

CITY OF THE VILLAGE
ANNUAL FINANCIAL REPORT

JUNE 30, 2022



THE CITY OF THE VILLAGE, OKLAHOMA
ANNUAL FINANCIAL REPORT
JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of The Village, Oklahoma

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of The Village, Oklahoma, 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.

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, each major fund, and the aggregate remaining fund information of the City of The Village, Oklahoma, as of June 30, 2022, and the respective changes in modified cash basis financial position in accordance with the modified cash basis of accounting as described in Note 1a.

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 of The Village, Oklahoma, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1a 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 1a; this includes 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of The Village, Oklahoma's basic financial statements. The management's discussion and analysis (pages 4-11), which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of The Village, Oklahoma's basic financial statements. The combining and individual nonmajor fund financial statements—modified cash basis (pages 28-30) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements—modified cash basis 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 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements—modified cash basis 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 January 17, 2022, on our consideration of the City of The Village, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 City of the Village, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of The Village, Oklahoma's internal control over financial reporting and compliance.

HBC CPAs & Advisors

Oklahoma City, Oklahoma
January 17, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of The Village's annual financial report, management provides narrative discussion and analysis of the financial activities for the fiscal year ended June 30, 2022. The City's financial performance is discussed and analyzed within the context of the accompanying modified cash financial statements and disclosures following this section.

Financial Highlights

The City's assets exceeded its liabilities by \$22,407,720 (Total Net Position on modified cash basis) at the close of the fiscal year.

The City's governmental funds reported a total ending fund balance of \$22,407,720 this year, while the *unassigned* fund balance totaled \$5,192,387.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,192,387 or 50.2% of total General Fund expenditures.

Overview of the Modified cash financial statements

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

Government-wide modified cash financial statements. The City's annual report includes two government-wide modified cash financial statements, as described in the financial statement notes. These statements provide both long-term and short-term information about the City's overall status.

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

The second government-wide statement is the *Statement of Activities – Modified Cash*. This statement reports how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Government-wide modified cash financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a sizable portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, and recreation. Business-type activities include wastewater utilities and solid waste management.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund modified cash financial statements. A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic modified cash financial statements, fund modified cash financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has two kinds of funds:

Governmental funds are reported in the fund modified cash financial statements and encompass essentially the same functions reported as governmental activities in the government-wide modified cash financial statements. However, the focus is quite different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spend-able resources during the year and balances of spend-able resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spend-able resources for the near-term.

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

Fiduciary funds are reported in the fiduciary fund modified cash financial statements but are excluded from the government-wide reporting. Fiduciary fund modified cash financial statements report resources that are not available to fund City programs. Fiduciary fund modified cash financial statements report similarly to proprietary funds.

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

Other information. In addition to the basic modified cash financial statements and accompanying notes, this report also presents supplementary information including detail by fund and component unit, for receivables, payables, transfers, and payments within the reporting entity.

Major funds and component units are reported in the basic modified cash financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

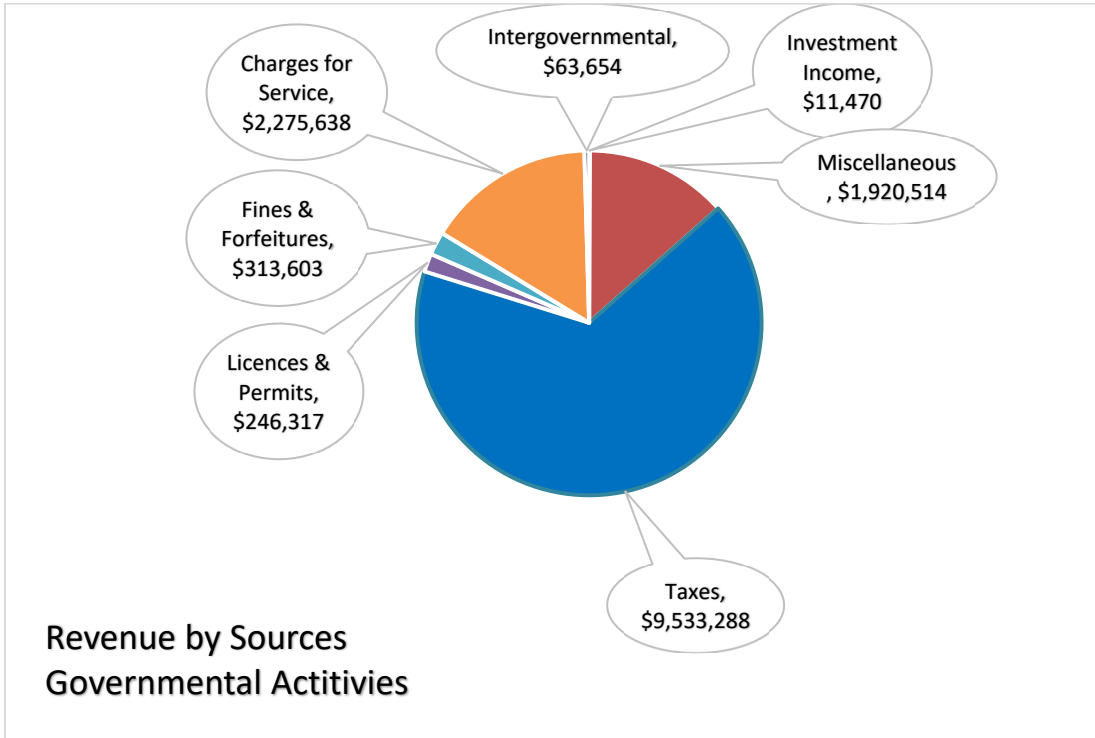
Financial Analysis of the City as a Whole

The City's net position at fiscal year-end is \$14,066,750. The following table provides a summary of the City's net assets:

