

THE CITY OF  
**WYNNEWOOD,  
OKLAHOMA**



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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

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

**AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2021**

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**INDEPENDENT AUDITOR'S REPORT**



## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council  
City of Wynnewood, Oklahoma

### Report on the financial Statements

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 Wynnewood, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility 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 1B; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

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 of Wynnewood, Oklahoma, as of June 30, 2021, and the respective changes in the 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 as described in Note 1B.

### Basis of Accounting

We draw attention to Note 1B 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 opinion is not modified with respect to that matter.



## **Other Matters**

### *Supplemental and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wynnewood, Oklahoma's basic financial statements. The management discussion and analysis on pages 8 through 14 and the budgetary comparison information, combining fund information, and Federal and State awards information on page 42 through 46, which is the responsibility of management, is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report December 23, 2021, on our consideration of the City of Wynnewood, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 of Wynnewood, Oklahoma's internal control over financial reporting and compliance.

*Elfrink and Associates, PLLC*

Elfrink and Associates, PLLC

Tulsa, Oklahoma  
December 23, 2021



**CITY OF WYNNEWOOD, OKLAHOMA  
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The management of the City of Wynnewood 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, 2021. 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 \$653,179 and the assets of the City exceed its liabilities for the year ended June 30, 2021, by \$8,346,095 (net position).
- For the fiscal year ended June 30, 2021, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$2,839,441 compared to \$2,442,527 in FY 2020, an increase of \$396,914 or 16%.
- For the year ended June 30, 2021, unassigned fund balance on a modified cash basis for the General Fund was \$772,387 or 78% of General Fund revenues.

**ABOUT THE CITY**

The City of Wynnewood is an incorporated municipality with a population of approximately 1,979 located in Garvin County in southern Oklahoma. The City is an Aldermanic form of government that provides for three branches of government:

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

The City provides typical municipal services such as public safety, cemetery, streets and public works, and through its Utility Authority, certain utility services including electric, water, sewer, and sanitation.

***The City's Financial Reporting Entity***

This annual report includes all activities for which the City of Wynnewood 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 Wynnewood – an incorporated City that operates the public safety, streets, health and welfare, culture and recreation, and administrative activities of the City
- The Wynnewood City Utility Authority (WCUA) – public trust created pursuant to 60 O.S. § 176 to operate the electric, water, sewer, 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 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.

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Reporting the City as a Whole**

*The Statement of Net Position and Statement of Activities*

One of the most important questions to ask about the City’s finances is, “Has the City’s overall financial condition improved, declined or remained steady as a result of the year’s activities?” The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. You will need to consider other non-financial factors, however, such as changes in the City’s sales tax base, the condition of the City’s roads, and quality of service to assess the overall health of the City. You will also need to keep in mind that these government-wide statements are prepared in accordance with the modified cash basis of accounting described above 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 typically 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 electric, water, sewer, sanitation utilities and industrial development activities 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. The City uses two kinds of funds – *governmental and proprietary*.

*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* - The City operates one proprietary fund, the Wynnewood City Utility Authority, further split into two separate accounts, the Wynnewood City Utility Authority Operating Account (WCUA Operating Account), and the Wynnewood City Utility Authority Capital Improvement Account (WCUA CI Account). When the City,

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through the Utilities 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 WCUA Operating Account accounts for the operation of the electric, water, sewer, and sanitation activities, and the WCUA CI Account accounts for capital improvements of the WCUA.

**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 27-40 of this report.

**Other Information**

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

**THE CITY AS A WHOLE**

Following is a summary of Net Position reported on a modified cash basis for the City of Wynnewood for the past two fiscal years.

