

**CITY OF
WEWOKA,
OKLAHOMA**



**ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

**THE CITY OF WEWOKA,
OKLAHOMA
ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**CITY OF WEWOKA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

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ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

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 Wewoka, Oklahoma, (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, 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 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

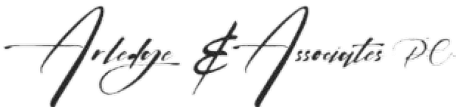
Other Information

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 December 22, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Edmond, Oklahoma
December 22, 2022



CITY OF WEWOKA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

The management of the City of Wewoka 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, 2022. 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 the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City's total net position increased by \$84,771, and the assets of the City exceed its liabilities at June 30, 2022, by \$2,721,023 (net position). Of this amount, \$1,047,566 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2022, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$2,086,594.

ABOUT THE CITY

- The City of Wewoka is an incorporated municipality with a population of approximately 3,430 located in Seminole County in eastern Oklahoma. The City is a charter city form of government. The City is governed by a five-member Council and operates under state law and City ordinances through the three branches of democratic 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 hired 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, economic development and, through its public trusts, certain other services such as utility services including water, wastewater, and sanitation.

The City's Financial Reporting Entity

This annual report includes all activities for which the City of Wewoka City Council is financially accountable. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.

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

- **The City of Wewoka** – an incorporated City that operates the public safety, streets, culture and recreation, economic development and administrative activities of the City – *reported as the primary government*
- **The Wewoka Public Works Authority (WPWA)** – public trust created to operate the water, wastewater, and sanitation services of the City, with the City Council members serving as the trustees – *considered part of the primary government for reporting purposes*
- **The Wewoka Industrial Authority (WIA)** – public trust created to finance, develop and promote industrial development activities of the City, with the City Council members appointing the trustees – *considered part of the primary government for reporting purposes*
- **The Citizens Improvement League of Wewoka (CILOW)** – public trust created to finance, develop and promote improvements in the City, with the City Council members appointing the trustees – *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 trust 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 Wewoka (the "City"), the Wewoka Public Works Authority (the "Public Works Authority"), the Wewoka Industrial Authority (the "Industrial Authority") and the Citizens Improvement League of Wewoka. Included in this report are government-wide statements for each of the three categories of activities – governmental, business-type, and the discretely-presented component unit.

The government-wide financial statements present the complete financial picture of the City as applicable to 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-

CITY OF WEWOKA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

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.

In the Statement of Net Position and the Statement of Activities, we divide the City 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. A third type of activity, that of a discretely presented component unit, is also presented here.

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. The City has two kinds of funds - *governmental and proprietary*.

Governmental funds - All 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.

Proprietary funds - When the City, through the Public Works 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. The City's proprietary funds are the Wewoka Public Works Authority that accounts for the operation of the water, sewer, and sanitation activities and the Wewoka Industrial Authority that accounts for the operation of the industrial development activities of the City.

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 25-43 of this report.

CITY OF WEWOKA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

Other Information

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

THE CITY AS A WHOLE

For the year ended June 30, 2022, net position on a modified cash basis for the governmental and business-type activities increased \$84,771.

Net Position (Modified Cash Basis)
June 30, 2022

	Governmental Activities	Business-type Activities	Total
Beginning net position	\$ 2,057,795	\$ 578,457	\$ 2,636,252
Increase in net position	28,799	55,972	84,771
Ending net position	\$ 2,086,594	\$ 634,429	\$ 2,721,023

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2022	2021	2022	2021	2022	2021	
	Assets	\$ 2,087,683	\$ 2,061,907	\$ 722,004	\$ 681,190	\$ 2,809,687	
Total assets	2,087,683	2,061,907	722,004	681,190	2,809,687	2,743,097	2%
Liabilities	1,089	4,112	87,575	102,733	88,664	106,845	-17%
Total liabilities	1,089	4,112	87,575	102,733	88,664	106,845	-17%
Net position:							
Restricted	1,651,338	1,337,106	22,119	79,150	1,673,457	1,416,256	18%
Unrestricted	435,256	720,689	612,310	499,307	1,047,566	1,219,996	-14%
Total net position	\$ 2,086,594	\$ 2,057,795	\$ 634,429	\$ 578,457	\$ 2,721,023	\$ 2,636,252	3%

A portion of the City's net position, \$1,673,457, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$1,047,566, may be used to meet the government's ongoing needs.

CITY OF WEWOKA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

Changes in Net Position (Modified Cash Basis)
Year Ended June 30, 2022

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2022	2021	2022	2021	2022	2021	
Revenues:							
Program revenues:							
Charges for Services	\$ 464,864	\$ 432,396	\$ 1,924,890	\$ 1,847,445	\$ 2,389,754	\$ 2,279,841	5%
Grants & Contributions	55,875	418,456	-	-	55,875	418,456	-87%
Capital Grants, Debt Proceeds & Contributions	102,528	152,048	4,229,500	104,146	4,332,028	256,194	1591%
General Revenues:							
Sales and Use Tax	1,088,152	1,080,908	-	-	1,088,152	1,080,908	1%
Other Taxes	416,186	480,726	-	-	416,186	480,726	-13%
Other General Revenues	507,105	196,625	67,617	62,685	574,722	259,310	122%
Total Revenues	2,634,710	2,761,159	6,222,007	2,014,276	8,856,717	4,775,435	85%
Program Expenses:							
General Government	\$ 570,616	\$ 571,955	\$ -	\$ -	\$ 570,616	\$ 571,955	0%
Public Safety	1,334,582	1,239,994	-	-	1,334,582	1,239,994	8%
Highways and Streets	192,457	245,171	-	-	192,457	245,171	-22%
Culture and Recreation	456,469	475,554	-	-	456,469	475,554	-4%
Economic Development	76,118	45,105	-	-	76,118	45,105	69%
Interest on Long-Term Debt	11,041	14,731	-	-	11,041	14,731	-25%
Water	-	-	939,635	774,865	939,635	774,865	21%
Sewer	-	-	4,234,171	588,875	4,234,171	588,875	619%
Sanitation	-	-	370,093	348,303	370,093	348,303	6%
Industrial Development	-	-	586,764	181,407	586,764	181,407	223%
Total Expenses	2,641,283	2,592,510	6,130,663	1,893,450	8,771,946	4,485,960	96%
Excess (deficiency)	(6,573)	168,649	91,344	120,826	84,771	289,475	-71%
Net Transfers In (Out)	35,372	139,430	(35,372)	(139,430)	-	-	0%
Increase/(Decrease) in Net Position	\$ 28,799	\$ 308,079	\$ 55,972	\$ (18,604)	\$ 84,771	\$ 289,475	-71%
Beginning Net Position	2,057,795	1,749,716	578,457	597,061	2,636,252	2,346,777	12%
Ending Net Position	\$ 2,086,594	\$ 2,057,795	\$ 634,429	\$ 578,457	\$ 2,721,023	\$ 2,636,252	3%

Governmental Activities

The City's governmental activities had an overall increase in net position of \$28,799.

Net Revenue (Expense) of Governmental Activities

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2022	2021		2022	2021	
General government	\$ 570,616	\$ 571,955	0%	\$ (411,386)	\$ (394,006)	4%
Public safety	1,334,582	1,239,994	8%	(1,027,970)	(614,008)	67%
Highways and streets	192,457	245,171	-22%	(162,175)	(213,483)	-24%
Culture and recreation	456,469	475,554	-4%	(329,326)	(311,651)	6%
Economic development	76,118	45,105	69%	(76,118)	(41,731)	82%
Interest on long-term debt	11,041	14,731	-25%	(11,041)	(14,731)	-25%
Total	\$ 2,641,283	\$ 2,592,510	2%	\$ (2,018,016)	\$ (1,589,610)	27%

CITY OF WEWOKA, OKLAHOMA
Management's Discussion and Analysis
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Business-type Activities

The business-type activities had an increase in net position of \$55,972. This increase is due in part to an increase in charges for services of \$77,445. Capital Grants, debt proceeds and contributions increase \$4,125,354 mainly due to a new wastewater utility system revenue note of \$3,780,000. Sewer expenditures increased \$3,645,296 due to the new wastewater utility system revenue note.

Net Revenue (Expense) of Business-Type Activities

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Water	\$ 939,635	\$ 774,865	21%	\$(116,848)	\$ 87,200	-234%
Wastewater	4,234,171	588,875	619%	142,032	(39,821)	-457%
Sanitation	370,093	348,303	6%	165,910	156,030	6%
Industrial Development	586,764	181,407	223%	(167,367)	(145,268)	15%
Total	\$ 6,130,663	\$ 1,893,450	224%	\$ 23,727	\$ 58,141	-59%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2022 fiscal year, the governmental funds reported a combined fund balance of \$2,086,594. For the year ended June 30, 2022, the governmental funds total fund balance increased by \$28,799.