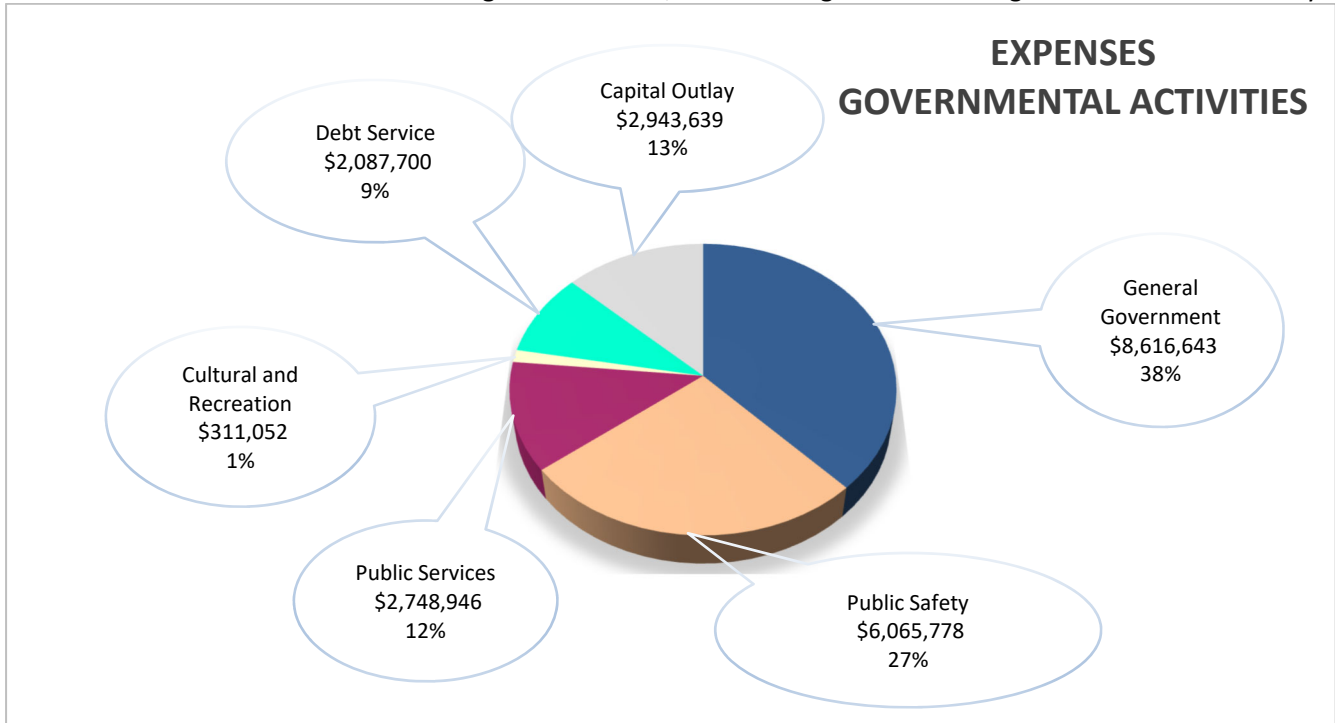
<i>Net Assets Comparison</i>	<i>Activities 30-Jun 18</i>	<i>Activities 30-Jun 19</i>	<i>Activities 30-Jun 20</i>	<i>Activities 30-Jun 21</i>	<i>Activities 30-Jun 22</i>
Cash & Cash					
Equivalents	9,086,938	6,819,938	3,010,115	6,055,781	20,181,967
Investments	2,220,190	2,220,190	2,220,190	2,220,190	2,224,100
Total Assets	11,307,128	9,040,128	5,230,305	8,275,971	22,406,067
Current Liabilities	4,575	1,263	0	0	(1,653)
Long Term Liabilities	0	0	0	0	
Total Liabilities	4,575	1,263	0	0	(1,653)
Net Position					
Restricted	7,137,974	4,036,360	28,764	2,636,838	15,413,028
Assigned	1,062,629	0		1,773,086	1,802,305
Unrestricted	3,095,293	5,002,506	5,201,541	3,866,047	5,192,387
Total Net Position	11,295,896	9,038,866	5,230,305	8,275,971	20,407,720

MANAGEMENT’S DISCUSSION AND ANALYSIS

Governmental activities. The graph shows revenue by source. You can easily see that all governmental activities are largely financed by taxes, rather than user fees.



