



City of
**WILBURTON,
OKLAHOMA**

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

AS OF AND FOR THE FISCAL YEAR ENDED

JUNE 30, 2022

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

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

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

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CITY OF WILBURTON, OKLAHOMA
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 Wilburton, Oklahoma

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wilburton, 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, 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 November 11, 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
November 11, 2022



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

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

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City's total net position increased by \$467,742 and the assets of the City exceed its liabilities at June 30, 2022, by \$4,112,255 (net position). Of this amount, \$2,798,537 (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 \$2,452,351.
- At the end of fiscal year 2022, unassigned fund balance on a modified cash basis for the General Fund was \$1,533,539 or 64% of General Fund revenues.

ABOUT THE CITY

The City of Wilburton is an incorporated municipality with a population of approximately 2,285 located in Latimer County in southeastern Oklahoma. The City is an aldermanic form of government. Under this form of government, the City is governed by the Mayor and a five-member City 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 Mayor is the Chief Executive Officer and is elected by the people
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation, and through its Public Works Authority, certain utility services including water, wastewater, and sanitation.

The City's Financial Reporting Entity

This annual report includes all activities for which the City of Wilburton 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 Wilburton** – an incorporated City that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the City – *reported as the primary government*
- **The Wilburton Public Works Authority (WPWA)** – public trust created pursuant to 60 O.S. § 176 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 presentation for reporting purposes*

In addition, as required by state law, all debt obligations incurred by the trust 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 trust does 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 Wilburton (the "City") and the Wilburton Public Works Authority (the "Public Works Authority"). Included in this report are government-wide statements for each of the two categories of activities - governmental and business-type.

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-wide statements are prepared in accordance with the modified cash basis of accounting and include only those City assets and liabilities resulting from cash transactions with selected modifications.

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

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.

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

Fund Financial Statements

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

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

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. For example, these funds report the acquisition of capital assets and payments for debt principal as expenses and not as changes to asset and debt balances. The City's proprietary fund is the Wilburton Public Works Authority that accounts for the operation of the water, sewer, and sanitation activities.

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 25-38 of this report.

CITY OF WILBURTON, 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 a Budgetary Comparison Schedule for the General Fund, combining and individual fund financial statements and schedules, and a federal and state grant awards schedule.

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 \$467,742.

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

Net Position (Modified Cash Basis)
(in thousands)
June 30, 2022

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Current and other assets	\$ 2,452	\$ 2,210	11%	\$ 1,726	\$ 1,496	15%	\$ 4,178	\$ 3,706	13%
Total assets	<u>2,452</u>	<u>2,210</u>	11%	<u>1,726</u>	<u>1,496</u>	15%	<u>4,178</u>	<u>3,706</u>	13%
Current liabilities	-	1	-100%	66	60	10%	66	61	8%
Total liabilities	<u>-</u>	<u>1</u>	-100%	<u>66</u>	<u>60</u>	10%	<u>66</u>	<u>61</u>	8%
Net position									
Restricted	258	92	180%	1,055	1,234	-15%	1,313	1,326	-1%
Unrestricted	2,194	2,117	4%	605	202	200%	2,799	2,319	21%
Total net position	<u>\$ 2,452</u>	<u>\$ 2,209</u>	11%	<u>\$ 1,660</u>	<u>\$ 1,436</u>	16%	<u>\$ 4,112</u>	<u>\$ 3,645</u>	13%

A portion of the City's net position, \$1,313,718, represents resources that are subject to external restrictions on how it may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing needs.

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

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

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Revenues									
Charges for services	\$ 69	\$ 81	-15%	\$ 1,898	\$ 1,923	-1%	\$ 1,967	\$ 2,004	-2%
Grants and contributions	201	368	-45%	-	-	-	201	368	-45%
Capital grants, debt proceeds and contributions	10	139	-93%	29	277	-90%	39	416	-91%
Sales & Use Tax	1,871	1,767	6%	-	-	-	1,871	1,767	6%
Other Taxes	78	62	26%	-	-	-	78	62	26%
Other General Revenues	390	213	83%	57	1	5600%	447	214	109%
Total revenues	<u>2,619</u>	<u>2,630</u>	0%	<u>1,984</u>	<u>2,201</u>	-10%	<u>4,603</u>	<u>4,831</u>	-5%
Expenses									
General government	410	431	-5%	-	-	-	410	431	-5%
Public safety	690	747	-8%	-	-	-	690	747	-8%
Highways and Streets	275	259	6%	-	-	-	275	259	6%
Culture and Recreation	162	83	95%	-	-	-	162	83	95%
Health and Welfare	139	126	10%	-	-	-	139	126	10%
Cemetery	14	11	27%	-	-	-	14	11	27%
Airport	35	15	133%	-	-	-	35	15	133%
Principal retirement	63	59	7%	-	-	-	63	59	7%
Interest on governmental debt	4	2	100%	-	-	-	4	2	100%
Water	-	-	-	1,593	1,539	4%	1,593	1,539	4%
Sewer	-	-	-	392	873	-55%	392	873	-55%
Sanitation	-	-	-	359	337	7%	359	337	7%
Total expenses	<u>1,792</u>	<u>1,733</u>	3%	<u>2,344</u>	<u>2,749</u>	-15%	<u>4,136</u>	<u>4,482</u>	-8%
Excess (deficiency) before transfers	827	897	-8%	(360)	(548)	-34%	467	349	34%
Transfers	(584)	(453)	29%	584	453	29%	-	-	-
Change in net position	243	444	-45%	224	(95)	-336%	467	349	34%
Beginning net position	2,209	1,765	25%	1,436	1,531	-6%	3,645	3,296	11%
Ending net position	<u>\$ 2,452</u>	<u>\$ 2,209</u>	11%	<u>\$ 1,660</u>	<u>\$ 1,436</u>	16%	<u>\$ 4,112</u>	<u>\$ 3,645</u>	13%

Operating grants and contributions decreased in governmental activities by \$167,209 mainly due to a CARES Act grant received in the prior year. Capital grants decreased in governmental activities by \$128,382 mainly due to the receipt of police debt proceeds in the prior year. Other revenues increased in governmental activities by \$178,446 due mainly to the receipt of ARPA grant funds of in the current year. Culture and recreation expenditures increased by \$78,211 mainly due to capital outlay expenditures related to a splashpad project.