Budgetary Highlights

For the year ended June 30, 2022, the General Fund reported actual budgetary basis revenues under final estimates by \$154,354 or a 4.5% negative variance. General Fund actual expenditures were under final appropriations by \$287,869 or a 7.5% positive variance.

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

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

- The FY 2023 budget has been prepared using projected revenues based on collections during FY 2022 and remains relatively consistent with the prior year's budget.

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, please contact Mark Mosley, City Manager, or Theresa Barkhimer, City Clerk, at 123 S. Mekusukey, Wewoka, Oklahoma 74884 or telephone at 405-257-2413.

**CITY OF WEWOKA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND ACTIVITIES

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Statement of Net Position (Modified Cash Basis) – June 30, 2022

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>(CILOW) Citizens</u> <u>Improvement</u> <u>League of Wewoka</u>
ASSETS				
Cash and cash equivalents	\$ 1,914,935	\$ 798,369	\$ 2,713,304	\$ 16,099
Investments	-	93,530	93,530	-
Internal balances	169,895	(169,895)	-	-
Deposits with insurance pool	2,853	-	2,853	-
Total Assets	<u>2,087,683</u>	<u>722,004</u>	<u>2,809,687</u>	<u>16,099</u>
LIABILITIES				
Due to other governments	1,089	-	1,089	-
Long-term liabilities:				
Due within one year - utility deposits	-	17,516	17,516	-
Due in more than one year - utility deposits	-	70,059	70,059	-
Total Liabilities	<u>1,089</u>	<u>87,575</u>	<u>88,664</u>	<u>-</u>
NET POSITION				
Restricted for:				
Street purposes	10,159	-	10,159	-
Cemetery	20,612	-	20,612	-
Public safety	16,681	-	16,681	-
Street purposes	228,455	-	228,455	-
Capital projects	403,594	22,119	425,713	-
Grant	254,590	-	254,590	-
Debt service	118,197	-	118,197	-
Library operations	9,410	-	9,410	-
Library prize	501	-	501	-
TIF projects	515,733	-	515,733	-
Economic development	73,406	-	73,406	-
Park projects	-	-	-	16,099
Unrestricted	435,256	612,310	1,047,566	-
Total net position	<u>\$ 2,086,594</u>	<u>\$ 634,429</u>	<u>\$ 2,721,023</u>	<u>\$ 16,099</u>

See accompanying notes to the basic financial statements.

CITY OF WEWOKA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Statement of Activities (Modified Cash Basis) – Year Ended June 30, 2022

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants, Debt Proceeds and Contributions	Governmental Activities	Business-type Activities	Total	(CILOW) Citizens Improvement League of Wewoka
Primary government								
Governmental Activities								
General Government	\$ 570,616	\$ 145,897	\$ 13,333	\$ -	\$ (411,386)	\$ -	\$ (411,386)	\$ -
Public Safety	1,334,582	199,321	4,763	102,528	(1,027,970)	-	(1,027,970)	-
Highways and Streets	192,457	1,911	28,371	-	(162,175)	-	(162,175)	-
Culture and Recreation	456,469	117,735	9,408	-	(329,326)	-	(329,326)	-
Economic Development	76,118	-	-	-	(76,118)	-	(76,118)	-
Interest on Long-term debt	11,041	-	-	-	(11,041)	-	(11,041)	-
Total governmental activities	<u>2,641,283</u>	<u>464,864</u>	<u>55,875</u>	<u>102,528</u>	<u>(2,018,016)</u>	<u>-</u>	<u>(2,018,016)</u>	<u>-</u>
Business-type activities:								
Water	939,635	777,787	-	45,000	-	(116,848)	(116,848)	-
Wastewater	4,234,171	596,203	-	3,780,000	-	142,032	142,032	-
Sanitation	370,093	536,003	-	-	-	165,910	165,910	-
Industrial Development	586,764	14,897	-	404,500	-	(167,367)	(167,367)	-
Total business-type activities	<u>6,130,663</u>	<u>1,924,890</u>	<u>-</u>	<u>4,229,500</u>	<u>-</u>	<u>23,727</u>	<u>23,727</u>	<u>-</u>
Total primary government	<u>\$ 8,771,946</u>	<u>\$ 2,389,754</u>	<u>\$ 55,875</u>	<u>\$ 4,332,028</u>	<u>(2,018,016)</u>	<u>23,727</u>	<u>(1,994,289)</u>	<u>-</u>
Component Unit								
Park and Recreation (CILOW)	\$ 7,581	\$ -	\$ -	\$ 10,311				2,730
General revenues:								
Taxes:								
Sales and use tax					1,088,152	-	1,088,152	-
Property taxes					103,054	-	103,054	-
Franchise and public service taxes					133,056	-	133,056	-
Hotel/motel tax					71,529	-	71,529	-
Tax increment financing					108,547	-	108,547	-
Intergovernmental revenue not restricted to specific programs					335,482	-	335,482	-
Investment income					2,661	1,508	4,169	-
Miscellaneous					168,962	66,109	235,071	-
Transfers - Internal activity					35,372	(35,372)	-	-
Total general revenues and transfers					<u>2,046,815</u>	<u>32,245</u>	<u>2,079,060</u>	<u>-</u>
Change in net position					28,799	55,972	84,771	2,730
Net position - beginning					2,057,795	578,457	2,636,252	13,369
Net position - ending					<u>\$ 2,086,594</u>	<u>\$ 634,429</u>	<u>\$ 2,721,023</u>	<u>\$ 16,099</u>

See accompanying notes to the basic financial statements.

**CITY OF WEWOKA, OKLAHOMA
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As of and for the Year Ended June 30, 2022**

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

**CITY OF WEWOKA, OKLAHOMA
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As of and for the Year Ended June 30, 2022**

Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2022

	<u>General Fund</u>	<u>TIF Revenue Fund</u>	<u>DSSC Fund</u>	<u>Capital Improvement Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 111,672	\$ 457,637	\$ 369,377	\$ 429,592	\$ 113,898	\$ 432,759	\$ 1,914,935
Due from other funds	242,415	58,096	23,625	28,106	10,327	9,909	372,478
Deposits with insurance pool	2,853	-	-	-	-	-	2,853
Total assets	<u>356,940</u>	<u>515,733</u>	<u>393,002</u>	<u>457,698</u>	<u>124,225</u>	<u>442,668</u>	<u>2,290,266</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Due to other funds	164,268	-	213	1,684	4,467	31,951	202,583
Due to other governments	635	-	454	-	-	-	1,089
Total liabilities	<u>164,903</u>	<u>-</u>	<u>667</u>	<u>1,684</u>	<u>4,467</u>	<u>31,951</u>	<u>203,672</u>
Fund balances:							
Restricted	-	515,733	254,590	449,677	118,197	313,141	1,651,338
Assigned	192,037	-	137,745	6,337	1,561	98,888	436,568
Unassigned (deficit)	-	-	-	-	-	(1,312)	(1,312)
Total fund balances	<u>192,037</u>	<u>515,733</u>	<u>392,335</u>	<u>456,014</u>	<u>119,758</u>	<u>410,717</u>	<u>2,086,594</u>
Total liabilities and fund balances	<u>\$ 356,940</u>	<u>\$ 515,733</u>	<u>\$ 393,002</u>	<u>\$ 457,698</u>	<u>\$ 124,225</u>	<u>\$ 442,668</u>	<u>\$ 2,290,266</u>

See accompanying notes to the basic financial statements.

CITY OF WEWOKA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances
(Modified Cash Basis) – Year Ended June 30, 2022