The next graph provides a detailed report on cash-basis expenditures for **all funds** in FY 2021-22. The General Fund is the main operating fund of the City however, in order to get a complete picture of activities for the fiscal year, this table includes activities funded through the TIF Fund, Bond Sinking Fund and Village Public Works Authority.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenditure Comparison	FY 20-21	FY 21-22	\$ DIFF	% DIFF
GENERAL FUND ONLY				
Salaries & Wages	\$5,071,288	\$5,216,809	\$145,521	2.79%
Overtime	\$250,280	\$238,102	-\$12,179	-5.11%
FICA	\$225,948	\$238,047	\$12,100	5.08%
Health Insurance	\$941,114	\$1,046,476	\$105,362	10.07%
Worker's Compensation	\$224,628	\$215,613	-\$9,015	-4.18%
Unemployment	\$5,260	\$0	-\$5,260	
Retirement	\$599,900	\$624,032	\$24,132	3.87%
Medicare	\$75,510	\$79,907	\$4,397	5.50%
Uniform Allowance	\$37,700	\$26,425	-\$11,275	-42.67%
Educational Allowance	\$8,393	\$0	-\$8,393	
Other Compensation	\$58,936	\$58,812	-\$124	-0.21%
Telecommunicator Salaries	\$20,000	\$261,462	\$241,462	92.35%
PERSONAL SERVICES	\$7,518,957	\$8,005,685	\$486,729	6.08%
Collection Costs & Fees	\$5,259	\$1,658	-\$3,600	-217.11%
Seized Assets	\$0	\$2,259	\$2,259	100.00%
Economic Development	\$550	\$120	-\$430	-358.33%
Travel/Training	\$29,413	\$42,057	\$12,644	30.06%
Telephone	\$31,790	\$32,878	\$1,088	3.31%
Utilities	\$131,822	\$87,346	-\$44,476	-50.92%
Postage & Freight	\$18,875	\$22,950	\$4,075	17.76%
Membership Dues	\$13,180	\$22,538	\$9,358	41.52%
Publications/Books	\$2,689	\$4,457	\$1,768	39.67%
Insurance	\$77,123	\$79,582	\$2,458	3.09%
Advertising/Printing	\$13,507	\$17,116	\$3,609	21.09%
Contingencies	\$34,463	\$38,409	\$3,946	10.27%
Other Services & Charges	\$41,098	\$50,669	\$9,572	18.89%
Sanitation Lien Expense	\$308	\$360	\$52	14.47%
SERVICES & CHARGES	\$400,075	\$402,400	\$2,324	0.58%
Legal	\$78,144	\$127,376	\$49,232	38.65%
Computer Software	\$602	\$159	-\$442	-277.65%
Medical	\$73,696	\$73,258	-\$438	-0.60%
Auditor	\$15,545	\$18,095	\$2,550	14.09%
Other Professional Services	\$21,647	\$41,423	\$19,776	47.74%
PROFESSIONAL SERVICES	\$189,633	\$260,311	\$70,678	27.15%
Rentals & Leases	\$170,823	\$108,631	-\$62,192	-57.25%
Maintenance Agreements	\$38,553	\$45,591	\$7,038	15.44%
Uniform & Misc. Laundry	\$8,801	\$9,390	\$589	6.27%

MANAGEMENT'S DISCUSSION AND ANALYSIS

Vehicle/Equipment Repair	\$37,657	\$28,728	-\$8,929	-31.08%
Building Repair	\$32,971	\$25,355	-\$7,616	-30.04%
Radio Repair	\$4,352	\$6,534	\$2,182	33.39%
Recycling Hazardous Waste	\$252,244	\$257,181	\$4,937	1.92%
Animal Shelter & Disposal	\$13,458	\$12,048	-\$1,410	-11.70%
Other Contractual Services	\$828,150	\$826,525	-\$1,625	-0.20%
Debris Removal	\$961,920	\$0	-\$961,920	
CONTRACTUAL SERVICES	\$2,348,929	\$1,319,982	-\$1,083,571	-82.09%
Office Supplies	\$19,818	\$22,148	\$2,330	10.52%
Janitorial Supplies	\$8,547	\$8,945	\$397	4.44%
Medical Supplies & Oxygen	\$2,562	\$4,929	\$2,367	48.02%
Chemicals	\$2,952	\$1,808	-\$1,145	-63.33%
Tools/Equipment	\$20,046	\$19,684	-\$362	-1.84%
Fuel/Lubricants	\$59,332	\$99,703	\$40,371	40.49%
Vehicle/Equipment Parts	\$24,115	\$27,079	\$2,964	10.95%
Uniforms/Safety Gear	\$29,903	\$40,670	\$10,767	26.47%
Street Maintenance Materials	\$11,680	\$33,719	\$22,039	65.36%
Street Signs	\$4,371	\$5,807	\$1,436	24.73%
Traffic Supplies	\$5,099	\$3,050	-\$2,049	-67.19%
Other Supplies & Materials	\$47,495	\$55,587	\$8,092	14.56%
Ammunition	\$7,027	\$6,504	-\$523	-8.04%
SUPPLIES & MATERIALS	\$242,948	\$329,634	\$86,686	26.30%
INTRAFUND TRANSFERS	\$2,019,118	\$2,716,138	\$697,019	25.66%
GRAND TOTAL	\$12,719,660	\$13,034,149	\$314,489	2.41%

Columns may not add due to rounding.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Government's Funds

The City of The Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of The Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spend-able resources. This information is used to assess The Village's financing needs. Unreserved fund balance is used to measure net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City. Most governmental activities are funded through this fund. At the end of the current fiscal year, total unassigned governmental fund balance is \$5,192,387.

The general fund balance increased by \$1,326,340 for the year. Please note that the general fund does not receive any property tax to fund services.

General Fund Budgetary Highlights

- General fund amended budgeted revenues were \$13,395,617, but revenue reached a total at the end of the year of \$14,379,633.71, which is \$959,939 or 7.35% more than budgeted.
- General Fund expenditures were \$13,034,149.21, which is \$911,485.79 less than the amended budget of \$13,945,635.00. This is 6.54% under budget.

Long-term debt

At the end of the fiscal year, the City had no judgments payable.

At the end of FY 2021-22, the City had \$26,389,899 in total long-term indebtedness. This includes \$441,052 in outstanding lease obligations, 1,403,837 in compensated absences, and \$24,545,000 bonds and notes payable. Notes payable include the bond issues of 2018, 2020 and 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budgets and Rates

The City of The Village is located in the northern part of the Oklahoma City Metropolitan Area. The ability of our citizens to pay for municipal services is greatly dependent on the health of the economy in the metropolitan area. Many of our citizens work in Oklahoma City and the surrounding municipalities and do much of their shopping outside the corporate limits of the City.

The Village City Council recognizes that the overall economic condition of the region is important in the budgeting process, and this is routinely reflected in budgets approved by the Council. During FY 2021-22, the nation was still suffering the effects a global pandemic. Economic conditions in Oklahoma were fair during FY 2021-22 give high inflation and energy prices both of which have had a negative impact on the cost of operation. Sales & Use Tax receipts, however, continued to be strong. Sales and Use Tax revenues ended the year up by 9.14% over budget projections. The City's permanent ½ cent Sales Taxes dedicated for capital expenditures, which became effective in the 3rd Quarter of FY 2017-18 continued to help boost sales and use taxes during FY 2021-22.