Capital grants decreased in business-type activities by \$248,533 due mainly to a water and a sewer grant received in the prior year. Other revenues increased in business-type activities by \$56,686 due mainly to the receipt of insurance proceeds in the current year. Sewer expenses decreased by \$481,191 due mainly to activity related to sewer system project in prior year.

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

Governmental Activities

The City's governmental activities increased in net position of \$243,515 which represents an 11.0% increase from the prior year.

	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>	
General government	\$ 410	\$ 431	-5%	\$ (407)	\$ (426)	-4%
Public safety	690	747	-8%	(518)	(288)	80%
Streets	275	259	6%	(253)	(236)	7%
Culture, parks and recreation	162	83	95%	(156)	(77)	103%
Health and welfare	139	126	10%	(79)	(47)	68%
Cemetery	14	11	27%	(10)	(7)	43%
Airport	35	15	133%	(23)	(2)	1050%
Principal retirement	63	59	7%	(63)	(59)	7%
Interest on long-term debt	4	2	100%	(3)	(2)	50%
Total	<u>\$ 1,792</u>	<u>\$ 1,733</u>	3%	<u>\$ (1,512)</u>	<u>\$ (1,144)</u>	32%

Business-type Activities

The business-type activities increase in net position of \$224,227 represents a 15.6% increase from the prior year.

	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	\$ 1,593	\$ 1,539	4%	\$ (343)	\$ (364)	-6%
Wastewater	392	873	-55%	(23)	(132)	-83%
Sanitation	359	337	7%	(51)	(53)	-4%
Total	<u>\$ 2,344</u>	<u>\$ 2,749</u>	-15%	<u>\$ (417)</u>	<u>\$ (549)</u>	-24%

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 \$2,452,351. For the year ended June 30, 2022, the General Fund's total fund balance increased by \$2,871.

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

Other fund highlights include:

- For the year ended June 30, 2022 the Business-Type Activities (BTA)/Enterprise Fund Restricted Net Position was as follows:

BTA/Enterprise Fund Net Position Restrictions:	
Restricted for debt service	\$ 1,055,214

Budgetary Highlights

For the year ended June 30, 2022, the General Fund reported actual budgetary basis revenues under final estimates by \$105,454 or a 3.9% negative variance. General Fund actual expenditures were under final appropriations by \$402,857 or a 13.5% positive variance.

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

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

- The fiscal year 2023 budget is relatively consistent with prior year.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office at 300 W. Main St., Wilburton, Oklahoma 74578 or telephone at 918-465-5361.

CITY OF WILBURTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
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BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND ACTIVITIES

CITY OF WILBURTON, OKLAHOMA
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Statement of Net Position (Modified Cash Basis) – June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,559,268	\$ 1,726,156	\$ 3,285,424
Investments	866,021	-	866,021
Deposits with insurance pool	27,292	-	27,292
Total Assets	<u>2,452,581</u>	<u>1,726,156</u>	<u>4,178,737</u>
LIABILITIES			
Due to other governments	16	-	16
Due to depositors	214	66,252	66,466
Total liabilities	<u>230</u>	<u>66,252</u>	<u>66,482</u>
NET POSITION			
Restricted for:			
Debt Service	-	1,055,214	1,055,214
Grant purposes	161,812	-	161,812
Street purposes	16,883	-	16,883
Cemetery	79,809	-	79,809
Unrestricted	2,193,847	604,690	2,798,537
Total net position	<u>\$ 2,452,351</u>	<u>\$ 1,659,904</u>	<u>\$ 4,112,255</u>

See accompanying notes to the basic financial statements.

CITY OF WILBURTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Statement of Activities (Modified Cash Basis) – Year Ended June 30, 2022

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants, Debt Proceeds and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General government	\$ 410,415	\$ 3,034	\$ -	\$ -	\$ (407,381)	\$ -	\$ (407,381)
Public safety	690,228	54,111	117,918	-	(518,199)	-	(518,199)
Highways and streets	275,306	-	22,829	-	(252,477)	-	(252,477)
Culture and recreation	161,541	5,443	-	-	(156,098)	-	(156,098)
Health and welfare	138,629	-	60,083	-	(78,546)	-	(78,546)
Cemetery	14,120	4,150	-	-	(9,970)	-	(9,970)
Airport	35,195	1,915	-	10,624	(22,656)	-	(22,656)
Principal on governmental debt	63,299	-	-	-	(63,299)	-	(63,299)
Interest on governmental debt	3,301	-	-	-	(3,301)	-	(3,301)
Total governmental activities	1,792,034	68,653	200,830	10,624	(1,511,927)	-	(1,511,927)
Business-type activities:							
Water	1,593,330	1,249,891	-	-	-	(343,439)	(343,439)
Wastewater	391,839	339,927	-	28,755	-	(23,157)	(23,157)
Sanitation	358,532	308,045	-	-	-	(50,487)	(50,487)
Total business-type activities	2,343,701	1,897,863	-	28,755	-	(417,083)	(417,083)
Total primary government	\$ 4,135,735	\$ 1,966,516	\$ 200,830	\$ 39,379	(1,511,927)	(417,083)	(1,929,010)
General revenues:							
Taxes:							
Sales and use taxes					1,870,884	-	1,870,884
Franchise taxes and public service taxes					78,375	-	78,375
Intergovernmental revenue not restricted to specific programs					360,827	-	360,827
Investment income					8,018	571	8,589
Miscellaneous					21,555	56,522	78,077
Transfers					(584,217)	584,217	-
Total general revenues and transfers					1,755,442	641,310	2,396,752
Change in net position					243,515	224,227	467,742
Net position - beginning					2,208,836	1,435,677	3,644,513
Net position - ending					\$ 2,452,351	\$ 1,659,904	\$ 4,112,255

See accompanying notes to the basic financial statements.