**TABLE 1  
NET POSITION (In Thousands)**

	<u>Governmental Activities</u>		<u>% Inc. (Dec.)</u>	<u>Business-Type Activities</u>		<u>% Inc. (Dec.)</u>	<u>Total</u>		<u>% Inc. (Dec.)</u>
	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>	
<b>Total assets</b>	<u>4,558</u>	<u>4,258</u>	7%	<u>8,362</u>	<u>8,216</u>	2%	<u>12,920</u>	<u>12,474</u>	4%
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	-	<u>4,574</u>	<u>4,781</u>	-4%	<u>4,574</u>	<u>4,781</u>	-4%
Net position									
Net investment in capital assets	1,718	1,815	-5%	2,754	2,110	31%	4,472	3,925	14%
Restricted	1,643	1,479	11%	110	95	16%	1,753	1,574	11%
Unrestricted	1,197	964	24%	924	1,230	-25%	2,121	2,194	-3%
<b>Total net position</b>	<u>\$ 4,558</u>	<u>\$ 4,258</u>	7%	<u>\$ 3,788</u>	<u>\$ 3,435</u>	10%	<u>\$ 8,346</u>	<u>\$ 7,693</u>	8%

Explanations for significant changes listed below:

*Governmental Activities:*

Governmental activities total assets increased approximately \$300,000 or 7% due to increased cash from revenues collected in excess of expenditures.

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**TABLE 2  
CHANGES IN NET POSITION (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2021	2020		2021	2020		2021	2020	
<b>Revenues</b>									
Charges for service	\$ 61	\$ 55	11%	\$ 2,512	\$ 2,552	-2%	\$ 2,573	\$ 2,607	-1%
Grants and contributions	171	30	470%	537	-	100%	708	30	2,260%
Taxes	1,041	874	19%	-	-	-	1,041	874	19%
Intergovernmental revenue	39	35	11%	-	-	-	39	35	11%
Investment income	12	11	9%	3	48	-94%	15	59	-75%
Miscellaneous	87	173	-50%	60	102	-41%	147	275	-47%
<b>Total revenues</b>	<b>1,411</b>	<b>1,178</b>	<b>20%</b>	<b>3,112</b>	<b>2,702</b>	<b>15%</b>	<b>4,523</b>	<b>3,880</b>	<b>17%</b>
<b>Expenses</b>									
General government	356	409	-13%	-	-	-	356	409	-13%
Public safety	520	500	4%	-	-	-	520	500	4%
Public works	138	130	6%	-	-	-	138	130	6%
Highways and streets	311	258	21%	-	-	-	311	258	21%
Culture and recreation	128	100	28%	-	-	-	128	100	28%
Electric	-	-	-	1,477	1,375	7%	1,477	1,375	7%
Water	-	-	-	434	534	-19%	434	534	-19%
Sewer	-	-	-	205	234	-12%	205	234	-12%
Sanitation	-	-	-	301	142	112%	301	142	112%
<b>Total expenses</b>	<b>1,453</b>	<b>1,397</b>	<b>4%</b>	<b>2,417</b>	<b>2,285</b>	<b>6%</b>	<b>3,870</b>	<b>3,682</b>	<b>5%</b>
Excess (deficiency) before transfers	(42)	(219)	-81%	695	417	67%	653	198	230%
Transfers	342	137	150%	(342)	(137)	150%	-	-	-
<b>Change in net position</b>	<b>300</b>	<b>(82)</b>	<b>-466%</b>	<b>353</b>	<b>280</b>	<b>26%</b>	<b>653</b>	<b>198</b>	<b>230%</b>
<b>Beginning net position</b>	<b>4,258</b>	<b>4,340</b>	<b>-2%</b>	<b>3,435</b>	<b>3,155</b>	<b>9%</b>	<b>7,693</b>	<b>7,495</b>	<b>3%</b>
<b>Ending net position</b>	<b>\$ 4,558</b>	<b>\$ 4,258</b>	<b>7%</b>	<b>\$ 3,788</b>	<b>\$ 3,435</b>	<b>10%</b>	<b>\$ 8,346</b>	<b>\$ 7,693</b>	<b>8%</b>

*Governmental Activities:*

Operating grants and contributions increased approximately \$141,000 or 463% due primarily to receiving \$137,170 of CARES Act grant revenue during FY 2021.