	<u>General Fund</u>	<u>TIF Revenue Fund</u>	<u>DSSC Fund</u>	<u>Capital Improvement Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES							
Taxes	\$ 971,852	\$ 108,547	\$ -	\$ 249,356	\$ 103,054	\$ 71,529	\$ 1,504,338
Intergovernmental	53,938	-	281,544	-	-	99,278	434,760
Charges for services	362,967	-	-	-	-	10,764	373,731
Fines and forfeitures	68,689	-	-	-	-	-	68,689
Licenses and permits	18,140	-	-	-	-	-	18,140
Investment income	248	-	1,341	588	58	426	2,661
Miscellaneous	152,509	-	-	-	-	18,050	170,559
Total revenues	<u>1,628,343</u>	<u>108,547</u>	<u>282,885</u>	<u>249,944</u>	<u>103,112</u>	<u>200,047</u>	<u>2,572,878</u>
EXPENDITURES							
Current:							
General government	476,342	-	-	6,027	-	-	482,369
Public safety	1,173,020	-	-	-	-	-	1,173,020
Highways and streets	125,085	-	-	-	-	28,170	153,255
Culture and recreation	428,133	-	-	-	-	10,205	438,338
Capital outlay	75,936	-	-	125,143	-	142,751	343,830
Debt service:							
Principal retirement	125,387	-	-	21,462	100,000	3,977	250,826
Interest expenditures	8,767	-	-	1,972	9,900	302	20,941
Total Expenditures	<u>2,412,670</u>	<u>-</u>	<u>-</u>	<u>154,604</u>	<u>109,900</u>	<u>185,405</u>	<u>2,862,579</u>
Excess (deficiency) of revenues over expenditures	<u>(784,327)</u>	<u>108,547</u>	<u>282,885</u>	<u>95,340</u>	<u>(6,788)</u>	<u>14,642</u>	<u>(289,701)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from debt financing	102,528	-	-	-	-	-	102,528
Transfers in	468,322	-	-	16,927	-	-	485,249
Transfers out	(68,945)	(56,219)	(74,427)	(64,725)	-	(4,961)	(269,277)
Total other financing sources (uses)	<u>501,905</u>	<u>(56,219)</u>	<u>(74,427)</u>	<u>(47,798)</u>	<u>-</u>	<u>(4,961)</u>	<u>318,500</u>
Net change in fund balances	(282,422)	52,328	208,458	47,542	(6,788)	9,681	28,799
Fund balances - beginning	474,459	463,405	183,877	408,472	126,546	401,036	2,057,795
Fund balances - ending	<u>\$ 192,037</u>	<u>\$ 515,733</u>	<u>\$ 392,335</u>	<u>\$ 456,014</u>	<u>\$ 119,758</u>	<u>\$ 410,717</u>	<u>\$ 2,086,594</u>

See accompanying notes to the basic financial statements.

**CITY OF WEWOKA, OKLAHOMA
ANNUAL FINANCIAL REPORT
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BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

CITY OF WEWOKA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Proprietary Funds Statement of Net Position (Modified Cash Basis) – June 30, 2022

	Wewoka Public Works Authority	Wewoka Industrial Authority	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 567,287	\$ 208,963	\$ 776,250
Investments	5,955	-	5,955
Restricted:			
Cash and cash equivalents	22,041	78	22,119
Investments	87,575	-	87,575
Due from other funds	41,031	60,984	102,015
Total assets	<u>723,889</u>	<u>270,025</u>	<u>993,914</u>
LIABILITIES			
Current Liabilities:			
Due to other funds	238,568	33,342	271,910
Deposits subject to refund	17,516	-	17,516
Total current liabilities	<u>256,084</u>	<u>33,342</u>	<u>289,426</u>
Non-current liabilities:			
Deposits subject to refund	70,059	-	70,059
Total non-current liabilities	<u>70,059</u>	<u>-</u>	<u>70,059</u>
Total liabilities	<u>326,143</u>	<u>33,342</u>	<u>359,485</u>
NET POSITION			
Restricted for capital projects	22,041	78	22,119
Unrestricted	375,705	236,605	612,310
Total net position	<u>\$ 397,746</u>	<u>\$ 236,683</u>	<u>\$ 634,429</u>

See accompanying notes to the basic financial statements.

CITY OF WEWOKA, OKLAHOMA
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Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis) – Year Ended June 30, 2022

	Wewoka Public Works Authority	Wewoka Industrial Authority	Total
REVENUES			
Water	\$ 753,924	\$ -	\$ 753,924
Sewer	577,911	-	577,911
Sanitation	519,558	-	519,558
Auto meter surcharge	30,783	-	30,783
Penalties	27,817	-	27,817
Rental fees	-	14,897	14,897
Golf cart revenue	-	4,304	4,304
Total operating revenues	<u>1,909,993</u>	<u>19,201</u>	<u>1,929,194</u>
OPERATING EXPENSES			
Administration	214,205	-	214,205
Water plant	285,219	-	285,219
Sanitation	197,924	-	197,924
Disposal plant	108,642	-	108,642
Distribution	389,789	-	389,789
Industrial development	-	40,350	40,350
Total Operating Expenses	<u>1,195,779</u>	<u>40,350</u>	<u>1,236,129</u>
Operating income (loss)	<u>714,214</u>	<u>(21,149)</u>	<u>693,065</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	1,125	383	1,508
Note payments income:			
Return of principal	20,000	44,735	64,735
Miscellaneous revenue	1,374	154,500	155,874
Capital outlay	(67,825)	(254,986)	(322,811)
Debt issuance costs	(70,780)	-	(70,780)
Debt proceeds	3,780,000	250,000	4,030,000
Debt service:			
Principal retirement	(3,878,796)	(248,172)	(4,126,968)
Interest expense	(109,423)	(43,256)	(152,679)
Total non-operating revenue (expenses)	<u>(324,325)</u>	<u>(96,796)</u>	<u>(421,121)</u>
Income (loss) before transfers	389,889	(117,945)	271,944
Transfers in	51,893	152,961	204,854
Transfers out	(420,826)	-	(420,826)
Change in net position	20,956	35,016	55,972
Total net position - beginning	376,790	201,667	578,457
Total net position - ending	<u>\$ 397,746</u>	<u>\$ 236,683</u>	<u>\$ 634,429</u>

See accompanying notes to the basic financial statements.

CITY OF WEWOKA, OKLAHOMA
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Proprietary Funds Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2022

	<u>Wewoka Public Works Authority</u>	<u>Wewoka Industrial Authority</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,909,993	\$ 19,201	\$ 1,929,194
Payments to suppliers	(530,519)	(40,350)	(570,869)
Payments to employees	(665,260)	-	(665,260)
Receipts of customer meter deposits	11,875	-	11,875
Refunds of customer meter deposits	(27,033)	-	(27,033)
Other receipts	72,328	211,796	284,124
Net cash provided by operating activities	<u>771,384</u>	<u>190,647</u>	<u>962,031</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	51,893	152,961	204,854
Transfers to other funds	(420,826)	-	(420,826)
Net cash provided by (used in) noncapital financing activities	<u>(368,933)</u>	<u>152,961</u>	<u>(215,972)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital outlay	(67,825)	(254,986)	(322,811)
Debt proceeds	3,780,000	250,000	4,030,000
Debt issuance costs	(70,780)	-	(70,780)
Principal paid on debt	(3,878,796)	(248,172)	(4,126,968)
Interest paid on debt	(109,423)	(43,256)	(152,679)
Net cash provided by (used in) capital and related financing activities	<u>(346,824)</u>	<u>(296,414)</u>	<u>(643,238)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	1,125	383	1,508
Sale (Purchase) of investments	(338)	-	(338)
Net cash provided by investing activities	<u>787</u>	<u>383</u>	<u>1,170</u>
Net increase in cash and cash equivalents	56,414	47,577	103,991
Balances - beginning of year	532,914	161,464	694,378
Balances - end of year	<u>\$ 589,328</u>	<u>\$ 209,041</u>	<u>\$ 798,369</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 567,287	\$ 208,963	\$ 776,250
Restricted cash and cash equivalents - current	22,041	78	22,119
Total cash and cash equivalents, end of year	<u>\$ 589,328</u>	<u>\$ 209,041</u>	<u>\$ 798,369</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 714,214	\$ (21,149)	\$ 693,065
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Lease payments income	20,000	44,735	64,735
Miscellaneous income	1,374	154,500	155,874
Change in assets and liabilities:			
Due from other funds	70,957	(1)	70,956
Due to other funds	(20,003)	12,562	(7,441)
Meter deposit liability	(15,158)	-	(15,158)
Net cash provided by operating activities	<u>\$ 771,384</u>	<u>\$ 190,647</u>	<u>\$ 962,031</u>

See accompanying notes to the basic financial statements.

CITY OF WEWOKA, OKLAHOMA
ANNUAL FINANCIAL REPORT
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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City’s financial reporting entity includes the primary government (City of Wewoka), two blended component units and one discretely presented component unit as follows:

- **The City of Wewoka** – an incorporated City that operates the public safety, streets, culture and recreation, economic development and administrative activities of the City – *reported as the primary government*
- **The Wewoka Public Works Authority (WPWA)** – public trust created to operate the water, wastewater, and sanitation services of the City, with the City Council members serving as the trustees, *a blended component unit, considered part of the primary government*
- **The Wewoka Industrial Authority (WIA)** – public trust created pursuant to finance, develop and promote industrial development activities of the City, with the City Council members serving as the trustees, *a blended component unit, considered part of the primary government*
- **The Citizens Improvement League of Wewoka (CILOW)** – public trust created to finance, develop and promote improvements in the City, with the City Council members appointing the trustees – *reported as a discretely-presented component unit*

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, “*The Financial Reporting Entity*”, as amended by Statement 61.

The component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. A Public Trust (Authority) has 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 Authorities. 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 the Public Trusts are dissolved.

As required by state law, all debt obligations incurred by the above 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.