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

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

CITY OF WILBURTON, OKLAHOMA
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Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2022

	General Fund	Capital Improvements Fund	ARPA Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 946,602	\$ 376,054	\$ 161,812	\$ 74,800	\$ 1,559,268
Investments	679,376	148,675	-	37,970	866,021
Deposits with insurance pool	27,292	-	-	-	27,292
Due from other funds	349	-	-	-	349
Total assets	<u>\$ 1,653,619</u>	<u>\$ 524,729</u>	<u>161,812</u>	<u>\$ 112,770</u>	<u>\$ 2,452,930</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ 349	\$ -	\$ -	\$ -	\$ 349
Due to other governments	16	-	-	-	16
Deposits held for others	214	-	-	-	214
Total liabilities	<u>579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>579</u>
Fund balances:					
Restricted for:					
Grants	-	-	161,812	-	161,812
Street and alley	-	-	-	16,883	16,883
Cemetery care	-	-	-	79,809	79,809
Committed for Capital Improvement	-	497,632	-	-	497,632
Assigned for:					
Airport	18,199	-	-	-	18,199
Energy smart	27,169	-	-	-	27,169
Fire	14,534	-	-	-	14,534
Parks and recreation	59,599	-	-	-	59,599
Cemetery care	-	-	-	16,078	16,078
Capital improvement	-	27,097	-	-	27,097
Unassigned	1,533,539	-	-	-	1,533,539
Total fund balances	<u>1,653,040</u>	<u>524,729</u>	<u>161,812</u>	<u>112,770</u>	<u>2,452,351</u>
Total liabilities and fund balances	<u>\$ 1,653,619</u>	<u>\$ 524,729</u>	<u>\$ 161,812</u>	<u>\$ 112,770</u>	<u>\$ 2,452,930</u>

See accompanying notes to the basic financial statements.

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

	General Fund	Capital Improvements Fund	ARPA Grant Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 1,949,259	\$ -	\$ -	\$ -	\$ 1,949,259
Intergovernmental	265,429	-	221,987	22,829	510,245
Charges for services	9,136	-	-	4,150	13,286
Fines and forfeitures	52,333	-	-	-	52,333
Licenses and permits	3,034	-	-	-	3,034
Investment income	5,892	1,603	-	523	8,018
Miscellaneous	95,591	-	-	-	95,591
Total revenues	<u>2,380,674</u>	<u>1,603</u>	<u>221,987</u>	<u>27,502</u>	<u>2,631,766</u>
EXPENDITURES					
Current:					
General government	371,414	-	19,425	-	390,839
Public safety	580,851	-	-	-	580,851
Highways and streets	251,698	-	-	19,758	271,456
Culture and recreation	88,371	-	-	-	88,371
Health and welfare	138,629	-	-	-	138,629
Cemetery	14,120	-	-	-	14,120
Airport	6,419	-	-	-	6,419
Capital outlay	217,899	15,000	40,750	1,850	275,499
Debt service:					
Principal retirement	-	63,299	-	-	63,299
Interest	-	3,301	-	-	3,301
Total Expenditures	<u>1,669,401</u>	<u>81,600</u>	<u>60,175</u>	<u>21,608</u>	<u>1,832,784</u>
Excess (deficiency) of revenues over expenditures	<u>711,273</u>	<u>(79,997)</u>	<u>161,812</u>	<u>5,894</u>	<u>798,982</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	238,068	152,935	-	-	391,003
Transfers out	(946,470)	-	-	-	(946,470)
Total other financing sources and uses	<u>(708,402)</u>	<u>152,935</u>	<u>-</u>	<u>-</u>	<u>(555,467)</u>
Net change in fund balances	2,871	72,938	161,812	5,894	243,515
Fund balances - beginning	1,650,169	451,791	-	106,876	2,208,836
Fund balances - ending	<u>\$ 1,653,040</u>	<u>\$ 524,729</u>	<u>\$ 161,812</u>	<u>\$ 112,770</u>	<u>\$ 2,452,351</u>

See accompanying notes to the basic financial statements.

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BASIC FINANCIAL STATEMENTS – PROPRIETARY FUND

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Proprietary Type Enterprise Fund Statement of Net Position (Modified Cash Basis) – June 30, 2022

	<u>Wilburton Public Works Authority Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 604,690
Restricted:	
Cash and cash equivalents	430,671
Total current assets	<u>1,035,361</u>
Non-current assets:	
Restricted:	
Cash and cash equivalents	690,795
Total non-current assets	<u>690,795</u>
Total assets	<u>1,726,156</u>
 LIABILITIES	
Current liabilities:	
Meter deposit liability	66,252
Total liabilities	<u>66,252</u>
 NET POSITION	
Restricted for debt service	1,055,214
Unrestricted	604,690
Total net position	<u><u>\$ 1,659,904</u></u>

See accompanying notes to the basic financial statements.

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Proprietary Type Enterprise Fund Statement of Revenues, Expenses and Changes in Net Position
(Modified Cash Basis) – Year Ended June 30, 2022

	<u>Wilburton Public Works Authority Enterprise Fund</u>
REVENUES	
Charges for services:	
Water	\$ 1,235,145
Sewer	336,026
Sanitation	304,533
Water tap fees	500
Sewer tap fees	25
Penalties	17,867
Miscellaneous	3,767
Total operating revenues	<u>1,897,863</u>
OPERATING EXPENSES	
Administration	303,027
Water treatment	412,011
Water maintenance	333,418
Sewer	252,901
Sanitation	308,563
Total operating expenses	<u>1,609,920</u>
Operating income	<u>287,943</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	571
Miscellaneous income	56,522
Capital Outlay	(49,234)
Debt proceeds	16,755
Principal retirement	(345,000)
Interest expense and trustee fees	(298,797)
Total non-operating revenue (expenses)	<u>(619,183)</u>
Income (loss) before transfers	<u>(331,240)</u>
Transfers in	793,535
Transfers out	<u>(238,068)</u>
Change in net position	224,227
Total net position - beginning	1,435,677
Total net position - ending	<u><u>\$ 1,659,904</u></u>

See accompanying notes to the basic financial statements.

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Proprietary Type Enterprise Fund Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2022

	Wilburton Public Works Authority Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,954,385
Payments to suppliers	(1,017,264)
Payments to employees	(592,656)
Receipts of customer meter deposits	13,500
Refunds of customer meter deposits	(7,380)
Net cash provided by operating activities	350,585
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	793,535
Transfers to other funds	(238,068)
Increase in due to/from other funds	129
Net cash provided by noncapital financing activities	555,596
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital outlay	(49,234)
Proceeds received from debt	16,755
Principal paid on debt	(345,000)
Interest and fiscal agent fees paid on debt	(298,797)
Net cash provided by (used in) capital and related financing activities	(676,276)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	571
Net cash provided by investing activities	571
Net increase in cash and cash equivalents	230,476
Balances - beginning of year	1,495,680
Balances - end of year	\$ 1,726,156
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 604,690
Restricted cash and cash equivalents - current	430,671
Restricted cash and cash equivalents - noncurrent	690,795
Total cash and cash equivalents, end of year	\$ 1,726,156
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 287,943
Adjustments to reconcile operating income to net cash provided by operating activities:	
Miscellaneous revenue	56,522
Change in assets and liabilities:	
Deposits subject to refund	6,120
Net cash provided by operating activities	\$ 350,585

See accompanying notes to the basic financial statements.