*Business-type Activities:*

Grants and Contributions increased 100% due to the US-77 Utility Relocation Project, for which the City paid the expenses, but was later reimbursed by an ODOT grant for those expenses.

Investment income decreased approximately \$45,000 or 94% due primarily to decreases in interest rates during FY 2021.

Sanitation expenses increased by approximately \$159,000 or 112% due primarily to several months of FY 2020 landfill charges being paid in FY 2021.

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**Governmental Activities**

**TABLE 3  
Net Revenue (Expense) of Governmental Activities  
(In Thousands)**

	<b>Total Expense of Services</b>		<b>% Inc. (Dec.)</b>	<b>Net Revenue (Expense) of Services</b>	
	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>
	General government	\$ 356		\$ 409	-13%
Public safety	520	500	4%	(515)	(495)
Public works	138	130	6%	(138)	(130)
Highways and streets	311	258	21%	(295)	(241)
Culture and recreation	128	100	28%	(122)	(88)
<b>Total</b>	<u>\$ 1,453</u>	<u>\$ 1,397</u>	4%	<u>\$(1,221)</u>	<u>\$ (1,312)</u>

See explanations on previous page.

**Business-type Activities**

**TABLE 4  
Net Revenue (Expense) of Business-Type Activities  
(In Thousands)**

	<b>Total Expense of Services</b>		<b>% Inc. Dec.</b>	<b>Net Revenue (Expense) of Services</b>	
	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>
	Electric	\$ 1,477		\$ 1,375	7%
Water	434	534	-19%	(27)	(140)
Sewer	205	234	-12%	508	(49)
Sanitation	301	142	112%	(61)	79
<b>Total</b>	<u>\$ 2,417</u>	<u>\$ 2,285</u>	6%	<u>\$ 632</u>	<u>\$ 267</u>

See explanations on previous page.

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**A FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As the City completed its 2021 fiscal year, the governmental funds reported a combined total fund balance of \$2,839,441. For the year ended June 30, 2021, the governmental fund's total fund balance increased by \$396,914.

For the proprietary fund, the City reported a increase in net position for the Wynnewood City Utility Authority of \$353,423.

**Budgetary Highlights**

For the year ended June 30, 2021, the General Fund reported actual budgetary basis revenues over final estimates by \$187,983 or a 17% positive variance. General Fund actual expenditures were under final appropriations by \$66,687 or a 5% positive variance.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2021, the City had \$8,614,252 invested in capital assets, net of depreciation, including land, buildings, machinery and equipment, park facilities, water, sewer and stormwater systems, roads and bridges. This represents a net increase of \$1,824,907 over last year.

**TABLE 5  
Capital Assets  
(In Thousands)  
(Net of accumulated depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 119	\$ 119	\$ 25	\$ 25	\$ 144	\$ 144
Buildings	2,236	2,236	19	19	2,255	2,255
Vehicles	932	902	463	558	1,395	1,460
Machinery and equipment	1,092	1,130	651	651	1,743	1,781
Infrastructure	1,333	1,333	6,335	5,751	7,668	7,084
Construction-in-progress	-	-	5,312	3,886	5,312	3,886
Totals	5,712	5,720	12,805	10,890	18,517	16,610
Less Accumulated Depreciation	(3,994)	(3,905)	(5,909)	(5,916)	(9,903)	(9,821)
<b>Totals, Net</b>	<b>\$ 1,718</b>	<b>\$ 1,815</b>	<b>\$ 6,896</b>	<b>\$ 4,974</b>	<b>\$ 8,614</b>	<b>\$ 6,789</b>

Major capital asset events during the current fiscal year included the following:

- Purchase of two 2016 Ford Police Interceptors
- Continuing rehabilitation of the water treatment plant

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**Long-term Debt**

At year-end, the City had \$4,430,000 in long-term debt outstanding, reported on a modified cash basis, a \$195,000 decrease from the prior year.

