 6,359</u>	2%

A portion of the City's net position, \$1,879,089, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position, \$4,606,699, may be used to meet the government's ongoing needs.

The City of Stigler's Revenues, Expenses and Changes in Net Position
(Modified Cash Basis) (000's)

TABLE 2
CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2023	2022		2023	2022		2023	2022	
Revenues									
Charges for service	\$ 393	\$ 359	9%	\$ 2,329	\$ 2,170	7%	\$ 2,722	\$ 2,529	8%
Operating grants and contributions	71	74	-4%	-	-	-	71	74	-4%
Capital grants, debt proceeds and contributions	1,218	406	200%	249	232	7%	1,467	638	130%
Taxes	3,267	3,037	8%	-	-	-	3,267	3,037	8%
Intergovernmental revenue	344	342	1%	-	-	-	344	342	1%
Investment income	11	3	267%	2	-	-	13	3	333%
Miscellaneous	281	204	38%	44	57	-23%	325	261	25%
Total revenues	<u>5,585</u>	<u>4,425</u>	26%	<u>2,624</u>	<u>2,459</u>	7%	<u>8,209</u>	<u>6,884</u>	19%
Expenses									
General government	1,616	1,120	44%	-	-	-	1,616	1,120	44%
Public safety	1,204	991	21%	-	-	-	1,204	991	21%
Streets	378	336	13%	-	-	-	378	336	13%
Culture, parks and recreation	1,212	659	84%	-	-	-	1,212	659	84%
Health and Welfare	56	47	19%	-	-	-	56	47	19%
Economic development	127	125	2%	-	-	-	127	125	2%
Principal on long-term debt	533	253	111%	-	-	-	533	253	111%
Interest on long-term debt	12	23	-48%	-	-	-	12	23	-48%
Water	-	-	-	1,513	910	66%	1,513	910	66%
Sewer	-	-	-	1,029	883	17%	1,029	883	17%
Sanitation	-	-	-	402	471	-15%	402	471	-15%
Total expenses	<u>5,138</u>	<u>3,554</u>	45%	<u>2,944</u>	<u>2,264</u>	30%	<u>8,082</u>	<u>5,818</u>	39%
Excess (deficiency) before transfers	447	871	-49%	(320)	195	-264%	127	1,066	-88%
Transfers	(534)	744	172%	534	(744)	-172%	-	-	-
Change in net position	(87)	1,615	-105%	214	(549)	-139%	127	1,066	-88%
Beginning net position	<u>4,478</u>	<u>2,863</u>	56%	<u>1,881</u>	<u>2,430</u>	-23%	<u>6,359</u>	<u>5,293</u>	20%
Ending net position	<u>\$ 4,391</u>	<u>\$ 4,478</u>	-2%	<u>\$ 2,095</u>	<u>\$ 1,881</u>	11%	<u>\$ 6,486</u>	<u>\$ 6,359</u>	2%

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

Governmental Activities

The City's governmental activities had a decrease in net position of \$86,226. Capital grants and contributions increased by \$812,537 mainly due to an increase in FAA grants a CDBG grant received in the current year, and loan proceeds for a new skate park. General government expenses increased also due to an increase in FAA grant activity from prior year. Culture, parks and recreation expenses increased \$553,006 mainly due to an increase in culture and recreation capital projects from the prior year. Principal on long term-debt expenses increased due to a new loan issue for the skate park project.

	Total Expense of Services		% Inc.	Net Revenue (Expense) of Services		% Inc.
			(Dec.)			(Dec.)
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
General government	\$ 1,616	\$ 1,120	44%	(\$954)	(\$713)	34%
Public safety	1,204	991	21%	(985)	(808)	22%
Streets	378	336	13%	(353)	(310)	14%
Culture, parks and recreation	1,212	659	84%	(736)	(478)	54%
Health and welfare	56	47	19%	(20)	(9)	122%
Economic development	127	125	2%	139	(120)	-216%
Principal on long-term debt	533	253	111%	(533)	(253)	111%
Interest on long-term debt	12	23	-48%	(12)	(23)	-48%
Total	\$ 5,138	\$ 3,554	45%	(\$3,454)	(\$2,714)	27%

Business-type Activities

The business-type activities had a increase in net position of \$213,130. Water expenses increased \$603,372 mainly due to an increase in capital and operating expenses. Transfers out decreased 139% related mainly to the proceeds of the sale of a building being transferred to General Fund to use for various projects, along with the transfer of the sports complex activity and business-type grant activity in the prior year.