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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 two separate legal entities reported as the primary government as follows:

- **The City of Wilburton** – operates the public safety, streets, health and welfare, culture and recreation, and administrative activities of the City.
- **The Wilburton Public Works Authority (WPWA)** – that operates the water, wastewater, and sanitation services of the City. The City of Wilburton is the beneficiary of the trust and the City Council serves as the governing body of the trust.

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 GASB Statement 61, and includes all component units for which the City is financially accountable.

The component unit is a Public Trust established pursuant to Title 60 of Oklahoma State law. A Public Trust (Authority) has no taxing power. The Authority is 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 Authority generally retains 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 for the Authority to the Trustees on a long-term basis. The City, as beneficiary of the Public Trust, receives title to any residual assets when a Public Trust is dissolved.

The component unit (Authority) has the City Council as their governing body (trustees) and the City is able to impose its will on the Authority through required approval of all debt obligations issued by these entities.

As required by state law, all debt obligations incurred by the above trust 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 trust does not issue separate annual financial statements.

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

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- cash-based interfund receivables and payables
- other cash-based receivables/payables
- investments and deposits with third parties
- 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 and operating grants
- Public safety: Fine revenue, fire runs and operating grants
- Streets and highways: Gas excise and commercial vehicle taxes
- Culture and recreation: Recreation fees
- Health and welfare: Operating grants
- Cemetery: Lot sales and interments
- Airport: Fees and capital grants

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

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. The Energy Smart account, Fire Equipment account, Parks and Recreation account, the Airport account, Community Development P&R Account and the Skateboard Park account are included within the General Fund.
- ARPA Grant Fund – accounts for ARPA grant activities
- Capital Improvements Fund – accounts for capital improvements activities

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

- Street and Alley Fund – accounts for state shared gasoline excise and commercial vehicle taxes legally restricted for street and alley purposes
- Cemetery Care Fund – accounts for 12.5 percent of cemetery revenues restricted by State law for cemetery capital improvements

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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 Fund:

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

- Wilburton Public Works Authority (WPWA) – accounts for the operation of the water, wastewater, and sanitation activities

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

All of the above noted funds are legally required to adopt annual budgets or appropriations. The public trust (or Authority) is 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, and open-end government mutual funds. Investments consist of long-term certificates of deposits and are reported at cost.

D. Capital Assets

Due to the use of this modified cash basis of accounting, capital assets are reported as expenditures or expenses in the year of acquisition in the financial statements.

E. Long-Term Debt

Due to the use of this modified cash basis of accounting, long-term debt obligations are not reported in the financial statements. However, the amount of long-term debt issued and outstanding at the end of the fiscal year is reported as a commitment in Note 9.

F. Compensated Absences

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

G. Equity Classifications

Government-Wide Statements:

Equity is classified as net position and 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 Statements:

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

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

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

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Proprietary fund equity is classified the same as in the government-wide statements.

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 \$8,589 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>Type</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Deposits:		
Demand deposits		\$ 2,247,701
Cash on hand		200
Time deposit		866,021
		<u>\$ 3,113,922</u>
Investments:		
MM Funds - Federated Government Obligations TaxManaged Fund #637	AAAm	\$ 1,037,523
		<u>1,037,523</u>
Total deposits and investments		<u><u>\$ 4,151,445</u></u>
Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 3,285,424
Investments		866,021
		<u><u>\$ 4,151,445</u></u>

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 a counterparty or a counterparty's trust, department or agent, but not in the government's name. As of June 30, 2022, the City was undercollateralized by \$249,707 at one banking institution.

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Investment Interest Rate Risk - the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All of the City's investments as of June 30, 2022 will mature during the next fiscal year.

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

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

Restricted Cash and Investments – The amounts reported as restricted assets on the Enterprise Fund statement of net position is comprised mostly of amounts restricted for debt service, debt reserve, or construction purposes. The restricted assets as of June 30, 2022 are as follows:

	<u>Current</u>	<u>Non-Current</u>
	Cash and cash equivalents	Cash and cash equivalents
Utility Deposits	\$ 66,252	\$ -
Water/Sewer Savings	935	-
OWRB CWSRF Account	16,756	-
Series 2014 Reserve Fund Account	-	552,124
Series 2014 Bond Fund Account	274,659	-
Series 2017 Bond Fund Account	72,069	-
Series 2017 Reserve Fund Account	-	138,671
 Total	 <u>\$ 430,671</u>	 <u>\$ 690,795</u>

3. Sales Tax Revenue

Sales tax revenue represents a 3.5 cent tax on each dollar of taxable sales of which 1½ cents is voter-restricted for debt service on water and sewer related debt in accordance with Ordinance 06-1041 and Ordinance 09-1071. The remaining two cents is not restricted and is retained in the General Fund (Ordinance 305-A and 329). Council has approved ¼ cent to be transferred from the General Fund each month and deposited to the Capital Improvements Fund for capital improvements of the City and the WPWA and/or any other matter the City Council and Mayor deems necessary.