**TABLE 6  
Long-Term Debt  
(In Thousands)**

	<u>2021</u>	<u>2020</u>
Bonds payable	\$ 4,430	\$ 4,625
<b>Totals</b>	<u>\$ 4,430</u>	<u>\$ 4,625</u>

**ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES**

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

- The FY 2022 budget is 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, contact the City Clerk's office at 112 N Dean A McGee Ave, Wynnewood, Oklahoma 73098 or telephone at 405-665-2307.

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**BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND ACTIVITIES**



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**Statement of Net Position (Modified Cash Basis) – June 30, 2021**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Pooled cash and cash equivalents	\$ 1,723,303	\$ 148,025	\$ 1,871,328
Investments	1,116,549	727,637	1,844,186
Restricted assets:			
Restricted cash and investments	-	590,154	590,154
Capital assets:			
Land and construction in progress	119,160	5,337,487	5,456,647
Other capital assets, net of depreciation	1,598,984	1,558,621	3,157,605
Total assets	<u>4,557,996</u>	<u>8,361,924</u>	<u>12,919,920</u>
<b>LIABILITIES</b>			
Due to depositors	-	141,414	141,414
Due to other governments	411	2,000	2,411
Due within one year	-	200,000	200,000
Due in more than one year	-	4,230,000	4,230,000
Total liabilities	<u>411</u>	<u>4,573,414</u>	<u>4,573,825</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,718,144	2,754,078	4,472,222
Restricted for:			
Debt service	-	110,732	110,732
Capital projects	1,086,182	-	1,086,182
Water purchases	418,321	-	418,321
Cemetery	138,628	-	138,628
Unrestricted	1,196,310	923,700	2,120,010
Total net position	<u>\$ 4,557,585</u>	<u>\$ 3,788,510</u>	<u>\$ 8,346,095</u>

See accompanying notes to the basic financial statements.

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**Statement of Activities (Modified Cash Basis) – Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
Governmental activities:							
General government	\$ 356,408	\$ 58,114	\$ 147,470	\$ -	\$ (150,824)		\$ (150,824)
Public safety	520,433	-	4,826	-	(515,607)		(515,607)
Public works	137,669	-	-	-	(137,669)		(137,669)
Highways and streets	311,156	-	15,812	-	(295,344)		(295,344)
Culture and recreation	127,663	3,226	2,677	-	(121,760)		(121,760)
Total governmental activities	<u>1,453,329</u>	<u>61,340</u>	<u>170,785</u>	<u>-</u>	<u>(1,221,204)</u>		<u>(1,221,204)</u>
Business-type activities:							
Electric	1,476,667	1,688,951	-	-		\$ 212,284	212,284
Water	433,690	407,121	-	-		(26,569)	(26,569)
Sewer	204,941	175,579	-	537,128		507,766	507,766
Sanitation	301,538	239,810	-	-		(61,728)	(61,728)
Total business-type activities	<u>2,416,836</u>	<u>2,511,461</u>	<u>-</u>	<u>537,128</u>		<u>631,753</u>	<u>631,753</u>
Total primary government	<u>\$ 3,870,165</u>	<u>\$ 2,572,801</u>	<u>\$ 170,785</u>	<u>\$ 537,128</u>	<u>(1,221,204)</u>	<u>631,753</u>	<u>(589,451)</u>
<b>General revenues:</b>							
Taxes:							
Sales and use taxes					1,026,497	-	1,026,497
Franchise taxes and public service taxes					14,647	-	14,647
Intergovernmental revenue not restricted to specific programs					39,150	-	39,150
Unrestricted investment earnings					11,698	3,029	14,727
Miscellaneous income					87,238	60,371	147,609
Transfers					341,730	(341,730)	-
Total general revenues and transfers					<u>1,520,960</u>	<u>(278,330)</u>	<u>1,242,630</u>
Change in net position					299,756	353,423	653,179
Net position - beginning					4,257,829	3,435,087	7,692,916
Net position - ending					<u>\$ 4,557,585</u>	<u>\$ 3,788,510</u>	<u>\$ 8,346,095</u>

See accompanying notes to the basic financial statements.