The fiscal year 2021-22 budget adopted by the Council in the amount of \$13,945,635 represents an increase of 7.43% or \$964,765 over the previous year and reflects the continued benefit of the capital improvement sales tax on the revenue stream. Revenues and expenditures shown in the budget are inflated due to bond proceeds, federal transfers and project expenditures that pass through the General Fund. The increase in revenue and expenditures is indicative of a City on the move and one that is reinvesting heavily in the City's infrastructure.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and prospective 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 of The Village's Finance Department.

CITY OF THE VILLAGE, OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 20,181,967
Investments	2,224,100
Total assets	<u>22,406,067</u>
LIABILITIES	
Unapplied payments	<u>(1,653)</u>
Total liabilities	<u>(1,653)</u>
NET POSITION	
Restricted	15,413,028
Unrestricted	6,994,692
Total net position	<u><u>\$ 22,407,720</u></u>

CITY OF THE VILLAGE, OKLAHOMA
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2022

	Program Revenues				Net (Expense)/ Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants, Contributions, and Debt Proceeds	
Functions/Programs:					
Governmental activities:					
General government	\$ 2,857,441	\$ 257,174	\$ 63,654	\$ -	\$ (2,536,613)
Public safety					
Police	3,419,698	313,603	-	-	(3,106,095)
Municipal court	233,908	-	-	-	(233,908)
Fire	2,723,795	-	-	-	(2,723,795)
Public services	3,054,175	2,275,638	-	15,142,302	14,363,765
Cultural and recreation:	1,929,739	-	-	-	(1,929,739)
Interest on debt	2,087,700	-	-	-	(2,087,700)
Total Governmental activities	<u>16,306,456</u>	<u>2,846,415</u>	<u>63,654</u>	<u>15,142,302</u>	<u>1,745,915</u>
TOTAL	<u>\$ 16,306,456</u>	<u>\$ 2,846,415</u>	<u>\$ 63,654</u>	<u>\$ 15,142,302</u>	<u>\$ 1,745,915</u>

	Governmental Activities
Net (expense)/revenue	<u>\$ 1,745,915</u>
General revenues:	
Taxes:	
Sales and use taxes	8,070,190
Franchise and public service taxes	1,463,098
Investment income	20,743
Miscellaneous	<u>2,831,803</u>
Change in net assets	14,131,749
Net position, beginning	<u>8,275,971</u>
Net position, ending	<u>\$ 22,407,720</u>

**CITY OF THE VILLAGE, OKLAHOMA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	Emergency Reserve Fund	TIF Fund	G.O. Bond Project Fund	Street Bond Fund	Park Bond Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 3,880,246	\$ 58,019	\$ 8,930,077	\$ 15,649	\$ 4,817,476	\$ 1,649,826	\$ 830,674	\$ 20,181,967
Investments	1,310,488	913,612	-	-	-	-	-	2,224,100
Total assets	<u>\$ 5,190,734</u>	<u>\$ 971,631</u>	<u>\$ 8,930,077</u>	<u>\$ 15,649</u>	<u>\$ 4,817,476</u>	<u>\$ 1,649,826</u>	<u>\$ 830,674</u>	<u>\$ 22,406,067</u>
LIABILITIES								
Unapplied payments	\$ (1,653)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,653)
Total liabilities	<u>(1,653)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,653)</u>
FUND BALANCES								
Restricted	-	-	8,930,077	15,649	4,817,476	1,649,826	-	15,413,028
Assigned	-	971,631	-	-	-	-	830,674	1,802,305
Unassigned	5,192,387	-	-	-	-	-	-	5,192,387
Total fund balances	<u>5,192,387</u>	<u>971,631</u>	<u>8,930,077</u>	<u>15,649</u>	<u>4,817,476</u>	<u>1,649,826</u>	<u>830,674</u>	<u>22,407,720</u>
Total liabilities and fund balances	<u>\$ 5,190,734</u>	<u>\$ 971,631</u>	<u>\$ 8,930,077</u>	<u>\$ 15,649</u>	<u>\$ 4,817,476</u>	<u>\$ 1,649,826</u>	<u>\$ 830,674</u>	<u>\$ 22,406,067</u>