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4. Property Tax Levy

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

5. Customer Deposits

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

	\$ 66,252
Total Utility Deposits Payable	<u>\$ 66,252</u>

6. Schedule of Transfers Between Funds and Legal Entities

Transfers between funds and legal entities are comprised of the following:

Transfer From	Transfer To	Amount	Purpose of Transfer
WPWA	General Fund	\$ 238,068	Return of sales tax transfer
General Fund	Capital Improvement Fund	119,034	Sales tax transfer
General Fund	WPWA	546,786	Sales tax transfer (wastewater)
General Fund	WPWA	238,068	Sales tax transfer
General Fund	WPWA	8,681	Grant activity
General Fund	Capital Improvement Fund	33,901	Debt payment
Total		<u>\$ 1,184,538</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Activities	\$ 391,003	\$ (946,470)	\$ (555,467)
Business-Type Activities	793,535	(238,068)	555,467
	<u>\$ 1,184,538</u>	<u>\$ (1,184,538)</u>	<u>-</u>

Reconciliation to Statement of Activities:

	Net Transfers
Net Transfers	\$ (555,467)
Business-type activities from governmental funds	(28,750)
Total Transfers - Internal Activity	<u>(584,217)</u>

Interfund balances between activities at June 30, 2021 were as follow:

Due From	Due To	Amount	Nature of Balance
General Fund	Park & Recreation Fund	\$ 349	Donations deposited to wrong fund
Total		<u>\$ 349</u>	

Reconciliation to Fund Financial Statements:

	Due From	Due To	Net Internal Balances
Governmental Funds	\$ 349	\$ (349)	\$ -
Proprietary Funds	-	-	-
Total	<u>\$ 349</u>	<u>\$ (349)</u>	<u>\$ -</u>

7. Risk Management

The City and its public trusts are 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. These risks are managed by securing commercial insurance for all risks. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

8. Employee Retirement Plan Participation

The City of Wilburton participates in two pension or retirement plans:

- Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust (OkMRF-DBP) – an agent multiple-employer defined benefit plan

OFPRS

The City of Wilburton, as the employer, participates in a statewide cost-sharing multiple- employer defined benefit pension plan through the Oklahoma Firefighter's Pension and Retirement System (OFPRS) as a result of the employment of volunteer firefighters. The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ fulltime or volunteer firefighters. For 2022, 2021, and 2020, the City's annual required contribution was \$1,500, \$1,440, and \$1,440, respectively for the OFPRS plan and was equal to the City's actual contribution for each year, except for 2022. The City did not pay any contributions in FY 21-22. That payment was made in FY 22-23, along with that year's contribution.

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
6601 Broadway Extension, Suite 100
Oklahoma City, OK 73116

OkMRF Defined Benefit Plan:

Effective July 1, 2016, the City began contributing to the City of Wilburton Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust, an agent multiple employer - defined benefit plan, for all eligible employees. Administration of the City's individual plan rests with the City Council. The overall operations of OkMRF are supervised by a nine-member Council of Trustees elected by the participating municipalities. JP Morgan of Oklahoma City acts as administrator and securities custodian.

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Eligibility Factors, Contribution Methods and Benefit Provisions

Provision	OkMRF Plan
a. Eligible to Participate	Full-time, non-uniformed employees of the City upon hire.
b. Contribution Requirements:	
-Authorization	By City ordinance
-Actuarially Determined	Yes
-Employer Rate	3.12% of covered payroll (City increased employer rate to 3.44% effective 9-1-21)
-Employee Rate	1.50% of earnings
c. Period Required to Vest	10 years of credited service
d. Eligibility for Distribution	-Normal retirement at age 65 with 10 years of service - Early retirement at age 55 with 10 years of service - Disability retirement with 10 years of service - Marital death benefit with 10 years of service
e. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	
-Normal Retirement	1.5% of final average salary multiplied by credited years of service
-Early Retirement	Actuarially reduced benefit based upon age and years of service at termination
-Disability Retirement	Same as normal retirement
-Death Benefit	50% of employee's accrued benefit, but terminates upon spouse remarriage
-Prior to 7 Years Service	Return of employee contributions with accrued interest
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent.

2. Actuarial Assumptions

<u>Date of Last Actuarial Valuation</u>	<u>July 1, 2021</u>
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments	7.25%
c. Projected Salary Increase	Rates by Age
d. Post Retirement Cost-of-Living Increase	N/A
e. Inflation Rate	Separate inflation rate not available; inflation included in projected salary increase
f. Mortality	PubG-2010 (projected)
g. Asset Valuation Method	Actuarial method

The OkMRF contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2020	\$35,233	\$35,233
2021	35,395	35,395
2022	32,833	35,702

OkMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 525 Central Park Drive, Suite 320, Oklahoma City, Oklahoma, 73105.

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9. 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 July 01, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
Governmental Activities:					
Notes Payable (direct borrowings)	\$ 96,014	\$ -	\$ 63,299	\$ 32,715	32,715
Total Governmental Activities	<u>\$ 96,014</u>	<u>\$ -</u>	<u>\$ 63,299</u>	<u>\$ 32,715</u>	<u>\$ 32,715</u>
Business-Type Activities:					
Notes Payable (direct borrowings)	\$ 8,170,000	\$ 16,755	\$ 361,755	\$ 7,825,000	365,000
Total Business-Type Activities	<u>\$ 8,170,000</u>	<u>\$ 16,755</u>	<u>\$ 361,755</u>	<u>\$ 7,825,000</u>	<u>\$ 365,000</u>

Governmental Activities:

At June 30, 2022, the governmental activities long-term debt payable from taxes and other general revenues include the following:

Notes Payable (Direct Borrowings):

\$50,725 note payable with Welch State Bank for purchase of a police SUV, payable in annual installments of \$17,435, including implied interest at 3.139%, final payment due September 25, 2022. The note is secured with the equipment. In the event of default, the lender may: 1) accelerate payment of principal and interest; 2) take 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.

\$ 16,825

\$47,905 note payable with Welch State Bank for purchase of a police SUV, payable in annual installments of \$16,466, including implied interest at 3.139%, final payment due September 25, 2022. The note is secured with the equipment. In the event of default, the lender may: 1) accelerate payment of principal and interest; 2) take 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.