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**BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS**

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**Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2021**

	<u>General Fund</u>	<u>AMCD Payment Fund</u>	<u>Street Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 337,999	\$ 161,531	\$ 1,040,970	\$ 160,221	\$ 1,700,721
Cash - Police bond account	22,582	-	-	-	22,582
Investments	671,966	256,835	45,257	142,491	1,116,549
Due from other funds	90	-	-	3,688	3,778
Total assets	<u>\$ 1,032,637</u>	<u>\$ 418,366</u>	<u>\$ 1,086,227</u>	<u>\$ 306,400</u>	<u>\$ 2,843,630</u>
<b>LIABILITIES</b>					
Liabilities:					
Due to other funds	\$ 3,688	\$ 45	\$ 45	\$ -	\$ 3,778
Due to other governments	411	-	-	-	411
Total liabilities	<u>4,099</u>	<u>45</u>	<u>45</u>	<u>-</u>	<u>4,189</u>
<b>FUND BALANCES</b>					
Fund balances:					
Restricted	-	418,321	1,086,182	138,628	1,643,131
Assigned	256,151	-	-	167,772	423,923
Unassigned	772,387	-	-	-	772,387
Total fund balances	<u>1,028,538</u>	<u>418,321</u>	<u>1,086,182</u>	<u>306,400</u>	<u>2,839,441</u>
Total liabilities and fund balances	<u>\$ 1,032,637</u>	<u>\$ 418,366</u>	<u>\$ 1,086,227</u>	<u>\$ 306,400</u>	<u>\$ 2,843,630</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, 2021**

	<u>General Fund</u>	<u>AMCD Payment Fund</u>	<u>Street Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Taxes	\$ 623,562	\$ 208,791	\$ 208,791	\$ -	\$ 1,041,144
Intergovernmental	209,935	-	-	-	209,935
Licenses and permits	4,316	-	-	-	4,316
Charges for services	30,516	-	-	3,688	34,204
Fines and forfeitures	22,820	-	-	-	22,820
Interest	10,301	517	587	293	11,698
Miscellaneous	83,321	-	-	3,917	87,238
Total revenues	<u>984,771</u>	<u>209,308</u>	<u>209,378</u>	<u>7,898</u>	<u>1,411,355</u>
<b>EXPENDITURES</b>					
Current:					
General government	331,168	-	-	-	331,168
Public safety	470,700	-	-	-	470,700
Public works	-	137,669	-	-	137,669
Highway and streets	238,052	-	19,150	-	257,202
Culture and recreation	112,315	-	-	-	112,315
Capital Outlay	3,600	-	3,411	40,106	47,117
Total Expenditures	<u>1,155,835</u>	<u>137,669</u>	<u>22,561</u>	<u>40,106</u>	<u>1,356,171</u>
Revenues over (under) expenditures	<u>(171,064)</u>	<u>71,639</u>	<u>186,817</u>	<u>(32,208)</u>	<u>55,184</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	863,940	-	-	135,000	998,940
Transfers out	(547,210)	(100,000)	-	(10,000)	(657,210)
Total other financing sources and uses	<u>316,730</u>	<u>(100,000)</u>	<u>-</u>	<u>125,000</u>	<u>341,730</u>
Net change in fund balances	145,666	(28,361)	186,817	92,792	396,914
Fund balances - beginning	882,872	446,682	899,365	213,608	2,442,527
Fund balances - ending	<u>\$ 1,028,538</u>	<u>\$ 418,321</u>	<u>\$ 1,086,182</u>	<u>\$ 306,400</u>	<u>\$ 2,839,441</u>

See accompanying notes to the basic financial statements.