CITY OF THE VILLAGE, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	Emergency Reserve Fund	TIF Fund	G.O. Bond Project Fund	Street Bond Fund	Park Bond Fund	Other Governmental Funds	Total Governmental Funds
REVENUES								
Taxes	\$ 9,533,288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,533,288
Intergovernmental	63,654	-	-	-	-	-	-	63,654
Charges for services	2,275,638	-	-	-	-	-	10,857	2,286,495
Fines and forfeitures	313,603	-	-	-	-	-	-	313,603
Licenses and permits	246,317	-	-	-	-	-	-	246,317
Investment income	11,470	7,955	83	599	-	-	636	20,743
Miscellaneous	1,920,514	-	818,042	-	-	-	93,247	2,831,803
Total revenues	<u>14,364,484</u>	<u>7,955</u>	<u>818,125</u>	<u>599</u>	<u>-</u>	<u>-</u>	<u>104,740</u>	<u>15,295,903</u>
EXPENDITURES								
Current:								
General Government	1,227,868	-	-	912,545	-	-	8,929	2,149,342
Public Safety								
Police	3,303,925	-	-	-	-	-	-	3,303,925
Municipal court	233,908	-	-	-	-	-	-	233,908
Fire	2,527,945	-	-	-	-	-	-	2,527,945
Public Services	2,748,946	-	-	-	-	-	-	2,748,946
Cultural and Recreation	294,586	-	-	-	-	-	16,465	311,051
Debt Service	-	-	1,065,290	-	-	-	1,022,410	2,087,700
Capital Outlay	-	-	2,175	1,616,513	-	-	1,324,951	2,943,639
Total Expenditures	<u>10,337,178</u>	<u>-</u>	<u>1,067,465</u>	<u>2,529,058</u>	<u>-</u>	<u>-</u>	<u>2,372,755</u>	<u>16,306,456</u>
Excess (deficiency) of revenues over expenditures	<u>4,027,306</u>	<u>7,955</u>	<u>(249,340)</u>	<u>(2,528,459)</u>	<u>-</u>	<u>-</u>	<u>(2,268,015)</u>	<u>(1,010,553)</u>
OTHER FINANCING SOURCES (USES)								
New debt proceeds	-	-	8,675,000	6,467,302	-	-	-	15,142,302
Transfers in	9,508,320	-	411,687	-	4,817,476	1,649,826	2,304,279	18,691,588
Transfers out	(12,209,286)	(15,000)	-	(6,467,302)	-	-	-	(18,691,588)
Total other financing sources and uses	<u>(2,700,966)</u>	<u>(15,000)</u>	<u>9,086,687</u>	<u>-</u>	<u>4,817,476</u>	<u>1,649,826</u>	<u>2,304,279</u>	<u>15,142,302</u>
Net change in fund balances	<u>1,326,340</u>	<u>(7,045)</u>	<u>8,837,347</u>	<u>(2,528,459)</u>	<u>4,817,476</u>	<u>1,649,826</u>	<u>36,264</u>	<u>14,131,749</u>
Fund balances, July 1, 2021	<u>3,866,047</u>	<u>978,676</u>	<u>92,730</u>	<u>2,544,108</u>	<u>-</u>	<u>-</u>	<u>794,410</u>	<u>8,275,971</u>
Fund balances, June 30, 2022	<u>\$ 5,192,387</u>	<u>\$ 971,631</u>	<u>\$ 8,930,077</u>	<u>\$ 15,649</u>	<u>\$ 4,817,476</u>	<u>\$ 1,649,826</u>	<u>\$ 830,674</u>	<u>\$ 22,407,720</u>

CITY OF THE VILLAGE, OKLAHOMA
STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2022

ASSETS

Cash and cash equivalents	\$ 30,792
Total assets	<u>\$ 30,792</u>

LIABILITIES

Escrow liability	\$ 30,792
Total liabilities	<u>\$ 30,792</u>

CITY OF THE VILLAGE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

1. Financial Reporting Entity

The government is a municipal corporation governed by an elected five member council. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The City has two blended component units, The Village Public Works Authority (TVPWA) and The Village Development Authority (TVDA). TVPWA is a public trust created for the purpose of furnishing various forms of public and municipal services within and without the boundaries of the City. TVDA is a public trust created for economic development and has been most recently used to facilitate the development of projects in tax increment financing district.

1a. Basis of Accounting and Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services, however, the City does not report business-type activities.

The statement of net position and statement of 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 and payables
- Investments
- Utility deposit or payment liabilities

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as 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 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.

Fund Financial Statements

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

CITY OF THE VILLAGE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

1a. Basis of Accounting and Presentation (continued)

The funds of the financial reporting entity are described below:

Governmental Funds

Major

General Fund - The General Fund is the principal fund of the City and accounts for all financial transactions not appropriately accounted for in other funds. The General Fund also accounts for activities related to sanitation services provided by the City. Fees are charged users of these services in order to recover the costs of providing the services, however, the activities are not financed with debt, and laws or regulations do not require that the City recover the costs of the services through user charges, therefore, they are not reported in enterprise funds.

Special Revenue Fund – The Emergency Reserve Fund is a permanent fund that accounts for excess assets that were returned by the Oklahoma Municipal Retirement Fund after conversion of the retirement plan from a defined benefit plan to a defined contribution plan. The City has investment responsibility for these permanent fund assets.

Capital Projects Fund – Labeled the TIF fund in these financial statements, this fund was created by the City to account for capital projects related to the Tax Increment Financing districts for the City that were authorized and initiated using the The Village Development Authority.

Non-major

Special Revenue Funds - Special Revenue Funds are used to account for revenues derived from specific taxes or other sources which are designated to finance particular functions or activities of the City.

Capital Projects Funds - Capital Projects funds account for the receipt and disbursement of resources for the purpose of building or buying major capital assets, such as schools, public buildings, or recreational facilities. Resources may be derived from a variety of sources, including bond proceeds, loans, or grants.

The governmental funds are reported on a modified cash basis of accounting. Only current financial assets and liabilities arising from cash transactions 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.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The accounts of the City include agency funds. Agency funds are custodial in nature (assets equal liabilities), and do not involve measurement of results of operations.

CITY OF THE VILLAGE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

1b. Assets, Liabilities and Equity

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at cost which approximates market unless otherwise indicated.

Capital Assets and Depreciation

Due to the use of the modified cash basis of accounting, capital assets and related depreciation are not reported in the financial statements.

Long-Term Debt

Due to the use of the modified cash basis of accounting, long-term debt obligations are not reported in the financial statements. However the amount of long-term debt issued and outstanding at the end of the fiscal year is reported as a commitment in Note 3c.

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 is reported in Note 3c.

City employees are granted vacation and sick leave based upon length of employment. In the event of termination, the employee is paid for accumulated vacation leave (maximum 48 days). Payment of sick leave is restricted to retiring employees who can be paid up to 90 days of accumulated benefits and are limited to maximum compensation equivalent of 33 to 68 days.

Equity

Government-Wide Statements

Equity is classified as net position. Restricted Net Position consists of net position with constraints placed on their 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. Unrestricted Net Position consists of all other net position that do not meet the above definitions.