15,890

Total Notes Payable	<u>\$ 32,715</u>
Current portion	\$ 32,715
Noncurrent portion	-
Total Notes Payable	<u>\$ 32,715</u>

Business-Type Activities:

Long-term commitments payable from net revenues generated by the utility resources or other resources pledged to the City's business-type activities at June 30, 2022, includes the following:

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Notes Payable (Direct Borrowings):

Series 2014 Promissory Note (FAP) Payable to Oklahoma Water Resources Board dated August 1, 2014, original amount of \$7,455,000 with an annual interest rate ranging from 2.4% to 4.4%, due in semi-annual installments of principal and interest beginning March 15, 2015, final installment due September 15, 2036, payable from and secured by utility revenues and pledged sales tax. In the event of default on the OWRB loan, the lender may: file suit to require any or all of the borrower covenants to be performed; accelerate the payment of principal and interest accrued on the note; appoint temporary trustees to take over, operate and maintain System on a profitable basis; or file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement. \$ 6,145,000

Series 2017 Promissory Note (FAP) Payable to Oklahoma Water Resources Board dated November 29, 2017, original amount of \$1,935,000 with an annual interest rate ranging from 2.2% to 4.2%, due in semi-annual installments of principal and interest beginning March 15, 2018, final installment due September 15, 2038, payable from and secured by utility revenues and pledged sales tax. In the event of default on the OWRB loan, the lender may: file suit to require any or all of the borrower covenants to be performed; accelerate the payment of principal and interest accrued on the note; appoint temporary trustees to take over, operate and maintain System on a profitable basis; or file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement. 1,680,000

Total Notes Payable	<u>\$ 7,825,000</u>
Current portion	\$ 365,000
Noncurrent portion	<u>7,460,000</u>
Total Notes Payable	<u>\$ 7,825,000</u>

Note: 2018 CWSRF Note Payable principal portion was forgiven by OWRB in the amount of \$16,755.

Payment Requirements to Maturity:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	Notes Payable (Direct Borrowings)	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 32,715	\$ 1,035
Totals	<u>\$ 32,715</u>	<u>\$ 1,035</u>

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<u>Year Ending June 30,</u>	<u>Business-type Activities</u>	
	<u>Notes Payable (Direct Borrowings)</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 365,000	\$ 282,322
2024	380,000	268,857
2025	410,000	256,078
2026	425,000	242,444
2027	450,000	227,359
2028-2032	2,505,000	875,475
2033-2037	3,030,000	346,383
2038-2039	260,000	8,645
Totals	<u>\$ 7,825,000</u>	<u>\$ 2,507,563</u>

Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge - The City has 1½ cent (or 42.85%) of restricted sales tax revenues, one cent (or 28.57%) of pledged sales tax revenues for debt service coverage purposes (if needed) and net utility revenues to repay the \$7,455,000 of Series 2014 OWRB Promissory Note and the \$1,935,000 of Series 2017 OWRB Promissory Note. Proceeds from the notes provide financing for capital assets. The notes are payable from restricted and pledged sales tax revenues and net utility revenues and are payable through 2036 and 2038, respectively. The total principal and interest payable for the remainder of the life of these debt issues is \$10,332,563. Pledged sales taxes received in the current year were \$714,203, and net utility revenues were \$287,943. Debt service payments of \$643,797 for the current fiscal year were 64% of the pledged sales taxes and net utility revenues, producing a debt service coverage of 1.47 times the maximum annual debt service of \$682,024 for the 2014 and 2017 notes.

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 \$12,246 for the City and \$11,487 for the WPWA.

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.

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Federal and State Award Programs:

The City of Wilburton participates in various federal or state grant/loan programs from year to year. In 2022, the City's involvement in federal and state award programs was not significant. 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.

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SUPPLEMENTARY AND OTHER INFORMATION

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Budgetary Comparison Schedule (Budgetary Basis) – Year Ended June 30, 2022

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 65,134	\$ 282,443	\$ 1,518,609	\$ 1,236,166
Resources (Inflows):				
Taxes	1,791,934	1,955,443	1,949,259	(6,184)
Intergovernmental	211,886	277,505	254,805	(22,700)
Fines and forfeitures	40,000	40,000	52,333	12,333
Licenses and permits	2,000	2,000	3,034	1,034
Investment earnings	8,139	8,139	5,833	(2,306)
Miscellaneous	99,845	179,845	94,135	(85,710)
Transfers in	222,639	239,989	238,068	(1,921)
Total Resources (Inflows)	<u>2,376,443</u>	<u>2,702,921</u>	<u>2,597,467</u>	<u>(105,454)</u>
Amounts available for appropriation	<u>\$ 2,441,577</u>	<u>\$ 2,985,364</u>	<u>\$ 4,116,076</u>	<u>\$ 1,130,712</u>
Charges to Appropriations (Outflows):				
General government	275,116	312,996	251,530	61,466
City management	55,419	55,915	47,622	8,293
City clerk/treasurer	64,859	68,146	64,843	3,303
City building official	13,403	13,403	7,395	6,008
Municipal court	9,434	9,434	8,911	523
City attorney	19,600	19,600	9,600	10,000
Police	434,661	514,840	493,901	20,939
Animal control	6,000	8,035	5,800	2,235
Fire	112,323	173,082	119,520	53,562
Streets	288,061	317,309	253,698	63,611
Library	8,400	8,400	8,400	-
Cemetery	11,410	14,120	14,120	-
Senior citizen center	165,337	165,882	138,629	27,253
Civil defense	16,127	16,127	16,096	31
Airport	8,400	8,400	8,400	-
Parks and recreation	27,744	218,306	88,164	130,142
Main street	10,000	10,000	10,000	-
Community development	60,518	66,218	58,438	7,780
911 Maintenance and operations	31,000	31,000	31,000	-
Transfers out	823,765	954,151	946,470	7,681
Total Charges to Appropriations	<u>2,441,577</u>	<u>2,985,364</u>	<u>2,582,537</u>	<u>402,827</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,533,539</u>	<u>\$ 1,533,539</u>

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Budgetary Comparison Statements (Budgetary Basis) – Year Ended June 30, 2022 (Cont.)

Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedules are reported on a budgetary basis that differs from the modified cash basis as the governmental funds within the basic financial statements.
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.
3. The budgetary basis differs from the modified cash basis as shown in the schedule below:

	General Fund
	<hr/>
Resources budgetary basis	\$ 2,597,467
Deduct transfers in	(238,068)
	<hr/>
Revenue - modified cash basis (General Fund only)	<u>\$ 2,359,399</u>
	<hr/>
Charges to appropriation budgetary basis	\$ 2,582,537
Deduct transfers out	(946,470)
Airport account expenditures	(8,400)
	<hr/>
Expenditures - modified cash basis (General Fund only)	<u>\$ 1,627,667</u>