	Total Expense of Services		% Inc.	Net Revenue (Expense) of Services		% Inc.
			Dec.			Dec.
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Water	\$ 1,513	\$ 910	66%	\$ (223)	\$ 229	-197%
Sewer	1,029	883	17%	(259)	(133)	95%
Sanitation	402	471	-15%	114	42	171%
Total	\$ 2,944	\$ 2,264	30%	\$ (368)	\$ 138	-367%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2023 fiscal year, the governmental funds reported a combined fund balance of \$4,389,890.

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

Other fund highlights include:

For the year ended June 30, 2023, the General Fund's total fund balance decreased by \$75,549, or 1.7%. The decrease is due to an increase in capital outlay expenditures.

- For the year ended June 30, 2023, the Governmental Fund's fund balance classifications were as follows:

Fund Balance Classification:	
Restricted for:	
Capital improvements	\$ 1,316,221
Cemetery	3,900
Public safety	12,770
Streets	265,079
Economic development	25,057
Community development	242,425
E911	13,637
Assigned to:	
E910	13,624
Future budgetary purposes	310,664
Unassigned	2,186,513
Total Governmental Fund Balance Classifications	<u>\$ 4,389,890</u>

General Fund Budgetary Highlights

For the year ended June 30, 2023, the General Fund reported actual budgetary basis revenues under final estimates by \$1,168,966 or a 17.8% negative variance. General Fund actual expenditures were under final appropriations by \$1,093,417 or a 16.6% positive variance.

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

The following information outlines significant known factors that will affect subsequent year finances:

- The FY 2024 budget is relatively consistent to prior years.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office at 115 S. Broadway, Stigler, Oklahoma 74462 or telephone at 918-967-2164.

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

BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND ACTIVITIES

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

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

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Stigler Industrial</u>
	<u>Activities</u>	<u>Activities</u>		<u>Development</u>
				<u>Authority</u>
ASSETS				
Cash and cash equivalents	\$ 2,858,454	\$ 1,649,778	\$ 4,508,232	\$ 11,372
Investments	1,534,034	505,000	2,039,034	314,647
Internal Balances	(998)	998	-	-
Total Assets	<u>4,391,490</u>	<u>2,155,776</u>	<u>6,547,266</u>	<u>326,019</u>
LIABILITIES				
Due to depositors	-	61,378	61,378	-
Due to bondholders	100	-	100	-
Total liabilities	<u>100</u>	<u>61,378</u>	<u>61,478</u>	<u>-</u>
NET POSITION				
Restricted for:				
Capital Improvements	1,316,221	-	1,316,221	-
Cemetery	3,900	-	3,900	-
Public Safety	12,770	-	12,770	-
Streets	265,079	-	265,079	-
Economic Development	25,057	-	25,057	-
Community Development	242,425	-	242,425	-
E911	13,637	-	13,637	-
Unrestricted	2,512,301	2,094,398	4,606,699	326,019
Total net position	<u>\$ 4,391,390</u>	<u>\$ 2,094,398</u>	<u>\$ 6,485,788</u>	<u>\$ 326,019</u>

See accompanying notes to the basic financial statements.