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**Reconciliations of Governmental Fund and Government-Wide Financial Statements (Modified Cash Basis) – Year Ended June 30, 2021**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:**

Total fund balance, governmental funds	\$	2,839,441
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		
		1,718,144
Net Position of Governmental Activities in the Statement of Net Position	\$	4,557,585

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities:**

Net change in fund balances - total governmental funds:	\$	396,914
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays for capital assets as expenditures while governmental activities report depreciaton expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized		33,600
Depreciation expense		(130,758)
Change in net position of governmental activities	\$	299,756

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**BASIC FINANCIAL STATEMENTS – PROPRIETARY FUND**

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**Proprietary Fund Statement of Net Position (Modified Cash Basis) – June 30, 2021**

	Wynnewood City Utility Authority		
	Operating Account	Capital Improvement Account	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 105,595	\$ 42,430	\$ 148,025
Investments	352,524	375,113	727,637
Restricted:			
Cash and cash equivalents	496,154	-	496,154
Total current assets	954,273	417,543	1,371,816
Non-current Assets:			
Restricted :			
Investments	94,000	-	94,000
Capital assets:			
Land, improvements and construction in progress	5,337,487	-	5,337,487
Other capital assets, net of accumulated depreciation	1,558,621	-	1,558,621
Total non-current assets	6,990,108	-	6,990,108
Total assets	7,944,381	417,543	8,361,924
<b>LIABILITIES</b>			
Current liabilities:			
Current portion of long-term obligations	200,000	-	200,000
Due to other governments	2,000	-	2,000
Total current liabilities	202,000	-	202,000
Non-current liabilities:			
Deposits subject to refund	141,414	-	141,414
Revenue bonds payable, net of current portion	4,230,000	-	4,230,000
Total non-current liabilities	4,371,414	-	4,371,414
Total liabilities	4,573,414	-	4,573,414
<b>NET POSITION</b>			
Net investment in capital assets	2,754,078	-	2,754,078
Restricted:			
Debt service	110,732	-	110,732
Unrestricted	506,157	417,543	923,700
Total net position	\$ 3,370,967	\$ 417,543	\$ 3,788,510

See accompanying notes to the basic financial statements.



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**Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis) – Year Ended June 30, 2021**

	<b>Operating Account</b>	<b>Capital Improvement Account</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services:			
Electric	\$ 1,661,881	\$ -	\$ 1,661,881
Water	400,596	-	400,596
Sewer	172,765	-	172,765
Sanitation	235,966	-	235,966
Other	40,253	-	40,253
Total operating revenues	<u>2,511,461</u>	<u>-</u>	<u>2,511,461</u>
<b>OPERATING EXPENSES</b>			
General and Administration	200,002	-	200,002
Electric	1,330,664	-	1,330,664
Water	198,099	273	198,372
Sewer	140,040	-	140,040
Sanitation	273,702	-	273,702
Depreciation and amortization	86,401	-	86,401
Total operating expenses	<u>2,228,908</u>	<u>273</u>	<u>2,229,181</u>
Operating income (loss)	<u>282,553</u>	<u>(273)</u>	<u>282,280</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	1,359	1,670	3,029
Miscellaneous income	60,241	-	60,241
Gain on disposal of capital assets	130	-	130
Interest expense and fees	(187,655)	-	(187,655)
Total non-operating revenues (expenses)	<u>(125,925)</u>	<u>1,670</u>	<u>(124,255)</u>
Income before transfers	156,628	1,397	158,025
Capital contributions-grant	537,128	-	537,128
Transfers in	537,128	100,000	637,128
Transfers out	(863,858)	(115,000)	(978,858)
Change in net position	<u>367,026</u>	<u>(13,603)</u>	<u>353,423</u>
Total net position - beginning	<u>3,003,941</u>	<u>431,146</u>	<u>3,435,087</u>
Total net position - ending	<u>\$ 3,370,967</u>	<u>\$ 417,543</u>	<u>\$ 3,788,510</u>

See accompanying notes to the basic financial statements.