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

	General Fund	Energy Smart Account	Fire Equipment Account	Parks and Recreation Account	Airport Account	Skateboard Park Account	Community Development-P&R	Total General Fund Accounts
ASSETS								
Cash and cash equivalents	\$ 827,101	\$ 27,169	\$ 14,534	\$ 44,745	\$ 18,199	\$ 3,700	\$ 11,154	\$ 946,602
Investments	679,376	-	-	-	-	-	-	679,376
Deposits with insurance pool	27,292	-	-	-	-	-	-	27,292
Due from other funds	-	-	-	-	-	349	-	349
Total assets	<u>\$ 1,533,769</u>	<u>\$ 27,169</u>	<u>\$ 14,534</u>	<u>\$ 44,745</u>	<u>\$ 18,199</u>	<u>\$ 4,049</u>	<u>\$ 11,154</u>	<u>\$ 1,653,619</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Due to other funds	\$ -	\$ -	\$ -	\$ 349	\$ -	\$ -	\$ -	\$ 349
Due to other governments	16	-	-	-	-	-	-	16
Deposits held for others	214	-	-	-	-	-	-	214
Total liabilities	<u>230</u>	<u>-</u>	<u>-</u>	<u>349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>579</u>
Fund balances:								
Assigned to:								
Airport	-	-	-	-	18,199	-	-	18,199
Energy smart	-	27,169	-	-	-	-	-	27,169
Fire	-	-	14,534	-	-	-	-	14,534
Parks and recreation	-	-	-	44,396	-	4,049	11,154	59,599
Unassigned	1,533,539	-	-	-	-	-	-	1,533,539
Total fund balances	<u>1,533,539</u>	<u>27,169</u>	<u>14,534</u>	<u>44,396</u>	<u>18,199</u>	<u>4,049</u>	<u>11,154</u>	<u>1,653,040</u>
Total liabilities and fund balances	<u>\$ 1,533,769</u>	<u>\$ 27,169</u>	<u>\$ 14,534</u>	<u>\$ 44,745</u>	<u>\$ 18,199</u>	<u>\$ 4,049</u>	<u>\$ 11,154</u>	<u>\$ 1,653,619</u>

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

	General Fund	Energy Smart Account	Fire Equipment Account	Parks and Recreation Account	Airport Account	Skateboard Park Account	Community Development-P&R	Total General Fund Accounts
REVENUES								
Taxes	\$ 1,949,259	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,949,259
Intergovernmental	254,805	-	-	-	10,624	-	-	265,429
Charges for services	-	-	1,778	5,443	1,915	-	-	9,136
Fees and fines	52,333	-	-	-	-	-	-	52,333
Licenses and permits	3,034	-	-	-	-	-	-	3,034
Investment income	5,833	-	-	46	13	-	-	5,892
Miscellaneous	94,135	-	1,456	-	-	-	-	95,591
Total revenues	<u>2,359,399</u>	<u>-</u>	<u>3,234</u>	<u>5,489</u>	<u>12,552</u>	<u>-</u>	<u>-</u>	<u>2,380,674</u>
EXPENDITURES								
Current:								
General government	371,414	-	-	-	-	-	-	371,414
Public Safety	580,851	-	-	-	-	-	-	580,851
Highways and streets	251,698	-	-	-	-	-	-	251,698
Culture and recreation	81,832	-	-	6,539	-	-	-	88,371
Health and welfare	138,629	-	-	-	-	-	-	138,629
Cemetery	14,120	-	-	-	-	-	-	14,120
Airport	-	-	-	-	6,419	-	-	6,419
Capital outlay	189,123	-	-	-	28,776	-	-	217,899
Total Expenditures	<u>1,627,667</u>	<u>-</u>	<u>-</u>	<u>6,539</u>	<u>35,195</u>	<u>-</u>	<u>-</u>	<u>1,669,401</u>
Excess (deficiency) of revenues over expenditures	<u>731,732</u>	<u>-</u>	<u>3,234</u>	<u>(1,050)</u>	<u>(22,643)</u>	<u>-</u>	<u>-</u>	<u>711,273</u>
OTHER FINANCING SOURCES (USES)								
Interaccount transfers in	-	-	-	-	8,400	-	-	8,400
Interaccount transfers out	(8,400)	-	-	-	-	-	-	(8,400)
Transfers in	238,068	-	-	-	-	-	-	238,068
Transfers out	(946,470)	-	-	-	-	-	-	(946,470)
Total other financing sources and uses	<u>(716,802)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,400</u>	<u>-</u>	<u>-</u>	<u>(708,402)</u>
Net change in fund balances	14,930	-	3,234	(1,050)	(14,243)	-	-	2,871
Fund balances - beginning	1,518,609	27,169	11,300	45,446	32,442	4,049	11,154	1,650,169
Fund balances - ending	<u>\$ 1,533,539</u>	<u>\$ 27,169</u>	<u>\$ 14,534</u>	<u>\$ 44,396</u>	<u>\$ 18,199</u>	<u>\$ 4,049</u>	<u>\$ 11,154</u>	<u>\$ 1,653,040</u>

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

	Streets and Alley Fund	Cemetery Care Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 16,883	\$ 57,917	\$ 74,800
Investments	-	37,970	37,970
Total assets	<u>16,883</u>	<u>95,887</u>	<u>112,770</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Fund balances:			
Restricted for:			
Street and alley	\$ 16,883	\$ -	\$ 16,883
Cemetery care	-	79,809	79,809
Assigned for:			
Cemetery care	-	16,078	16,078
Total fund balances	<u>16,883</u>	<u>95,887</u>	<u>112,770</u>
Total liabilities and fund balances	<u>\$ 16,883</u>	<u>\$ 95,887</u>	<u>\$ 112,770</u>

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

	Streets and Alley Fund	Cemetery Care Fund	Total-Other Governmental Funds
REVENUES			
Intergovernmental	\$ 22,829	\$ -	\$ 22,829
Charges for services	-	4,150	4,150
Investment income	-	523	523
Total revenues	<u>22,829</u>	<u>4,673</u>	<u>27,502</u>
EXPENDITURES			
Current:			
Highways and streets	19,758	-	19,758
Capital outlay	1,850	-	1,850
Total Expenditures	<u>21,608</u>	<u>-</u>	<u>21,608</u>
Excess (deficiency) of revenues over expenditures	<u>1,221</u>	<u>4,673</u>	<u>5,894</u>
Net change in fund balances	1,221	4,673	5,894
Fund balances - beginning	15,662	91,214	106,876
Fund balances - ending	<u>\$ 16,883</u>	<u>\$ 95,887</u>	<u>\$ 112,770</u>

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Proprietary Type Enterprise Fund Accounts Combining Schedule of Net Position (Modified Cash Basis) – June 30, 2022