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

Statement of Activities (Modified Cash Basis)– Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants, Debt Proceeds, and Contributions	Governmental Activities	Business-type Activities	Total	Stigler Industrial Development Authority
Primary government								
Governmental Activities								
General government	\$ 1,616,193	\$ 22,189	\$ -	\$ 639,755	\$ (954,249)	\$ -	\$ (954,249)	\$ -
Public safety	1,203,223	188,905	10,053	19,810	(984,455)	-	(984,455)	-
Streets	377,469	-	24,155	-	(353,314)	-	(353,314)	-
Culture and recreation	1,212,209	181,743	-	294,360	(736,106)	-	(736,106)	-
Health and welfare	55,825	-	35,735	-	(20,090)	-	(20,090)	-
Economic development	126,610	-	1,000	264,197	138,587	-	138,587	-
Principal on long-term debt	532,988	-	-	-	(532,988)	-	(532,988)	-
Interest on long-term debt	12,050	-	-	-	(12,050)	-	(12,050)	-
Total governmental activities	5,136,567	392,837	70,943	1,218,122	(3,454,665)	-	(3,454,665)	-
Business-type activities:								
Water	1,513,212	1,042,015	-	248,588	-	(222,609)	(222,609)	-
Sewer	1,029,476	770,867	-	-	-	(258,609)	(258,609)	-
Sanitation	402,483	516,200	-	-	-	113,717	113,717	-
Total business-type activities	2,945,171	2,329,082	-	248,588	-	(367,501)	(367,501)	-
Total primary government	\$ 8,081,738	\$ 2,721,919	\$ 70,943	\$ 1,466,710	(3,454,665)	(367,501)	(3,822,166)	
Component Unit								
Industrial development authority	\$ 3,800	\$ -	\$ -	\$ -				(3,800)
Total component unit	\$ 3,800	\$ -	\$ -	\$ -				(3,800)
General revenues:								
Taxes:								
Sales and use taxes					3,153,535	-	3,153,535	-
Franchise taxes and public service taxes					113,323	-	113,323	-
Intergovernmental revenue not restricted to specific programs					343,996	-	343,996	-
Unrestricted investment earnings					10,893	1,894	12,787	3,423
Miscellaneous					281,158	44,271	325,429	-
Transfers					(534,466)	534,466	-	-
Total general revenues and transfers					3,368,439	580,631	3,949,070	3,423
Change in net position					(86,226)	213,130	126,904	(377)
Net position - beginning					4,477,616	1,881,268	6,358,884	326,396
Net position - ending					\$ 4,391,390	\$ 2,094,398	\$ 6,485,788	\$ 326,019

See accompanying notes to the basic financial statements.

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

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

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

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

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 2,829,271	\$ 27,683	\$ 2,856,954
Investments	1,534,034	-	1,534,034
Due from other funds	422	-	422
Total assets	<u>\$ 4,363,727</u>	<u>\$ 27,683</u>	<u>\$ 4,391,410</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ 998	\$ 422	\$ 1,420
Due to bondholders	100	-	100
Total liabilities	<u>1,098</u>	<u>422</u>	<u>1,520</u>
Fund balances:			
Restricted for:			
Capital improvements	1,316,221	-	1,316,221
Cemetery	3,900	-	3,900
Public safety	12,770	-	12,770
Streets	265,079	-	265,079
Economic development	25,057	-	25,057
Community development	242,425	-	242,425
E911	-	13,637	13,637
Assigned to:			
E911	-	13,624	13,624
Future budgetary purposes	310,664	-	310,664
Unassigned	2,186,513	-	2,186,513
Total fund balances	<u>4,362,629</u>	<u>27,261</u>	<u>4,389,890</u>
Total liabilities and fund balances	<u>\$ 4,363,727</u>	<u>\$ 27,683</u>	<u>\$ 4,391,410</u>

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Amounts reported for governmental activities in the Statement of Net Position are different because:	
Fund balance, governmental funds	\$ 4,389,890
Reclass of activities related to the sports complex	1,500
Net position of governmental activities	<u>\$ 4,391,390</u>

See accompanying notes to the basic financial statements.

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

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

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 3,266,858	\$ -	\$ 3,266,858
Intergovernmental	1,251,466	35,735	1,287,201
Charges for services	182,010	139,546	321,556
Fees and fines	49,092	-	49,092
Licenses and permits	4,188	-	4,188
Investment earnings	10,656	237	10,893
Miscellaneous	350,659	-	350,659
Total revenues	<u>5,114,929</u>	<u>175,518</u>	<u>5,290,447</u>
EXPENDITURES			
Current:			
General government	855,670	-	855,670
Public Safety	935,064	-	935,064
Public Works	247,060	-	247,060
Culture and recreation	388,777	-	388,777
Economic development	93,786	-	93,786
E911	-	149,133	149,133
Nutrition	-	48,325	48,325
Capital Outlay	2,406,853	1,327	2,408,180
Debt Service:			
Principal	532,988	-	532,988
Interest and other charges	12,050	-	12,050
Total Expenditures	<u>5,472,248</u>	<u>198,785</u>	<u>5,671,033</u>
Excess (deficiency) of revenues over expenditures	<u>(357,319)</u>	<u>(23,267)</u>	<u>(380,586)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt	294,360	-	294,360
Transfers in	-	12,590	12,590
Transfers out	(12,590)	-	(12,590)
Total other financing sources and uses	<u>281,770</u>	<u>12,590</u>	<u>294,360</u>
Net change in fund balances	(75,549)	(10,677)	(86,226)
Fund balances - beginning	4,438,178	37,938	4,476,116
Fund balances - ending	<u>\$ 4,362,629</u>	<u>\$ 27,261</u>	<u>\$ 4,389,890</u>

See accompanying notes to the basic financial statements.