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 only the adjustments for the following balances arising from cash transactions:

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

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 operating grants
- Public safety: Fine revenue, ambulance fees, fire runs, operating grants and capital grants
- Streets and highways: Gas excise and commercial vehicle taxes, street light surcharge
- Culture and recreation: Recreation fees, operating grants and capital grants
- Economic development: Donations for golf course improvements
- Cemetery: Lot sales and interments

Business-type activities are also reported on a modified cash basis.

Fund Financial Statements:

The funds of the financial reporting entity are described below.

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
- TIF Revenue Fund – accounts for the tax increments collected and paid to the tax increment district to facilitate the financing of eligible project costs as outlined in Economic Development Project Plan

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- Capital Improvement Fund – a capital project fund that accounts for funds received and expended for major capital projects
- 2014 G.O. Bond Capital Project Fund – a capital project fund that accounts for funds received and expended for general obligation bond activity
- Debt Service Fund (Sinking Fund) - accounts for ad-valorem taxes levied by the City for use in retiring General Obligation debt

Non-Major Funds (Reported as Other Governmental Funds):

Special Revenue Funds:

- Street and Alley Fund – accounts for revenues from gasoline and vehicle taxes used for street maintenance
- Library Grant Fund – accounts for library grant revenues and expenditures
- Fire Department Grant Fund – accounts for fire department grant revenues and expenditures
- Library Prize Fund – accounts for library donation revenues and expenditures
- DSSC Fund – accounts for revenues and expenses related to Arts Council and OAC local government grants, along with green fee sales tax receipts and disbursements
- Senior Citizen Fund – accounts for revenues and expenditures related to CENA grants
- Economic Development Fund – a special revenue fund that accounts for activities specifically related to development of new and existing business activities that further economic development of the community
- Police-DA Seizure Fund – accounts for the county shared seizure and related grant monies and expenditures

Capital Project Fund:

- Cemetery Fund – accounts for cemetery revenues restricted for capital and maintenance
- REAP Grant Fund – accounts for the revenues and expenditures related to REAP grants
- CDBG Fund – a capital project fund that accounts for revenues and expenditures related to CDBG grants

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

The City's proprietary funds include the following:

- Wewoka Public Works Authority (WPWA) – accounts for the operation of the water, wastewater, and sanitation activities
- Wewoka Industrial Authority (WIA) – accounts for operations to finance, develop and promote industrial development activities

The proprietary funds are also reported on the modified cash basis, as defined above.

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.

All the above noted governmental funds are legally required to adopt annual budgets or appropriations. The public trusts (or Authorities) are not required to adopt legal annual appropriations. While each trust develops an annual budget, it is for financial management purposes and does not constitute legal appropriations.

C. Cash, Cash Equivalents, and Investments

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

D. Capital Assets and Depreciation

Due to the use of the modified cash basis of accounting as described in Note 1B, capital assets and related depreciation are not reported in the financial statements, and are reported as expenditures or expenses when purchased.

E. Long-Term Debt

Due to the use of the modified cash basis of accounting as described in Note 1B, 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 11.

F. Compensated Absences

As a result of the use of the modified cash basis of accounting, as described in Note 1B, 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 11.

G. Fund Balances and Net Position

Net Position:

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 and 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.”

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.

Fund Balance:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. These 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) laws 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. Currently, the City has no committed fund balance.
- 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.

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- 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 the 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.

H. 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. Deposits and Investments

For the year ended June 30, 2022, the City recognized \$4,169 of investment income. Due to the minimal rates of return on allowable investments in the current environment, most of the City’s deposits are in demand and short-term time deposits.

At June 30, 2022, the primary government held the following deposits and investments:

<u>Primary Government</u>	<u>Carrying Value</u>
Deposits:	
Demand deposits	\$ 2,713,304
Time deposits - certificates of deposit	93,530
Total Deposits and Investments	<u><u>\$ 2,806,834</u></u>
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 2,713,304
Investments	93,530
	<u><u>\$ 2,806,834</u></u>
<u>Component Unit</u>	
Citizens Improvement League of Wewoka:	
Demand deposits	<u><u>\$ 16,099</u></u>

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.

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Custodial 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.

As of June 30, 2022, the City has deposits that are under-collateralized at one institution in the amount of \$707,852 and thus exposed to custody credit risk.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no investment policy that limits investments based on maturity. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments, where applicable.

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 (5) government money market funds regulated by the SEC. These investment limitations do not apply to the City’s public trusts.

As of June 30, 2022, the City was not exposed to investment credit risk as defined above.

Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City has no investment policy regarding concentration of credit risk.

At June 30, 2022, the City had no concentration of credit risk as defined above.

Restricted Cash and Investments – The amounts reported as restricted assets on the statement of net position are comprised of amounts restricted for utility deposits and capital project accounts. The restricted assets as of June 30, 2022 are as follows:

<u>Type of Restricted Assets</u>	<u>Cash and Cash</u> <u>Equivalents</u>	<u>Investments</u>	<u>Total</u>
Utility Deposits	\$ -	\$ 87,575	\$ 87,575
Capital Project Accounts	22,119	-	22,119
Total Restricted Assets	<u>\$ 22,119</u>	<u>\$ 87,575</u>	<u>\$ 109,694</u>

3. Note Receivable

Expanded Solutions, LLC

The City of Wewoka, Oklahoma, acting through its Public Works and Industrial Authorities, has entered into various agreements with Expanded Solutions, LLC, Wewoka, Oklahoma. Under terms of these agreements, the Industrial Authority has purchased real property and improvements from Expanded Solutions, LLC. The proceeds from this purchase, along with other funds, were used by Expanded Solutions, LLC to make substantial upgrades and improvements to the property. The Industrial Authority has also agreed to sell back the same property to Expanded Solutions, LLC under terms of a twenty-year note. Note payments of \$1,667 commenced July 1, 2008, and are due the first day of each month thereafter with final payment due June 1, 2026. Funds for these transactions were provided by a contract with the Oklahoma Department of Commerce contract number 10992 ED 87. The balance outstanding on this lease at June 30, 2022 was \$91,667.

The City of Wewoka, Oklahoma, acting through its Industrial Authority, has entered into an agreement with Blaine Butner, manager of the golf pro shop to purchase golf pro shop merchandise. Under terms of this agreement, the borrower has received and promises to pay back to the Wewoka Industrial Authority the principal sum of \$5,000 with accrued interest in monthly installments of \$118.55. The merchandise will be considered the security or collateral to this note. The balance outstanding on this note at June 30, 2021 was \$4,407.

Since the City reports on a modified cash basis of accounting, note receivables are not reported in the financial statements.

4. Sales Tax Revenue

Sales tax revenue represents a four-cent tax on each dollar of taxable sales within the City.

- Ord. 266 – 1 cent levied for general operations
- Ord. 315 – 1 cent levied for general operations
- Ord. 346 – 1 cent levied for various purposes as follows: 10% for economic development, 20% for general operations, 20% for capital outlay/equipment, 25% for capital improvements to the water and sewer systems, and 25% for capital improvements to the street system.
- Ord. 451 – 1 cent levied for various purposes as follows: 50% for general operations, 20% for capital improvements to the water and sewer systems, 20% for capital outlay/equipment, and 10% for economic development.

Therefore, 2.9 cents are recorded in the General Fund of which 2.7 cents is retained and .2 cents are transferred to the Industrial Authority for economic development, and 1.1 cents recorded in the Capital Improvement Fund (.40 cent for equipment, .45 cent for water and sewer, and .25 cent for streets).

5. Property Tax Levy

Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments.

At the present time the City levies a property tax to fund the annual debt service requirements of general obligation bonds outstanding.

The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11 percent nor more than 13½ percent.

Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. Property taxes levied, but not collected during the year or within 60 days of year-end are reported as deferred revenue.

For the year ended June 30, 2022, the City's net assessed valuation of taxable property was \$8,498,689. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2022 was \$11.85.

6. Customer Deposits

Refundable customer deposits reported as a liability within the Statement of Net Position are comprised of utility deposits payable.