	Wilburton Public Works Authority Enterprise Fund		
	Gross Revenue Account	Wastewater Account	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 583,118	\$ 21,572	\$ 604,690
Restricted:			
Cash and cash equivalents	430,671	-	430,671
Total current assets	<u>1,013,789</u>	<u>21,572</u>	<u>1,035,361</u>
Non-current assets:			
Restricted:			
Cash and cash equivalents	690,795	-	690,795
Total non-current assets	<u>690,795</u>	<u>-</u>	<u>690,795</u>
Total assets	<u>1,704,584</u>	<u>21,572</u>	<u>1,726,156</u>
LIABILITIES			
Current Liabilities:			
Meter deposit liability	66,252	-	66,252
Total liabilities	<u>66,252</u>	<u>-</u>	<u>66,252</u>
NET POSITION			
Restricted for debt service	1,055,214	-	1,055,214
Unrestricted	583,118	21,572	604,690
Total net position	<u>\$ 1,638,332</u>	<u>\$ 21,572</u>	<u>\$ 1,659,904</u>

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Proprietary Type Enterprise Fund Accounts Combining Schedule of Revenues, Expenses, and Changes in Net Position (Modified Cash Basis) - Year Ended June 30, 2022

	Wilburton Public Works Authority Enterprise Fund		
	Gross Revenue Account	Wastewater Account	Total
REVENUES			
Charges for services:			
Pledged as security:			
Water	\$ 1,235,145	\$ -	\$ 1,235,145
Sewer	336,026	-	336,026
Sanitation	304,533	-	304,533
Water tap fees	500	-	500
Sewer tap fees	25	-	25
Penalties	17,867	-	17,867
Miscellaneous	3,767	-	3,767
Total operating revenues	<u>1,897,863</u>	<u>-</u>	<u>1,897,863</u>
OPERATING EXPENSES			
Administration	303,027	-	303,027
Water treatment	412,011	-	412,011
Water maintenance	333,418	-	333,418
Sewer	252,901	-	252,901
Sanitation	308,563	-	308,563
Total Operating Expenses	<u>1,609,920</u>	<u>-</u>	<u>1,609,920</u>
Operating income	<u>287,943</u>	<u>-</u>	<u>287,943</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	546	25	571
Miscellaneous income	56,522	-	56,522
Capital outlay	(49,234)	-	(49,234)
Debt proceeds	16,755	-	16,755
Principal retirement	(345,000)	-	(345,000)
Interest expense	(298,797)	-	(298,797)
Total non-operating revenue (expenses)	<u>(619,208)</u>	<u>25</u>	<u>(619,183)</u>
Income (loss) before contributions and transfers	<u>(331,265)</u>	<u>25</u>	<u>(331,240)</u>
Transfers in	246,749	546,786	793,535
Transfers out	(238,068)	-	(238,068)
Interaccount transfers in	654,884	82,932	737,816
Interaccount transfers out	(82,932)	(654,884)	(737,816)
Change in net position	<u>249,368</u>	<u>(25,141)</u>	<u>224,227</u>
Total net position - beginning	<u>1,388,964</u>	<u>46,713</u>	<u>1,435,677</u>
Total net position - ending	<u><u>\$ 1,638,332</u></u>	<u><u>\$ 21,572</u></u>	<u><u>\$ 1,659,904</u></u>

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

Federal/State Grantor/Pass-Through Agency Grantor/Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Award Amount	Total Federal Expenditures
FEDERAL AWARDS:				
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Federal Aviation Administration:				
Airport Improvement Grant	20.106	3-40-0107-009-2020	\$ 20,000	\$ 10,624
Airport Coronavirus Response Grant Program (ACRGP)	20.106	3-40-0107-010-2021	9,000	7,500
Airport Rescue Grant	20.106	3-40-0107-011-2022	22,000	7,203
<i>Total U.S. Department of Transportation</i>			<u>51,000</u>	<u>25,327</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Passed Through to Oklahoma Dept of Commerce: Community Development Block Grant	14.228	17493 CDBG 18	\$ 195,117	\$ 12,000
<i>Total U.S. Department of Housing and Urban Development</i>			<u>195,117</u>	<u>12,000</u>
<u>ENVIRONMENTAL PROTECTION AGENCY:</u>				
Passed Through to Oklahoma Water Resources Board Capitalization Grant for Clean Water State Revolving Fund	66.458	-	\$ 16,755	\$ 16,755
<i>Total Environmental Protection Agency</i>			<u>16,755</u>	<u>16,755</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
Passed Through to Oklahoma Department of Human Services and the Kiamichi Area Nutrition Project: Special Program for the Aging - Title III, Part C - Nutrition Svcs	93.045		\$ 48,558	\$ 48,558
Passed Through to Indian Health Services: Sanitation Facilities Construction Program (for WWTP improvements)	93.445		166,000	-
<i>Total U.S. Department of Health and Human Services</i>			<u>214,558</u>	<u>48,558</u>
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Passed through Oklahoma District Attorney's Council: 2020 Coronavirus Emergency Supplementary Funding (CESF) Program	16.017	20E117	\$ 41,888	\$ 19,769
<i>Total U.S. Department of Justice</i>			<u>41,888</u>	<u>19,769</u>
<u>U.S. DEPARTMENT OF TREASURY:</u>				
American Rescue Plan Act - Traunch #1	21.027		\$ 221,987	\$ 60,175
<i>Total U.S. Department of Treasury</i>			<u>221,987</u>	<u>60,175</u>
TOTAL FEDERAL AWARDS			<u>\$ 741,305</u>	<u>\$ 182,584</u>

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State Grantor/Pass Through Agency Grantor/Program Title	Grant #	Award Amount	Awards Expended
STATE AWARDS:			
<u>OKLAHOMA DEPARTMENT OF AGRICULTURE:</u>			
Rural Fire Operational Grant	N/A	\$ 4,763	\$ 4,763
TOTAL STATE AWARDS		<u>\$ 4,763</u>	<u>\$ 4,763</u>

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INTERNAL CONTROL AND COMPLIANCE INFORMATION

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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 Wilburton, 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, each major fund, and the aggregate remaining fund information of the City of Wilburton, 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 November 11, 2022. Our report included an emphasis of matter paragraph related to the City's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Arledge & Associates, P.C.

Edmond, Oklahoma
November 11, 2022