CITY OF THE VILLAGE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

1b. Assets, Liabilities and Equity (continued)

When an expense is incurred that can be paid using either restricted or unrestricted resources, the City's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Fund Statements

Fund Statements

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 upon 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 or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Committed fund balance represents amount that are useable 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 the limitation by taking action similar to that which imposed the commitment. The City Ordinance 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.

CITY OF THE VILLAGE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

1c. Revenues, Expenditures and Expenses

Program revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General government – licenses and permits
Police – Fines and forfeitures
Public service – Sewer and sanitation charges

All other governmental revenues are reported as general revenues. All taxes are classified as general revenue even if restricted for a specific purpose.

2. Detailed Notes – Transaction Classes/Accounts

2a. Deposits and Investments

Custodial Credit Risk

At June 30, 2022, the City held deposits of approximately \$11,800,000 at financial institutions. These institutions are required by law to pledge securities in addition to Federal Deposit Insurance Corporation (FDIC) insurance at least equal to the amount on deposit at all times. As of June 30, 2022, the balances in cash and certificates of deposit were fully secured.

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.

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 deposit 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.).

CITY OF THE VILLAGE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

2a. Deposits and Investments (continued)

The investments held at June 30, 2022 are as follows:

<u>Type</u>	<u>Weighted Average Maturity (years)</u>	<u>Credit Rating</u>	<u>Market Value</u>	<u>Cost</u>
Investments				
Money Market	n/a	AAAm	\$ 123,025	\$ 123,025
Fed Securities			889,548	900,000
Certificate of Deposit	1.27	n/a	<u>1,165,862</u>	<u>1,180,000</u>
Total Investments			<u>\$ 2,178,435</u>	<u>\$ 2,203,025</u>

Concentration of Investment Credit Risk

No more than 5% of the overall portfolio may be invested in the securities of a single issuer, except for the securities of the U.S. Government, or a maximum of 25% with any individual counter party in an external investment pool. The City has the following of credit risk: 6% in Money Market funds at Morgan Stanley (\$123,025) 40% in Federal Securities (\$900,000) and 54% in Certificates of deposit (\$1,180,000).

2b. Transfers and Payments

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund or component unit to support and simplify the administration of various projects or programs.

The government-wide statement of activities eliminates transfers as reported within the segregated governmental and business-type activities columns. Only transfers *between* the two columns appear in this statement.

The following schedule reports transfers and payments within the reporting entity:

<u>Transfers from</u>	<u>Transfers to</u>			Total Transfers From
	<u>Governmental Activities</u>		Other Govt'l Funds	
<u>Governmental Activities:</u>	<u>General</u>	<u>TIF Fund</u>		
General Fund	\$ -	\$ 411,687	\$ 2,304,450	\$ 2,716,137
Emergency Reserve Fund	15,000	-	-	15,000
Total Transfers To	<u>\$ 15,000</u>	<u>\$ 411,687</u>	<u>\$ 2,304,450</u>	<u>\$ 2,731,137</u>

CITY OF THE VILLAGE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

3. Other Information

3a. Employee Retirement Plans

City employees participate in three retirement plans, which are discussed below:

Non-Police and Non-Fire employee retirement system

City employees (excluding police and fire) participate in a defined contribution retirement plan (the plan) for non-uniformed employees. The City contributes 7% and City employees contribute 4% of covered employee salaries to the plan.

The City's payroll for employees covered by the Plan for the year ended June 30, 2022, was \$1,832,645. Total contributions to the plan were \$128,285, which consisted of employer contributions of \$81,136 and employee contributions of \$73,306.

Police pension and retirement plan

The City participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). The employees are required to contribute 8% and the City is required to contribute 13% per year per paid police officer to the statewide plan by state law. The OPPRS is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The City's actual contribution to the plan was equal on the required contribution and totaled \$253,221, for the year ending June 30, 2022. The state made on-behalf contributions of \$187,982 for the year ending June 30, 2022.

The OPPRS issues a public available report that includes financial statements, which can be obtained from the Oklahoma Police Pension and Retirement System, 1001 NW 63rd Street, Oklahoma City, Oklahoma 73116-7335.

Firemen's pension and retirement plan

The City's firefighters participate in the statewide Oklahoma State Firefighters 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.

The City's actual contribution to the plan was equal on the required contribution and totaled \$229,090, for the year ending June 30, 2022. The state made on-behalf contributions of \$554,512 for the year ending June 30, 2022.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information, which can be obtained online from the Oklahoma Firefighter's Pension and Retirement System at www.ok.gov/fprs.

CITY OF THE VILLAGE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

3a. Employee Retirement Plans (continued)

Other Post-Employment Benefits

Plan Description: City provides post-retirement benefit options for health care, prescription drug, dental and vision benefits for retired employees and their dependents that elect to make required contributions. The benefits are provided in accordance with State law, police and firefighter's union contracts and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The relationship for these benefits is not formalized in a contract or plan document, only a few sentences in the administrative policy. These benefits are considered for accounting purposes to be provided in accordance with a single employer substantive plan. A substantive plan is one in which the plan terms are understood by the City and plan members. This understanding is based on communications between the employers and plan member and the historical pattern of practice with regard to the sharing of benefit costs. Substantially all of the government's employees may become eligible for those post-retirement benefits if they reach normal retirement age while working for the City. As of June 30, 2021, approximately 8 retired employees are receiving benefits under this plan.