Current	\$17,516
Noncurrent	<u>70,059</u>
	<u>\$87,575</u>

7. Schedule of Transfers Between Funds and Legal Entities

Internal balances between funds and legal entities are comprised of the following:

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Due From	Due To	Amount	Nature of Balance
General Fund	Library Grant Fund	\$ 279	Deposited to wrong fund
General Fund	Street and Alley Fund	1,201	Deposited to wrong fund
General Fund	WPWA Fund	8,178	Deposited to wrong fund
General Fund	DSSC Fund	4,082	Green fee sales tax deposited to wrong fund
General Fund	DSSC Fund	11,763	Reimbursement of ARPA grant expenses
General Fund	WIA Fund	48,712	Loan agreement
General Fund	WIA Fund	895	Deposited to wrong fund
General Fund	Economic Development Fund	4,796	Expenses to be reimbursed
General Fund	TIF Fund	53,629	Deposited to wrong fund
General Fund	Capital Improvement Fund	18,131	Sales tax revenue not yet transferred
General Fund	WIA	3,259	Sales tax revenue not yet transferred
Police Dept Special Account	Capital Improvement Fund	9,975	Expenses to be reimbursed
Capital Improvement Fund	REAP Grant Fund	808	Expenses to be reimbursed
Fire Department Grant Fund	General Fund	9,459	Expenses to be reimbursed
CDBG Fund	General Fund	2,000	Reclassification to fund
WPWA Fund	General Fund	157,834	Deposited to wrong fund
WPWA Fund	General Fund	70,685	Surcharges
Senior Citizens Fund	General Fund	1,543	Expenses in wrong fund
Capital Improvement Fund	Cemetery Care Fund	306	Deposited to wrong fund
Capital Improvement Fund	Cemetery Care Fund	570	Debt activity
Debt Service Fund	TIF Fund	4,467	Deposited to wrong fund
WIA Fund	WPWA Fund	11,667	Lease payments
Cemetery Care Fund	Meter Deposit	150	Deposited to wrong fund
WPWA Fund	Debt Service Fund	327	Expenses to be reimbursed
DSSC Fund	WIA Fund	213	Expenses to be reimbursed
Economic Development	WIA Fund	8,799	Expenses to be reimbursed
WPWA Fund	DSSC Fund	7,780	Expenses to be reimbursed
WPWA Fund	Street and Alley Fund	1,942	Deposited to wrong fund
WIA Fund	WPWA Fund	4,809	Water meter loan payment
WIA Fund	WPWA Fund	1,720	June 2013 sales tax revenue deposited to wrong accou
WIA Fund	WPWA Fund	14,244	Deposited to wrong fund
Court Fund	WPWA Fund	263	Deposited to wrong Account
WIA Fund	Library Grant Fund	7	Deposited to wrong fund
2014 GO Bond Capital Project Fund	Debt Service Fund	10,000	Expenses to be reimbursed
Total		<u>\$ 474,493</u>	

Reconciliation to Fund Financial Statements:

	Due From	Due To	Net Internal Balances
Governmental Funds	\$ 372,478	\$ (202,583)	\$ 169,895
Proprietary Funds	102,015	(271,910)	(169,895)
Total	<u>\$ 474,493</u>	<u>\$ (474,493)</u>	<u>\$ -</u>

Transfers between legal entities are comprised of the following:

Transfer From	Transfer To	Amount	Nature of Transfer
General Fund	WIA	\$ 45,337	Sales tax transfer
General Fund	WPWA	6,681	Debt payments
General Fund	Capital Improvement Fund	16,927	Expense in wrong fund
TIFF Revenue Fund	WIA	56,219	Debt payments
Capital Improvement Fund	WPWA	24,022	Debt payments
Debt Service Fund	WPWA	21,190	Debt payments
Capital Improvement Fund	General Fund	15,926	Debt payments
Debt Service Fund	General Fund	53,237	Reimburse expenses related to COV
WPWA	General Fund	399,159	Operating subsidy
WPWA	WIA	21,667	Debt payments
WIA	Economic Development Fund	4,961	Debt payments
Capital Improvement Fund	WIA	24,777	Debt payments
		<u>\$ 690,103</u>	

Reconciliation:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 485,249	\$ (269,277)	\$ 215,972
Proprietary Funds	204,854	(420,826)	(215,972)
Total	<u>\$ 690,103</u>	<u>\$ (690,103)</u>	<u>\$ -</u>

Reconciliation to Statement of Activities:

	Net Transfers
Net Transfers	\$ (215,972)
Business-type activities from governmental funds	180,600
Total Transfers - Internal Activity	<u>\$ (35,372)</u>

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8. Fund Equity and Net Position

The following tables show the fund balance classifications as shown in the Governmental Funds Balance Sheet:

	TIF Revenue			Capital	2014 GO Bond	Debt Service	Other	Total
	General Fund	Fund	DSSC Fund	Improvement Fund	Capital Project Fund	Fund	Governmental Funds	
Fund Balance:								
Restricted For:								
Street Capital Projects	\$ -	\$ -	\$ -	\$ 228,455	\$ -	\$ -	\$ -	\$ 228,455
Water/Sewer Capital Projects	-	-	-	170,716	-	-	-	170,716
Capital Projects	-	-	-	50,506	182,372	-	-	232,878
Economic Development	-	-	-	-	-	-	73,406	73,406
Street and Alley	-	-	-	-	-	-	10,159	10,159
Fire Department	-	-	-	-	-	-	16,549	16,549
Police Department	-	-	-	-	-	-	132	132
Seminole Nation Museum	-	-	254,590	-	-	-	-	254,590
Library	-	-	-	-	-	-	9,911	9,911
Cemetery Capital Outlay	-	-	-	-	-	-	20,612	20,612
TIF District	-	515,733	-	-	-	-	-	515,733
Debt Service	-	-	-	-	-	118,197	-	118,197
Sub-total Restricted	-	515,733	254,590	449,677	182,372	118,197	130,769	1,651,338
Assigned to:								
Insurance Loss	12,416	-	-	-	-	-	-	12,416
Capital Projects	-	-	-	6,337	-	-	-	6,337
Economic Development	-	-	-	-	-	-	87,515	87,515
Street and Alley	-	-	-	-	-	-	272	272
Seminole Nation Museum	-	-	137,745	-	-	-	-	137,745
Next year's budget	179,621	-	-	-	-	-	-	179,621
Cemetery Capital Outlay	-	-	-	-	-	-	11,101	11,101
Debt Service	-	-	-	-	-	1,561	-	1,561
Sub-total Assigned	192,037	-	137,745	6,337	-	1,561	98,888	436,568
Unassigned (deficit)	-	-	-	-	-	-	(1,312)	(1,312)
Total Fund Balance	\$ 192,037	\$ 515,733	\$ 392,335	\$ 456,014	\$ 182,372	\$ 119,758	\$ 228,345	\$ 2,086,594

9. 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 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 four fiscal years.

10. Employee Retirement Plan Participation

The City participates in three employee 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

OFPRS:

Plan Summary Information: The City of Wewoka, as the employer, participates in the Firefighters Pension & retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (OFPRS). The OFPRS provides defined retirement benefits based on members’ final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. 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 City has no responsibility or authority for the operation or administration of the pension program, nor has it any related liability, except for the current contribution requirements.

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: The City is required by state law to contribute 14% of covered payroll per year for each fulltime firefighter. The City, pays 3% of the employee portion while the employees contribute 6% for a total of 9% of covered payroll. For volunteer firefighters, the City is required to contribute \$60 per year per volunteer, while there is no required contribution by the volunteer. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The amount contributed for volunteer firefighters totaled \$180 for the current fiscal year.

Schedule of Retirement Plan Contributions OFPRS Cost-Sharing Plan

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2020	\$48,020	\$48,020
2021	\$43,535	\$43,535
2022	\$49,494	\$49,494

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OPPRS:

Plan Summary Information: The City of Wewoka, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). 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. The City has no responsibility or authority for the operation or administration of the pension program, nor has it any related liability, except for the current contribution requirements.

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. The City pays 3% of the employee portion while the employees contribute 5%, for a total of 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:

Schedule of Retirement Plan Contributions OPPRS Cost-Sharing Plan

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2020	\$27,905	\$27,905
2021	\$21,861	\$21,861
2022	\$28,347	\$28,347

OPERS:

Plan Summary Information: The City has provided a defined benefit 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%. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. For the year ended June 30, 2022, the City contributed \$117,601 to the plan, while the employee contributions totaled \$24,986.

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.