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

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUND

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

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

	<u>Stigler Municipal Improvement Authority Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,589,900
Investments	505,000
Restricted:	
Cash and cash equivalents	61,378
Due from other funds	998
	2,157,276
Total assets	2,157,276
LIABILITIES	
Current Liabilities:	
Due to depositors	61,378
Total liabilities	61,378
NET POSITION	
Unrestricted	2,095,898
Total net position	\$ 2,095,898

Reconciliation of Proprietary Funds and Government-Wide Financial Statements:

Amounts reported for business-type activities in the Statement of Net Position are different because:

Net position , proprietary funds	\$ 2,095,898
Reclass of activities related to the sports complex	(1,500)
Net position of business-type activities	\$ 2,094,398

See accompanying notes to the basic financial statements.

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

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

	<u>Stigler Municipal Improvement Authority Enterprise Fund</u>
REVENUES	
Water	\$ 1,019,915
Sewer	754,862
Sanitation	505,810
Penalties	41,452
Water taps	1,150
Sewer taps	500
Reconnect fees	3,324
Miscellaneous	2,069
Total Operating Revenues	2,329,082
OPERATING EXPENSES	
Water	554,257
Sewer	353,390
Sanitation collection	354,944
Administration	95,655
Total Operating Expenses	1,358,246
Operating income	970,836
NON-OPERATING REVENUES (EXPENSES)	
Capital outlay	(615,115)
Debt service:	
Principal	(238,996)
Interest expense	(198,348)
Interest and investment revenue	1,894
Rental Income	40,200
Capital contributions	2,810
Debt Proceeds	245,778
OEPIIC insurance reimbursement	4,071
Total non-operating revenue (expenses)	(757,706)
Change in net position	213,130
Total net position - beginning	1,882,768
Total net position - ending	\$ 2,095,898

See accompanying notes to the basic financial statements.

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

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

	<u>Stigler Municipal Improvement Authority Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,373,353
Payments to suppliers	(774,971)
Payments to employees	(583,275)
Receipts of customer meter deposits	26,432
Refunds of customer meter deposits	(16,671)
Net cash provided by operating activities	1,024,868
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(615,115)
Proceeds from capital grants and contributions	2,810
Proceeds from debt	245,778
Principal paid on debt	(238,996)
Interest and fiscal agent fees paid on debt	(198,348)
Net cash provided by (used in) capital and related financing activities	(803,871)
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale (Purchase) of investments	(500,000)
Interest and dividends	1,894
Net cash provided by (used in) investing activities	(498,106)
Net increase (decrease) in cash and cash equivalents	(277,109)
Balances - beginning of year	1,928,387
Balances - end of year	\$ 1,651,278
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 1,589,900
Restricted cash and cash equivalents - current	61,378
Total cash and cash equivalents, end of year	\$ 1,651,278
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 970,836
Adjustments to reconcile operating income to net cash provided by operating activities:	
Miscellaneous revenue	44,271
Change in assets and liabilities:	
Deposits subject to refund	9,761
Net cash provided by operating activities	\$ 1,024,868

See accompanying notes to the basic financial statements.

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

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

In determining the financial reporting entity, the City of Stigler, Oklahoma (the “City”) complies with the provisions of Governmental Accounting Standards Board Statement No. 14, “*The Financial Reporting Entity*”, as amended by Statement 61, that requires the primary government and all component units of which the primary government is financially accountable be included in the financial report. The City’s financial reporting entity includes two separate legal entities reported as the primary government and one discretely presented component unit.