Funding Policy. The contribution requirement of the City is an implicit subsidy. The implicit subsidy is not a direct payment from the employer on behalf of the member but rather stems from retiree contribution levels that are less than the claims cost at retiree ages. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retiree. The amount required to fund the implicit rate is based on projected pay-as-you-go financing requirements. For fiscal year 2022, the City contributed \$0 to the plan for retired employees. Plan members receiving benefits contributed \$87,997, or approximately 100 percent of the total premiums, through their required contribution. The cost of coverage is \$770 per month for retiree-only coverage and \$1,708 for retiree and spouse medical coverage, these amounts do not include vision and dental coverage that can be added for retiree-only coverage for vision \$15-25. For dental coverage the cost is ranges from \$44-\$59 for retiree-only and \$87-\$119 for retiree and spouse coverage.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. GASB 45 requires entities with over 200 employees to have the actuarial valuation performed biennially. The City has not performed the actuarial valuation of the OPEB cost and related OPEB obligation for the year ended June 30, 2022.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF THE VILLAGE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

3b. 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; and natural disasters. The City has established a self-insurance fund to cover deductibles on claims related to destruction, theft or damage of assets. Losses related to other risks or those exceeding deductibles are covered by commercial insurance. Management believes that such 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.

3c. Commitments and Contingencies

By law, the City's exposure in these matters is limited to \$125,000 per claim for loss arising other than from property loss which is limited to \$25,000. Any obligation the City might incur as a result of this litigation would be covered by liability insurance for which the City has coverage for maximum exposure under State law and a maximum of \$1,000,000 for losses under federal laws.

The City in the past has participated in various grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency.

Long-term debt

The City has entered into notes payable and capitalized leases. The lease agreements met the criteria of a capital lease as defined by FASB Statement No. 13, *Accounting for Leases*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as expenditures on the fund financial statements.

Capitalized leases

On March 24, 2020, the City issued a lease payable to RCB Bank in the amount of \$511,253 for the purchase of a fire truck. The City will pay annual installments of \$79,054 that include interest of 2.43%, with the maturity date of July 15, 2026.

On June 1, 2020, the City issued a lease payable to RCB Bank in the amount of \$41,038 for the purchase of a police vehicle. The City will pay annual installments of \$10,811 that include interest of 2.85%, with the maturity date of July 15, 2023.

On July 20, 2020, the City issued a lease payable to RCB Bank in the amount of \$52,152 for the purchase of a police vehicle. The City will pay annual installments of \$13,775 that include interest of 2.85%, with the maturity date of January 1, 2023.

On August 15, 2020, the City issued a lease payable to RCB Bank in the amount of \$51,870 for the purchase of a police vehicle. The City will pay annual installments of \$13,673 that include interest of 2.85%, with the maturity date of January 1, 2023.

CITY OF THE VILLAGE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

3c. Commitments and Contingencies (continued)

Long-term debt (continued)

Notes payable

On December 15, 2021, the City, through its component unit the Village Public Works Authority, entered into a note payable at Bancfirst in the amount of \$8,675,000 for various street projects. The City pays interest bi-annually of 1.61% on the principal outstanding. The principal on the note payable is due annually beginning on July 1, 2022, although if there are any excess tax increment revenues, they should be applied to the note. The balance on June 30, 2022 was \$8,675,000.

Bonds payable

On May 1, 2018, the City issued Combined Purpose General Obligation Bonds, Series 2018 in the amount of \$7,110,000 to fund various street projects and parks and recreational facilities. The bonds carry interest rates ranging from 3% to 5%. The City pays interest on May 1 and November 1, beginning May 1, 2019. Principal payments will begin May 1, 2020 and continue annually on May 1 until maturity on May 1, 2038. The balance on June 30, 2022 was \$6,000,000.

On September 1, 2020, the City issued Combined Purpose General Obligation Bonds, Series 2020 in the amount of \$3,270,000 to fund various street projects and parks and recreational facilities. The bonds carry interest rates ranging from 1% to 4%. The City pays interest on May 1 and November 1, beginning May 1, 2019. Principal payments will begin September 1, 2022 and continue annually on September 1 until maturity on September 1, 2040. The balance on June 30, 2022 was \$3,270,000.

On June 1, 2022, the City issued Combined Purpose General Obligation Bonds, Series 2022 in the amount of \$6,600,000 to fund various street projects and parks and recreational facilities. The bonds carry interest rates ranging from 3.25% to 5.5%. The City pays interest on June 1 and December 1, beginning June 1, 2023. Principal payments will begin June 1, 2024 and continue annually on June 1 until maturity on June 1, 2047. The balance on June 30, 2022 was \$6,600,000.

Transactions for the year ended June 30, 2022 are as follows:

	Balance 6/30/2021	Additions	Reductions	Balance 6/30/2022	Current Portion
<u>Governmental Type Activities</u>					
Capital lease obligations	\$ 552,619	\$ -	\$ (111,567)	441,052	\$ 106,160
Compensated absences	1,428,072	244,673	(268,908)	1,403,837	140,384
Notes and Bonds payable	9,704,331	15,275,000	(434,331)	24,545,000	845,000
Total	<u>\$ 11,685,022</u>	<u>\$ 15,519,673</u>	<u>\$ (814,806)</u>	<u>\$ 26,389,889</u>	<u>\$ 1,091,543</u>

CITY OF THE VILLAGE, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

3c. Commitments and Contingencies (continued)

Long-term debt (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

	Capital lease obligations			Notes and Bonds payable		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 106,160	\$ 11,153	\$ 117,313	\$ 845,000	\$ 306,719	\$ 1,151,719
2024	108,324	16,778	125,102	1,570,000	615,263	2,185,263
2025	73,502	11,105	84,607	1,580,000	573,412	2,153,412
2026	75,308	7,493	82,801	1,615,000	533,102	2,148,102
2027	77,759	3,792	81,551	1,630,000	492,915	2,122,915
2028-2032	-	-	-	8,440,000	1,906,204	10,346,204
2033-2037	-	-	-	5,360,000	1,082,593	6,442,593
2038-2044	-	-	-	2,130,000	445,763	2,575,763
2045-2047	-	-	-	1,375,000	66,000	1,441,000
	<u>\$ 441,052</u>	<u>\$ 50,322</u>	<u>\$ 491,374</u>	<u>\$ 24,545,000</u>	<u>\$ 6,021,970</u>	<u>\$ 30,566,970</u>

Other commitments

On June 1, 2017 the City, through its component unit the Village Public Works Authority, entered into an agreement with a local developer to provide financial assistance for a retaining wall and fence in conjunction with the construction of single family homes built by the developer and related to the revitalization of the City. The amount of assistance cannot exceed \$319,500 and the repayment of the developer's costs begins one year after all prior tax increment financing debt has been repaid.