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The OPERS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2020	\$104,730	\$104,730
2021	\$116,960	\$116,960
2022	\$117,601	\$117,601

11. Commitments and Contingencies

Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2022, the reporting entity's long-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance Due July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Due June 30, 2022</u>	<u>Amount Due Within One Year</u>
<i>Governmental Activities:</i>					
General obligation debt	\$ 300,000	\$ -	\$ 100,000	\$ 200,000	\$ 100,000
Notes Payable (direct borrowings)	<u>318,197</u>	<u>102,528</u>	<u>171,738</u>	<u>248,987</u>	<u>85,839</u>
Total Governmental Activities	<u>\$ 618,197</u>	<u>\$ 102,528</u>	<u>\$ 271,738</u>	<u>\$ 448,987</u>	<u>\$ 185,839</u>
<i>Business-Type Activities:</i>					
Notes Payable (direct borrowings)	<u>4,671,066</u>	<u>4,030,000</u>	<u>4,126,968</u>	<u>4,574,098</u>	<u>389,132</u>
Total Business-Type Activities	<u>\$ 4,671,066</u>	<u>\$ 4,030,000</u>	<u>\$ 4,126,968</u>	<u>\$ 4,574,098</u>	<u>\$ 389,132</u>

Governmental Activities:

At June 30, 2022, the governmental long-term debt of the financial reporting entity consisted of the following:

General Obligation Debt:

2014 General obligation bonds through Bank of Oklahoma, interest payable semi-annually, principal installments of \$100,000 due annually each March 1, interest ranging from 3.0% to 3.4%, final payment due March 1, 2024. \$ 200,000

Current portion	\$100,000
Noncurrent portion	<u>100,000</u>
Total General Obligation Debt	<u>\$ 200,000</u>

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Notes Payable (direct borrowings):

<p>Note payable to NEC Financial, in the amount of \$91,186, payable in monthly installments of \$1,520, including principal and interest at 7.88%, final payment due November 7, 2022. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Assemble Collateral; 3) Repossess collateral; 4) Terminate agreement; 5) Take legal action if necessary.</p>	\$ 7,451
<p>Note payable to NEC Financial, in the amount of \$2,525, payable in monthly installments of \$152, including principal and interest at 7.88%, final payment due November 7, 2022. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Assemble Collateral; 3) Repossess collateral; 4) Terminate agreement; 5) Take legal action if necessary.</p>	745
<p>Note payable to Security State Bank of Wewoka in the amount of \$11,603, payable in monthly installments of \$349, including principal and interest at 5.0%, final payment due May 1, 2023. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Legal action if necessary; 3) Make a claim for any and all insurance benefits or refunds that may be available; 4) Assemble Collateral; 5) Repossess collateral.</p>	3,757
<p>Note payable to Security State Bank of Wewoka in the amount of \$11,869, payable in monthly installments of \$357, including principal and interest at 5.0%, final payment due May 1, 2023. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Legal action if necessary; 3) Make a claim for any and all insurance benefits or refunds that may be available; 4) Assemble Collateral; 5) Repossess collateral.</p>	3,858
<p>Note payable to Sterlington Medical in the amount of \$107,301, payable in annual installments of \$22,879, including principal and interest at 3.0%, final payment due January 5, 2024. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Legal action if necessary; 3) Make a claim for any and all insurance benefits or refunds that may be available; 4) Assemble Collateral; 5) Repossess collateral.</p>	43,752
<p>Note payable to First National Bank in the amount of \$32,143, payable in monthly installments of \$582, including principal and interest at 3.25%, final payment due August 20, 2025. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Assemble Collateral; 3) Repossess collateral; 4) Terminate agreement; 5) Take legal action if necessary.</p>	20,375
<p>Note payable to First National Bank in the amount of \$29,059, payable in monthly installments of \$526, including principal and interest at 3.25%, final payment due August 20, 2025. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Assemble Collateral; 3) Repossess collateral; 4) Terminate agreement; 5) Take legal action if necessary.</p>	18,910

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Note payable to First United Bank in the amount of \$31,790, payable in monthly installments of \$575, including principal and interest at 3.2%, final payment due October 20, 2025. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Assemble Collateral; 3) Repossess collateral; 4) Terminate agreement; 5) Take legal action if necessary. This lease is currently being paid by the County. 21,773

Note payable to First United Bank in the amount of \$18,570, payable in monthly installments of \$336, including principal and interest at 3.2%, final payment due October 20, 2025. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Assemble Collateral; 3) Repossess collateral; 4) Terminate agreement; 5) Take legal action if necessary. 12,703

Note payable to First United Bank in the amount of \$20,170, payable in monthly installments of \$365, including principal and interest at 3.2%, final payment due October 20, 2025. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Assemble Collateral; 3) Repossess collateral; 4) Terminate agreement; 5) Take legal action if necessary. 13,812

Note payable to Security State Bank of Wewoka in the amount of \$9,024, payable in semiannual installments of \$1,633, including principal and interest at 4.75%, final payment due June 18, 2024. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Legal action if necessary; 3) Make a claim for any and all insurance benefits or refunds that may be available; 4) Assemble Collateral; 5) Repossess collateral. 6,172

Note payable to Security State Bank of Wewoka in the amount of \$94,321, payable in monthly installments of \$1,780, including principal and interest at 5.0%, final payment due December 18, 2026. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Legal action if necessary; 3) Make a claim for any and all insurance benefits or refunds that may be available; 4) Assemble Collateral; 5) Repossess collateral. 88,720

Note payable to Security State Bank of Wewoka in the amount of \$8,207, payable in monthly installments of \$187, including principal and interest at 4.5%, final payment due September 24, 2025. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Legal action if necessary; 3) Make a claim for any and all insurance benefits or refunds that may be available; 4) Assemble Collateral; 5) Repossess collateral. 6,959

Total Notes Payable	\$ 248,987
Current portion	85,839
Noncurrent portion	163,148
Total Notes Payable	\$ 248,987

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Business-Type Activities:

At June 30, 2022, the business-type activities long-term debt of the financial reporting entity consisted of the following:

Notes Payable: Direct Borrowings

Note payable to First National Bank of Wewoka dated February 18, 2014, original amount of \$267,000, due in monthly installments of \$1,876, with an annual interest rate of 3.25%, final payment due February 18, 2029. Proceeds will be used for completion of the OFM building. In the event of default, the lender may: 1) declare due and payable all liabilities and obligations of borrower to lender and 2) exercise any and all rights and remedies possessed by lender. \$140,040

Note payable to First National Bank of Wewoka dated October 28, 2016, original amount of \$601,057, due in annual installments of \$56,219, with an annual interest rate of 4.5%, final payment due May 30, 2029. Proceeds will be used to build new road and road improvements. In the event of default, the lender may: 1) exercise any and all rights and remedies possessed by lender; 2) accelerate the payment of principal and interest accrued on the note; 3) make a claim for any and all insurance benefits or refunds that may be available; and 4) set-off any amount due and payable under the terms of the note. 344,521

Note payable to Security State Bank of Wewoka, dated August 16, 2021, original amount of \$250,000, payable in a balloon payment including principal and interest at 5.00%, due December 31, 2022. Loan was renewed for an additional year. Proceeds will be used to purchase DHS Building. In the event of default, the lender may: 1) exercise any and all rights and remedies possessed by lender; 2) accelerate the payment of principal and interest accrued on the note; 3) make a claim for any and all insurance benefits or refunds that may be available; and 4) set-off any amount due and payable under the terms of the note. 100,000

Note payable to Security State Bank of Wewoka, dated May 9, 2018, original amount of \$55,000, due in monthly installments of \$585, with an annual interest rate of 5.08%, final payment due May 9, 2028. Proceeds will be used to purchase commercial real estate. In the event of default, the lender may: 1) exercise any and all rights and remedies possessed by lender; 2) accelerate the payment of principal and interest accrued on the note; 3) make a claim for any and all insurance benefits or refunds that may be available; and 4) set-off any amount due and payable under the terms of the note. 35,208

Note payable to Oklahoma Department of Commerce, dated July 1, 2008, original amount of \$400,000, due in monthly installments of \$1,667, final payment due June 1, 2026. Proceeds will be used for plant expansion and renovation. In the event of default, the lender may: 1) exercise any and all rights and remedies possessed by lender and 2) declare the entire amount unpaid immediately due and payable. 79,975

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Note payable to First United Bank of Wewoka dated October 25, 2019, original amount of \$55,100, due in monthly installments of \$1,048, with an annual interest rate of 3.24%, final payment due September 1, 2024. Proceeds will be used for the purchase of a Durapatcher road repair machine for the city of Wewoka. In the event of default, the lender may: 1) exercise any and all rights and remedies possessed by lender; 2) accelerate the payment of principal and interest accrued on the note; and 3) collect and sell the collateral. 27,820

Note payable to First National Bank of Wewoka dated August 10, 2020, original amount of \$30,732, due in monthly installments of \$557, with an annual interest rate of 3.25%, final payment due August 20, 2025. Proceeds will be used for the purchase of a Ford F250 Truck. In the event of default, the lender may: 1) exercise any and all rights and remedies possessed by lender; 2) accelerate the payment of principal and interest accrued on the note; 3) make a claim for any and all insurance benefits or refunds that may be available; and 4) set-off any amount due and payable under the terms of the note. 20,073

Note payable to First United Bank of Wewoka dated August 15, 2019, original amount of \$79,971, due in monthly installments of \$1,067, with an annual interest rate of 3.24%, final payment due August 15, 2026. Proceeds will be used for the purchase of a Bobcat John Deere for the city of Wewoka. In the event of default, the lender may: 1) exercise any and all rights and remedies possessed by lender; 2) accelerate the payment of principal and interest accrued on the note; and 3) collect and sell the collateral. 46,461

2022 Utility system revenue note through Bank of Oklahoma, original amount of \$3,780,000, payable semi-annually, fixed principal installments ranging from \$87,000 to \$141,000 due semiannually each November 1 and May 1, with an annual interest rate of 3.1%, final payment due May 1, 2039. 3,780,000

\$ 4,574,098

Current portion	389,132
Noncurrent portion	<u>4,184,966</u>
Total Notes Payable	<u>\$ 4,574,098</u>

CITY OF WEWOKA, OKLAHOMA
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Payment Requirements to Maturity:

Year Ended June 30,	<u>Governmental Activities</u>				<u>Business-Type Activities</u>	
	<u>G.O. Bond Obligations</u>		<u>Notes Payable (Direct borrowings)</u>		<u>Notes Payable (Direct borrowings)</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	100,000	6,038	85,839	8,087	389,132	140,501
2024	100,000	3,019	72,627	5,349	294,250	134,295
2025	-	-	49,170	2,871	295,527	124,536
2026	-	-	27,452	1,281	295,083	114,747
2027	-	-	13,899	254	271,355	104,885
2028-2032	-	-	-	-	1,233,751	384,301
2033-2037	-	-	-	-	1,243,000	195,177
2038-2039	-	-	-	-	552,000	21,685
Total	\$ 200,000	\$ 9,057	\$ 248,987	\$ 17,842	\$ 4,574,098	\$ 1,220,127

Compensated Absences:

As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and comp leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2022 is \$59,755 for governmental activities and \$25,349 for business-type activities.