- **The City of Stigler** – operates the public safety, cemetery, streets, health and welfare, culture and recreation, and administrative activities of the City, governed by the City Council.
- **The Stigler Municipal Improvement Authority** – that operates the water, sewer, sanitation and sports complex activities of the City through a public trust of which the City is the beneficiary. The City Council serves as Trustees for the Authority and all debt obligations of the Authority must be approved by 2/3rds vote of the City Council (reported as a blended component unit enterprise fund).
- **The Stigler Industrial Development Authority** – operates the industrial development services of the City, governed by the Trustees who are appointed by the City Council (reported as a discretely presented component unit).

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

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statements of net position and activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles. These modifications include adjustments for the following balances arising from cash transactions:

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

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

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

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

- General government: License and permits, rents and royalties, fire subscriptions and capital grants and contributions
- Public safety: Fine revenue and operating grants
- Streets and highways: Gas excise and commercial vehicle taxes
- Culture and recreation: Swimming pool fees and concessions
- Health and welfare: Operating grants
- Economic development: Operating grants
- Airport (included in General government): Capital grant

Governmental Funds:

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

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds

Non-Major Funds:

- Nutrition Fund - accounts for revenues and expenditures of various nutrition grants per grant agreement requirements
- E911 Fund – accounts for E-911 revenues legally restricted for E-911 services

The City reports the General Fund as a major fund; all other governmental funds are considered nonmajor and are reported in the Other Governmental Funds column.

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

Proprietary Fund:

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

- Stigler Municipal Improvement Authority (SMIA) – accounts for the operation of the water, sewer, sanitation, and sports complex activities

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

C. Cash, Cash Equivalents, and Investments

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

D. Compensated Absences

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid compensatory time that would be due employees upon termination is reported as a commitment in Note 9.

E. Fund Balances and Net Position

Fund Balance:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. The classifications are defined as:

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

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

Net position is displayed in two components:

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

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

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

F. Internal and Interfund Balances and Transfers

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

2. Cash, Cash Equivalents and Investments

For the year ended June 30, 2023, the City recognized \$12,787 of investment income. Due to the minimal rates of return on allowable investments in the current environment, the City's deposits are in demand and short-term time deposits.

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

Primary Government:

Type	Carrying Value
Deposits:	
Demand deposits	\$ 4,506,132
Cash on hand	2,100
Time deposit - certificates of deposit	2,039,034
Total deposits and investments	\$ 6,547,266
 Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 4,508,232
Investments	2,039,034
	\$ 6,547,266
 <u>Component Unit:</u>	
Cash and cash equivalents	\$ 11,372
Investments	314,647
	\$ 326,019

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

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

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

Investment Interest Rate Risk - 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. All certificates of deposit will mature within the next 12 months.

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

As of June 30, 2023, the City did not hold any securities with credit ratings since they are all non-negotiable time deposits.

Concentration of Investment Credit Risk - the City places no limit on the amount it may invest in any one issuer.

Restricted cash and Investments – The amounts reported as restricted assets on the statement of net position are comprised of amounts restricted for the following:

	<u>Current Restricted</u>
	<u>Cash and cash equivalents</u>
Meter deposits	\$ 61,378

3. Sales Tax Revenue

Voter approved sales tax revenue per Ordinance #180 and also #295 represents a 3.5 cent local tax on each dollar of taxable sales within the City. One and a half cent is voter-restricted in accordance with City Ordinance. The entire 3.5 cents is recorded in the General Fund, 2 cents for the purpose of general operations and the remaining 1.5 cent is restricted as follows:

Restricted for:	
Capital improvements	50% of 1 cent sales tax
Street & alley	37.5% of 1 cent sales tax
Economic development	12.5% of 1 cent sales tax
Capital improvements/Community Dev	50% of 1 cent sales tax

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

4. Property Tax Levy

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

5. Internal and Interfund Balances and Transfers

Balances:

Internal balances between funds and legal entities for the year ended June 30, 2023, were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
General Fund	E-911 Fund	\$ 422	Deposited in wrong fund
Municipal Improvement Authority	General Fund	998	Deposited in wrong fund
Total		<u>\$ 1,420</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 422	\$ (1,420)	\$ (998)
Proprietary Funds	998	-	998
Total	<u>\$ 1,420</u>	<u>\$ (1,420)</u>	<u>\$ -</u>

Transfers:

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
Nutrition Fund	General Fund	12,590	Operational transfer
Total		<u>\$ 12,590</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>		<u>Transfers Out</u>		<u>Net Transfers</u>
Governmental Funds	\$	12,590	\$	(12,590)	\$ -
Proprietary Funds		-		-	-
	<u>\$</u>	<u>12,590</u>	<u>\$</u>	<u>(12,590)</u>	<u>\$ -</u>

Reconciliation to Statement of Activities:

Net transfer	\$	-
Business-type capital outlay activity recorded in governmental funds		(534,466)
Transfers - internal activity	<u>\$</u>	<u>(534,466)</u>

6. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss by securing commercial insurance for all risks, except for participation in the Oklahoma Municipal Assurance Group risk entity pool for certain coverage. Management believes

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

such insurance coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

7. Pension Plan Participation

The City of Stigler participates in three pension or retirement plans:

1. Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
2. Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
3. Oklahoma Public Employees Retirement System (OPERS) – a statewide cost-sharing plan

Firefighter Pension System:

Plan Summary Information. The City of Stigler, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter’s Pension and Retirement System (OFPRS). The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ full-time or volunteer firefighters.

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

Funding Policy. OFPRS plan members that are volunteer firefighters are not required to contribute to the plan. The City is required by state law to contribute \$60 per year for each volunteer firefighter. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OFPRS contributions are as follows:

Fiscal Year	Required Contribution	Amount Contributed
2021	\$ 1,380	\$ 1,380
2022	\$ 1,380	\$ 1,380
2023	\$ 2,040	\$ 2,040

OPPRS:

Plan Summary Information. The City of Stigler, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Police Pension and Retirement System (OPPRS). The OPPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ a certain number of fulltime police officers.

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

The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

OPPRS
1001 N.W. 63rd St., Suite 305
Oklahoma City, OK 73116-7335

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

The OPPRS contributions are as follows:

Fiscal Year	Required Contribution	Amount Contributed
2021	\$ 43,002	\$ 43,002
2022	\$ 38,448	\$ 38,448
2023	\$ 45,570	\$ 45,570

OPERS:

Plan Summary Information: The City has provided a defined contribution plan for all of its full-time employees with the exception of the fire and police department, through Oklahoma Public Employees Retirement System (OPERS). The City, as employer, contributes 16.5% of the employee’s gross wages while the employees contribute 3.5%, with the exception of those employees electing to upgrade at a rate of 6.41%. For the year ended June 30, 2023, the City contributed \$184,378 to the plan, while the employee contributions totaled \$46,526.

A copy of the OPERS financial statements can be obtained from Oklahoma Public Employees Retirement System, 2101 N. Lincoln Blvd., Room 580, Oklahoma City, OK 73105.

The OPERS contributions are as follows:

Fiscal Year	Required Contribution	Amount Contributed
2021	\$ 173,991	\$ 173,991
2022	\$ 185,721	\$ 185,721
2023	\$ 184,378	\$ 184,378

8. Commitments and Contingencies

Long-term Debt Commitments:

Governmental activities long-term debt payable from direct borrowings and direct placements at June 30, 2023, include the following:

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

Notes Payable:

Note Payable to First National Bank dated August 17, 2022, original amount \$294,360 with annual interest rate of 4.75%, due in monthly installments of principal and interest beginning October 10, 2022, final installment due September 10, 2024. No collateral and/or default provisions on this note. \$ 187,736

Total Notes Payable \$ 187,736

Business-type activities long-term debt payable from direct borrowings and direct placements at June 30, 2023, include the following:

Notes Payable:

2015 note payable to USDA for wastewater utility improvements, original amount of \$4,991,000, payable in monthly installments of \$15,473 with interest at 2.125%, final payment due May 2055. The collateral for this note is a real estate mortgage and pledge of revenues of the sanitary sewer system. In the event of default, the lender has all rights and remedies as allowed by law including: 1) declare entire amount unpaid immediately due and payable; 2) incur and pay reasonable expenses for repair or maintenance of and take possession of, operate, or rent property; 3) have a receiver appointed for the property; 4) foreclose this instrument; 5) enforce any and all rights and remedies provided herein or by present or future laws. \$ 4,195,857