**CITY OF THE VILLAGE, OKLAHOMA
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS
 NON MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022**

	Police Department Grant Fund	Fire Department Grant Fund	Juvenile Fund	Park Beautification/ Events Fund	Technology Fund	Asset Seizure Fund	G.O. Bond Sinking Fund	Capital Projects Fund	Total Non major Governmental Funds
ASSETS									
Cash and cash equivalents	\$ 8,433	\$ -	\$ 12,051	\$ 9,818	\$ -	\$ 14,659	\$ 155,875	\$ 629,838	\$ 830,674
Total assets	<u>\$ 8,433</u>	<u>\$ -</u>	<u>\$ 12,051</u>	<u>\$ 9,818</u>	<u>\$ -</u>	<u>\$ 14,659</u>	<u>\$ 155,875</u>	<u>\$ 629,838</u>	<u>\$ 830,674</u>
FUND BALANCES									
Assigned	\$ 8,433	\$ -	\$ 12,051	\$ 9,818	\$ -	\$ 14,659	\$ 155,875	\$ 629,838	\$ 830,674
Total fund balances	<u>8,433</u>	<u>-</u>	<u>12,051</u>	<u>9,818</u>	<u>-</u>	<u>14,659</u>	<u>155,875</u>	<u>629,838</u>	<u>830,674</u>
Total fund balances	<u>\$ 8,433</u>	<u>\$ -</u>	<u>\$ 12,051</u>	<u>\$ 9,818</u>	<u>\$ -</u>	<u>\$ 14,659</u>	<u>\$ 155,875</u>	<u>\$ 629,838</u>	<u>\$ 830,674</u>

CITY OF THE VILLAGE, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH
NON MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Police Department Grant Fund	Fire Department Grant Fund	Juvenile Fund	Park Beautification/ Events Fund	Technology Fund	Asset Seizure Fund	G.O. Bond Sinking Fund	Capital Projects Fund	Total Non major Governmental Funds
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	10,857	-	-	-	-	10,857
Investment income	1	-	1	1	-	1	54	578	636
Grant Deposits	2,095	-	-	7,960	-	-	-	-	10,055
Miscellaneous	-	(10)	880	28	-	12,529	-	69,765	83,192
Total revenues	<u>2,096</u>	<u>(10)</u>	<u>881</u>	<u>18,846</u>	<u>-</u>	<u>12,530</u>	<u>54</u>	<u>70,343</u>	<u>104,740</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	-	8,046	883	-	8,929
Culture and Recreation	-	-	-	16,465	-	-	-	-	16,465
Debt service	-	-	-	-	-	-	1,022,410	-	1,022,410
Capital Outlay	-	-	-	-	-	-	-	1,324,951	1,324,951
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,465</u>	<u>-</u>	<u>8,046</u>	<u>1,023,293</u>	<u>1,324,951</u>	<u>2,372,755</u>
Excess (deficiency) of revenues over expenditures	<u>2,096</u>	<u>(10)</u>	<u>881</u>	<u>2,381</u>	<u>-</u>	<u>4,484</u>	<u>(1,023,239)</u>	<u>(1,254,608)</u>	<u>(2,268,015)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	3,500	-	-	820,343	1,480,436	2,304,279
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>820,343</u>	<u>1,480,436</u>	<u>2,304,279</u>
Net change in fund balances	2,096	(10)	881	5,881	-	4,484	(202,896)	225,828	36,264
Fund balances, July 1, 2021	6,337	10	11,170	3,938	-	10,175	358,771	404,009	794,410
Fund balances, June 30, 2022	<u>\$ 8,433</u>	<u>\$ -</u>	<u>\$ 12,051</u>	<u>\$ 9,819</u>	<u>\$ -</u>	<u>\$ 14,659</u>	<u>\$ 155,875</u>	<u>\$ 629,837</u>	<u>\$ 830,674</u>

CITY OF THE VILLAGE, OKLAHOMA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH
AGENCY FUNDS
JUNE 30, 2022

	Penalty Assessment Fund	Animal Bond Fund	Municipal Court Bond Fund	Building Code Fund	Total Agency Funds
ASSETS					
Cash and cash equivalents	\$ 24,674	\$ 1,372	\$ 2,150	\$ 2,596	\$ 30,792
Total assets	<u>\$ 24,674</u>	<u>\$ 1,372</u>	<u>\$ 2,150</u>	<u>\$ 2,596</u>	<u>\$ 30,792</u>
LIABILITIES					
Escrow liability	\$ 24,674	\$ 1,372	\$ 2,150	\$ 2,596	\$ 30,792
Total liabilities	<u>\$ 24,674</u>	<u>\$ 1,372</u>	<u>\$ 2,150</u>	<u>\$ 2,596</u>	<u>\$ 30,792</u>



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

To the City Council
City of The Village, 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 modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of The Village, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of The Village, Oklahoma’s basic modified cash basis financial statements, and have issued our report thereon dated January 17, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of The Village, Oklahoma’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 City of The Village, Oklahoma’s internal control. Accordingly, we do not express an opinion on the effectiveness of City of The Village, Oklahoma’s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of The Village, Oklahoma's modified cash basis 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. 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.



Oklahoma City, Oklahoma
January 17, 2023