Litigation:

The City and its public trusts are parties to various legal proceedings or have threatened litigation which normally occurs in the course of municipal governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State Constitution and statutes provide for the levy of an ad valorem tax over a three-year period by a Sinking Fund for the payment of any court assessed judgment rendered against the City. (This provision is not available to public trusts.) While the outcome of the above noted proceedings or threatened litigation cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Federal and State Award Programs:

The City of Wewoka 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 WEWOKA, OKLAHOMA
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SUPPLEMENTAL AND OTHER INFORMATION

CITY OF WEWOKA, OKLAHOMA
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As of and for the Year Ended June 30, 2022

Budgetary Comparison Schedules (Modified Cash Basis) – Year Ended June 30, 2022

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 310,000	\$ 415,506	\$ 461,612	\$ 46,106
Resources (Inflows):				
Taxes	917,545	907,545	926,515	18,970
Intergovernmental	56,453	56,453	53,938	(2,515)
Charges for services	365,640	378,876	362,967	(15,909)
Fines and Forfeitures	101,920	101,920	68,689	(33,231)
Licenses and Permits	22,310	22,310	18,140	(4,170)
Investment Income	900	900	248	(652)
Miscellaneous	280,034	280,034	145,741	(134,293)
Other Financing Sources - Transfers In	1,679,926	1,649,926	1,667,372	17,446
Total Resources	3,424,728	3,397,964	3,243,610	(154,354)
Amounts available for appropriation	3,734,728	3,813,470	3,705,222	(108,248)
Charges to Appropriations (Outflows):				
General government:				
Managerial	161,082	161,382	167,899	(6,517)
City Clerk	172,090	185,090	190,505	(5,415)
General Government	375,141	402,786	355,179	47,607
Public safety:				
Police	587,535	593,085	565,985	27,100
Fire	679,941	706,682	666,410	40,272
Parks, Library and Recreation:				
Public lands	210,305	214,005	148,260	65,745
Golf	218,776	238,612	221,736	16,876
Library	89,795	89,795	86,250	3,545
Highways & Streets:				
Streets	156,242	152,242	125,085	27,157
Public Works:				
Sanitation	212,000	212,000	197,924	14,076
Water plant	329,449	315,019	286,301	28,718
Disposal Plant	133,547	127,147	118,154	8,993
Distribution	408,825	415,625	395,913	19,712
Total Charges to Appropriations	3,734,728	3,813,470	3,525,601	287,869
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 179,621	\$ 179,621

CITY OF WEWOKA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Budgetary Comparison Schedules (Modified Cash Basis) – Year Ended June 30, 2022 (Cont.)

	TIF REVENUE FUND			
	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 70,000	\$ 70,000	\$ 463,405	\$ 393,405
Resources (Inflows):				
Taxes	95,000	95,000	108,547	13,547
Investment income	50	50	-	(50)
Miscellaneous	-	225,000	-	(225,000)
Total Resources	<u>95,050</u>	<u>320,050</u>	<u>108,547</u>	<u>(211,503)</u>
Amounts available for appropriation	<u>165,050</u>	<u>390,050</u>	<u>571,952</u>	<u>181,902</u>
Charges to appropriations (outflows):				
Economic Development	165,050	198,831	-	198,831
Transfers out	-	56,219	56,219	-
Total Charges to Appropriations	<u>165,050</u>	<u>255,050</u>	<u>56,219</u>	<u>198,831</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ 135,000</u>	<u>\$ 515,733</u>	<u>\$ 380,733</u>

Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements. For budgetary comparison purposes, the City considers all encumbrances to lapse at year-end, therefore encumbrances are not considered expenditures for budgetary comparison purposes. However, the City will re-appropriate these lapsed encumbrances in the subsequent year budget. In addition, capital leases and debt proceeds are not budgeted for revenues and any related capital expenditures not directly received by the City. The differences are summarized below:

	<u>General Fund</u>
Actual revenues and transfers per Statement of Revenues,	
Expenditures and Changes in Fund Balance	\$2,199,193
Add: Reclass of public works activity to the PWA (transfer in)	1,199,050
Less: Insurance Loss Account revenues	(6,768)
Transfer of sales tax to WIA	(45,337)
Proceeds from debt	(102,528)
Total budgetary amounts resources available for appropriation	<u>\$3,243,610</u>
Actual expenditures and transfers per Statement of Revenues,	
Expenditures and Changes in Fund Balance	\$2,481,615
Add: Reclass of public works activity to the PWA	1,199,050
Less: Insurance Loss expenditures and transfers	(7,199)
Proceeds from debt	(102,528)
Transfer of sales tax to WIA	(45,337)
Total budgetary charges to appropriations	<u>\$3,525,601</u>

2. The legal level of appropriation control is the department level within a fund. Transfer appropriations require the Mayor's approval and supplemental appropriations require City Council's approval.

CITY OF WEWOKA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Balance Sheet – General Fund Accounts (Modified Cash Basis) – June 30, 2022

	General Fund	Insurance Loss Account	Court Account	Police Dept Special Account	Total
ASSETS					
Cash and cash equivalents	\$ 63,429	\$ 12,416	\$ 25,852	\$ 9,975	\$ 111,672
Deposits with insurance pool	2,853	-	-	-	2,853
Due from (to) Court Account	24,954	-	(24,954)	-	-
Due from other funds	242,415	-	-	-	242,415
Total assets	<u>\$ 333,651</u>	<u>\$ 12,416</u>	<u>\$ 898</u>	<u>\$ 9,975</u>	<u>\$ 356,940</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ 154,030	\$ -	\$ 263	\$ 9,975	\$ 164,268
Payable to other governments	-	-	635	-	635
Total liabilities	<u>154,030</u>	<u>-</u>	<u>898</u>	<u>9,975</u>	<u>164,903</u>
Fund balances:					
Assigned	179,621	12,416	-	-	192,037
Total fund balances	<u>179,621</u>	<u>12,416</u>	<u>-</u>	<u>-</u>	<u>192,037</u>
Total liabilities and fund balances	<u>\$ 333,651</u>	<u>\$ 12,416</u>	<u>\$ 898</u>	<u>\$ 9,975</u>	<u>\$ 356,940</u>

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts (Modified Cash Basis) – Year Ended June 30, 2022

	General Fund	Insurance Loss Account	Court Account	Police Dept Special Account	Total
REVENUES					
Taxes	\$ 971,852	\$ -	\$ -	\$ -	\$ 971,852
Intergovernmental	53,938	-	-	-	53,938
Charges for services	362,967	-	-	-	362,967
Fines and forfeitures	68,689	-	-	-	68,689
Licenses and permits	18,140	-	-	-	18,140
Investment income	248	-	-	-	248
Miscellaneous	145,741	6,768	-	-	152,509
Total revenues	<u>1,621,575</u>	<u>6,768</u>	<u>-</u>	<u>-</u>	<u>1,628,343</u>
EXPENDITURES					
Current:					
General Government	469,143	7,199	-	-	476,342
Public Safety	1,173,020	-	-	-	1,173,020
Highways and Streets	125,085	-	-	-	125,085
Culture and recreation	428,133	-	-	-	428,133
Capital Outlay	75,936	-	-	-	75,936
Debt Service:					
Principal	125,387	-	-	-	125,387
Interest and other charges	8,767	-	-	-	8,767
Total Expenditures	<u>2,405,471</u>	<u>7,199</u>	<u>-</u>	<u>-</u>	<u>2,412,670</u>
Excess (deficiency) of revenues over expenditures	<u>(783,896)</u>	<u>(431)</u>	<u>-</u>	<u>-</u>	<u>(784,327)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from debt	102,528	-	-	-	102,528
Transfers in	468,322	-	-	-	468,322
Transfers out	(68,945)	-	-	-	(68,945)
Total other financing sources (uses)	<u>501,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>501,905</u>
Net change in fund balances	(281,991)	(431)	-	-	(282,422)
Fund balances - beginning	461,612	12,847	-	-	474,459
Fund balances - ending	<u>\$ 179,621</u>	<u>\$ 12,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,037</u>