2015 note payable to USDA for wastewater utility improvements, original amount of \$649,000, payable in monthly installments of \$2,012 with interest at 2.125%, final payment due May 2055. The collateral for this note is a real estate mortgage and pledge of revenues of the sanitary sewer system. In the event of default, the lender has all rights and remedies as allowed by law including: 1) declare entire amount unpaid immediately due and payable; 2) incur and pay reasonable expenses for repair or maintenance of and take possession of, operate, or rent property; 3) have a receiver appointed for the property; 4) foreclose this instrument; 5) enforce any and all rights and remedies provided herein or by present or future laws. 538,516

2016 note payable to USDA for water treatment plant upgrade, original amount of \$6,214,000, with current year drawdown of \$4,320,037, payable in monthly installments of \$18,021 with interest at 1.75%, final payment due May 2056. The collateral for this note is a real estate mortgage and pledge of revenues of the water system. In the event of default, the lender has all rights and remedies as allowed by law including: 1) declare entire amount unpaid immediately due and payable; 2) incur and pay reasonable expenses for repair or maintenance of and take possession of, operate, or rent property; 3) have a receiver appointed for the property; 4) foreclose this instrument; 5) enforce any and all rights and remedies provided herein or by present or future laws. 5,444,437

Total Notes Payable \$ 10,178,810

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

Customer Deposits:

Refundable customer deposits reported as a liability within the Statement of Net Position are comprised of utility customer deposits payable as of June 30, 2023	\$	61,378
Total Deposits Payable	\$	61,378

Compensated Absences:

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

City - Vacation leave	\$	112,661
SMIA- Vacation leave		19,411
Total Compensated Absences	\$	132,072

Litigation:

The City is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City “Sinking Fund” for the payment of any court assessed judgment rendered against the City. These statutory provisions do not apply to the City’s public trust Authorities. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Federal and State Award Programs:

The City of Stigler participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

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

SUPPLEMENTARY AND OTHER INFORMATION

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

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

	General Fund			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 4,438,178	\$ 4,438,178
REVENUES				
Taxes	2,605,000	2,605,000	3,266,858	661,858
Intergovernmental	1,626,766	1,626,766	1,251,466	(375,300)
Charges for services	206,800	206,800	182,010	(24,790)
Fees and fines	33,000	33,000	49,092	16,092
Licenses and permits	3,150	3,150	4,188	1,038
Investment earnings	900	900	10,656	9,756
Miscellaneous	1,454,839	2,102,639	350,659	(1,751,980)
Proceeds from long term debt	-	-	294,360	294,360
Total revenues	<u>5,930,455</u>	<u>6,578,255</u>	<u>5,409,289</u>	<u>(1,168,966)</u>
Amounts available for appropriation	<u>5,930,455</u>	<u>6,578,255</u>	<u>9,847,467</u>	<u>3,269,212</u>
EXPENDITURES				
Departmental:				
General government	880,590	885,590	864,000	21,590
Public Safety	877,925	953,675	941,864	11,811
Highways and Streets	415,650	440,450	365,281	75,169
Culture and Recreation	1,013,000	1,015,900	961,257	54,643
Capital Improvement	2,447,290	2,447,290	1,519,303	927,987
Capital Projects	200,000	739,350	739,347	3
Economic development	96,000	96,000	93,786	2,214
Total Charges to Appropriations	<u>5,930,455</u>	<u>6,578,255</u>	<u>5,484,838</u>	<u>1,093,417</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,362,629</u>	<u>\$ 4,362,629</u>

Footnotes to Budgetary Comparison Schedule:

1. The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require City Manager's approval, while supplemental appropriations require City Council approval.

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

Combining Balance Sheet – Nonmajor Funds (Modified Cash Basis) – June 30, 2023

	<u>Nutrition Fund</u>	<u>E911 Fund</u>	<u>Total - Other Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 27,683	\$ 27,683
Total assets	<u>\$ -</u>	<u>\$ 27,683</u>	<u>\$ 27,683</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ -	\$ 422	\$ 422
Total liabilities	<u>-</u>	<u>422</u>	<u>422</u>
Fund balances:			
Restricted for:			
E911	-	13,637	13,637
Assigned to:			
E911	-	13,624	13,624
Total fund balances	<u>-</u>	<u>27,261</u>	<u>27,261</u>
Total fund balances	<u>\$ -</u>	<u>\$ 27,683</u>	<u>\$ 27,683</u>

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

	<u>Nutrition Fund</u>	<u>E911 Fund</u>	<u>Total-Other Governmental Funds</u>
REVENUES			
Intergovernmental	\$ 35,735	\$ -	\$ 35,735
Charges for services	-	139,546	139,546
Investment earnings	-	237	237
Total revenues	<u>35,735</u>	<u>139,783</u>	<u>175,518</u>
EXPENDITURES			
Current:			
E911	-	149,133	149,133
Nutrition	48,325	-	48,325
Capital Outlay	-	1,327	1,327
Total Expenditures	<u>48,325</u>	<u>150,460</u>	<u>198,785</u>
Excess (deficiency) of revenues over expenditures	<u>(12,590)</u>	<u>(10,677)</u>	<u>(23,267)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	12,590	-	12,590
Transfers out	-	-	-
Total other financing sources and uses	<u>12,590</u>	<u>-</u>	<u>12,590</u>
Net change in fund balances	-	(10,677)	(10,677)
Fund balances - beginning	-	37,938	37,938
Fund balances - ending	<u>\$ -</u>	<u>\$ 27,261</u>	<u>\$ 27,261</u>

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

Schedule of Expenditures of State and Federal Awards (Modified Cash Basis) Year Ended June 30, 2023

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal AL Number	Identifying Number	Program or Award Amount	Federal Expenditures
FEDERAL AWARDS:				
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
Passed through the Oklahoma Department of Commerce: Community development block grant	14.228	18212 CDBG 20	\$ 249,659	\$ 240,197
Total U.S. Department of Housing and Urban Development			249,659	240,197
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
Passed through Oklahoma Department of Human Services: Special Program for the Aging - Title III, Part C - Nutrition Services	93.045	N/A	\$ 36,020	\$ 36,020
Total U.S. Department of Health and Human Services			36,020	36,020
<u>U.S. DEPARTMENT OF TREASURY:</u>				
OWRB ARPA grant Stigler Lake Dam Rehab project	21.027	ARP-23-0001 DG	1,000,000	2,810
Total U.S. Department of Treasury			1,000,000	2,810
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
JAG-LLE Equipment Grant (JAG-LLE-2022-STIGLER)	16.738	-LLE-2022-STIGLER CI-0	10,000	10,000
Total U.S. Department of Justice			10,000	10,000
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Airport Improvement Grant - GZL Airfield Lighting Rehab	20.106	3-40-0115-018-2022	398,603	398,603
Airport Improvement Grant - Coronavirus Relief Grant Program	20.106	3-40-0115-016-2021	9,000	9,000
Total U.S. Department of Transportation			407,603	407,603
<u>U.S. DEPARTMENT OF COMMERCE:</u>				
Passed through Oklahoma Department of Commerce: Targeted Opportunities Award "TOP" grant	11.307	ED22AUS3070005	24,000	8,000
Total U.S. Department of Commerce			24,000	8,000
TOTAL FEDERAL AWARDS			\$ 1,727,282	\$ 704,630

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

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

State Grantor/Pass through agency Grantor/Program Title	Grant Number	Program or Award Amount	State Expenditures
STATE AWARDS			
<u>KIAMICHI ECONOMIC DEVELOPMENT DISTRICT (KEDDO):</u>			
Rural Fire Grant - Oklahoma Department of Agriculture	N/A	\$ 10,053	\$ 10,053
Total Kiamichi Economic Development District		<u>10,053</u>	<u>10,053</u>
<u>OKLAHOMA AERONAUTICS COMMISSION:</u>			
Airport Improvement Grant - GZL Airfield Lighting Rehab	N/A	\$ 282,480	\$ 149,378
Total Oklahoma Aeronautics Commission		<u>\$ 282,480</u>	<u>\$ 149,378</u>
TOTAL STATE AWARDS		<u>\$ 292,533</u>	<u>\$ 159,431</u>

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

INTERNAL CONTROL AND COMPLIANCE INFORMATION

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

THIS PAGE INTENTIONALLY LEFT BLANK



**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 Members of the City Council
City of Stigler, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Stigler, Oklahoma (the “City”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated February 26, 2024. Our report included an emphasis-of-a-matter paragraph related to the City’s use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free 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 determination of financial statement amounts.

HSPG & ASSOCIATES, PC

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

HSPG & Associates, P.C.

February 26, 2024