CITY OF WEWOKA, OKLAHOMA
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Combining Balance Sheet – Non-major Governmental Funds (Modified Cash Basis) – June 30, 2022

	Special Revenue Funds					
	Street and Alley Fund	Library Grant Fund	Fire Department Grant Fund	Library Prize Fund	Senior Citizens Fund	Economic Development Fund
ASSETS						
Cash and cash equivalents	\$ 7,288	\$ 9,124	\$ 26,008	\$ 501	\$ 269	\$ 164,924
Due from other funds	3,143	286	-	-	-	4,796
Total assets	<u>\$ 10,431</u>	<u>\$ 9,410</u>	<u>\$ 26,008</u>	<u>\$ 501</u>	<u>\$ 269</u>	<u>\$ 169,720</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	\$ -	\$ -	\$ 9,459	\$ -	\$ 1,543	\$ 8,799
Total liabilities	<u>-</u>	<u>-</u>	<u>9,459</u>	<u>-</u>	<u>1,543</u>	<u>8,799</u>
Fund balances:						
Restricted	10,159	9,410	16,549	501	-	73,406
Assigned	272	-	-	-	-	87,515
Unassigned (deficit)	-	-	-	-	(1,274)	-
Total fund balances	<u>10,431</u>	<u>9,410</u>	<u>16,549</u>	<u>501</u>	<u>(1,274)</u>	<u>160,921</u>
Total liabilities and fund balances	<u>\$ 10,431</u>	<u>\$ 9,410</u>	<u>\$ 26,008</u>	<u>\$ 501</u>	<u>\$ 269</u>	<u>\$ 169,720</u>

	Special Revenue Funds	Capital Project Funds				Total Other Governmental Funds
	Police-DA Seizure Fund	Cemetery Fund	REAP Grant	2014 GO Bond Capital Project Fund	CDBG Fund	
ASSETS						
Cash and cash equivalents	\$ 132	\$ 30,987	\$ (846)	\$ 192,372	\$ 2,000	\$ 432,759
Due from other funds	-	876	808	-	-	9,909
Total assets	<u>\$ 132</u>	<u>\$ 31,863</u>	<u>\$ (38)</u>	<u>\$ 192,372</u>	<u>\$ 2,000</u>	<u>\$ 442,668</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	\$ -	\$ 150	\$ -	\$ 10,000	\$ 2,000	\$ 31,951
Total liabilities	<u>-</u>	<u>150</u>	<u>-</u>	<u>10,000</u>	<u>2,000</u>	<u>31,951</u>
Fund balances:						
Restricted	132	20,612	-	182,372	-	313,141
Assigned	-	11,101	-	-	-	98,888
Unassigned (deficit)	-	-	(38)	-	-	(1,312)
Total fund balances	<u>132</u>	<u>31,713</u>	<u>(38)</u>	<u>182,372</u>	<u>-</u>	<u>410,717</u>
Total liabilities and fund balances	<u>\$ 132</u>	<u>\$ 31,863</u>	<u>\$ (38)</u>	<u>\$ 192,372</u>	<u>\$ 2,000</u>	<u>\$ 442,668</u>

CITY OF WEWOKA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-major Governmental Funds (Modified Cash Basis) – Year Ended June 30, 2022

	Special Revenue Funds					
	Street and Alley Fund	Library Grant Fund	Fire Department Grant Fund	Library Prize Fund	Senior Citizens Fund	Economic Development Fund
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,529
Intergovernmental	28,371	6,947	4,763	-	864	-
Charges for services	-	-	-	-	-	-
Investment income	24	-	-	1	-	255
Miscellaneous	-	1,285	-	312	-	16,453
Total revenues	<u>28,395</u>	<u>8,232</u>	<u>4,763</u>	<u>313</u>	<u>864</u>	<u>88,237</u>
EXPENDITURES						
Current:						
Highways and streets	28,170	-	-	-	-	-
Culture and recreation	-	8,751	-	-	1,454	-
Capital outlay	-	-	-	-	-	76,118
Debt Service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Total Expenditures	<u>28,170</u>	<u>8,751</u>	<u>-</u>	<u>-</u>	<u>1,454</u>	<u>76,118</u>
Excess (deficiency) of revenues over expenditures	<u>225</u>	<u>(519)</u>	<u>4,763</u>	<u>313</u>	<u>(590)</u>	<u>12,119</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	-	-	-	-	-	(4,961)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,961)</u>
Net change in fund balances	225	(519)	4,763	313	(590)	7,158
Fund balances - beginning	10,206	9,929	11,786	188	(684)	153,763
Fund balances - ending	<u>\$ 10,431</u>	<u>\$ 9,410</u>	<u>\$ 16,549</u>	<u>\$ 501</u>	<u>\$ (1,274)</u>	<u>\$ 160,921</u>

	Special Revenue Funds		Capital Project Funds			Total-Other Governmental Funds
	Police-DA Seizure Fund	Cemetery Fund	REAP Grant	2014 GO Bond Capital Project Fund	CDBG Fund	
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,529
Intergovernmental	-	-	45,000	-	13,333	99,278
Charges for services	-	10,764	-	-	-	10,764
Investment income	-	50	-	96	-	426
Miscellaneous	-	-	-	-	-	18,050
Total revenues	<u>-</u>	<u>10,814</u>	<u>45,000</u>	<u>96</u>	<u>13,333</u>	<u>200,047</u>
EXPENDITURES						
Current:						
Highways and streets	-	-	-	-	-	28,170
Culture and recreation	-	-	-	-	-	10,205
Capital outlay	-	8,300	45,000	-	13,333	142,751
Debt Service:						
Principal	-	3,977	-	-	-	3,977
Interest and other charges	-	302	-	-	-	302
Total Expenditures	<u>-</u>	<u>12,579</u>	<u>45,000</u>	<u>-</u>	<u>13,333</u>	<u>185,405</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(1,765)</u>	<u>-</u>	<u>96</u>	<u>-</u>	<u>14,642</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	-	-	-	-	-	(4,961)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,961)</u>
Net change in fund balances	-	(1,765)	-	96	-	9,681
Fund balances - beginning	132	33,478	(38)	182,276	-	401,036
Fund balances - ending	<u>\$ 132</u>	<u>\$ 31,713</u>	<u>\$ (38)</u>	<u>\$ 182,372</u>	<u>\$ -</u>	<u>\$ 410,717</u>

**CITY OF WEWOKA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

Schedule of Expenditures of Federal and State Awards (Modified Cash Basis) – For year ended June 30, 2022

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal AL Number	Agency or Pass Thru Number	Program or Award Amount	Contract Expenditures
FEDERAL AWARDS:				
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>				
Water & Waste Disposal Systems for Rural Communities-Grant	10.760	RUS # 00-05	\$ 939,400	\$ 57,231
Total U.S. Department of Agriculture			939,400	57,231
<u>THE INSTITUTE OF MUSEUM AND LIBRARY SERVICES:</u>				
Passed through Oklahoma Department of Library: ARPA Targeted Grants to Libraries	45.310	ARPAGRANTFY22	3,606	3,606
Total National Endowment for the Humanities			3,606	3,606
<u>U.S. DEPARTMENT OF TREASURY:</u>				
Coronavirus State and Local Fiscal Recovery	21.027	ARPA	281,544	53,237
Total U.S Department of Treasury			281,544	53,237
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
Passed through Oklahoma Department of Commerce: Community Development Block Grant-Econ Development	14.228	18354 CDBG 21	40,000	13,333
Sub-total CFDA 14.228			40,000	13,333

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Federal/State Grantor/Pass through agency Grantor/Program Title	Agency or Pass Thru Number	Program or Award Amount	Contract Expenditures
STATE AWARDS:			
COEDD:			
2020-2021 REAP Fund	N/A	45,000	45,000
2020-2021 CENA Fund	N/A	1,031	1,031
OKLAHOMA DEPARTMENT OF LIBRARIES:			
State Aid Grant-2022	N/A	3,341	3,341
TOTAL STATE AWARDS		\$ 49,372	\$ 49,372

**CITY OF WEWOKA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

INTERNAL CONTROL AND COMPLIANCE

**CITY OF WEWOKA, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

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

To the Honorable Mayor and City Council of the
City of Wewoka, 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 Wewoka, Oklahoma (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 22, 2022.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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.

Edmond, Oklahoma
December 22, 2022