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**Proprietary Fund Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2021**

	<b>Wynnewood City Utility Authority</b>		
	<b>Operating Account</b>	<b>Capital Improvement Account</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 2,571,703	\$ -	\$ 2,571,703
Payments to suppliers and employees	(2,140,507)	(273)	(2,140,780)
Receipts of customer utility deposits	23,400	-	23,400
Refunds of customer utility deposits	(37,731)	-	(37,731)
<b>Net cash provided by operating activities</b>	<b>416,865</b>	<b>(273)</b>	<b>416,592</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	537,128	100,000	637,128
Transfers to other funds	(863,858)	(115,000)	(978,858)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(326,730)</b>	<b>(15,000)</b>	<b>(341,730)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(2,010,067)	-	(2,010,067)
Capital contributions-grant	537,128	-	537,128
Proceeds on sale of capital assets	1,730	-	1,730
Principal paid on debt	(195,000)	-	(195,000)
Interest and fiscal agent fees paid on debt	(187,655)	-	(187,655)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(1,853,864)</b>	<b>-</b>	<b>(1,853,864)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	1,359	1,670	3,029
Sale (purchase) of investments	109,507	(1,635)	107,872
<b>Net cash provided by investing activities</b>	<b>110,866</b>	<b>35</b>	<b>110,901</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,652,863)</b>	<b>(15,238)</b>	<b>(1,668,101)</b>
<b>Balances - beginning of year</b>	<b>2,254,612</b>	<b>57,668</b>	<b>2,312,280</b>
<b>Balances - end of year</b>	<b>\$ 601,749</b>	<b>\$ 42,430</b>	<b>\$ 644,179</b>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents	\$ 105,595	42,430	148,025
Restricted cash and cash equivalents	496,154	-	496,154
<b>Total cash and cash equivalents</b>	<b>\$ 601,749</b>	<b>\$ 42,430</b>	<b>\$ 644,179</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 282,553	\$ (273)	\$ 282,280
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	86,401	-	86,401
Other non-operating revenues	60,242	-	60,242
Change in assets and liabilities:			
Due to other governments	2,000	-	2,000
Meter deposit liability	(14,331)	-	(14,331)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 416,865</b>	<b>\$ (273)</b>	<b>\$ 416,592</b>

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 Wynnewood** – operates the public safety, streets and public works, cemetery, culture and recreation, and administrative activities of the City.
- **The Wynnewood City Utilities Authority (the Authority)** – operates the electric, water, sewer, and sanitation services of the City. The City of Wynnewood is the beneficiary of the Authority and the City Council serves as the governing body of the Authority.

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, and GASB Statement 61, The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34, 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 the Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authority is generally created to finance City services through the issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. In accordance with state law, all debt obligations incurred by public trusts require 2/3 approval by the City Council. 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 has the City Council as their governing body (trustees) and the City is able to impose its will on the Trust 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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- capital assets and related depreciation and accumulated depreciation
- long-term debt and related retirements
- 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, permits and penalties
- Public safety: Fine revenue, fire runs and operating and capital grants
- Highways and Streets: Gas excise and commercial vehicle taxes and capital grants
- Culture and recreation: Recreation fees and operating grants

*Governmental Funds:*

General Fund – The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Capital Project Funds – used to account for and report financial resources that are restricted, committed, or assigned to expend for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

*Proprietary Funds:*

Enterprise Funds – used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

The City's funds are comprised of the following:

**Major Funds:**

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

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The following internal accounts have been combined into the General Fund for the purposes of this report:

- EMS account – accounts for EMS activities
- Public Library account – accounts for library grants and activities
- Fire Department account – accounts for fire capital expenditures and equipment
  
- AMCD Payment Fund – accounts for ¼ sales tax revenue transferred from the General Fund to pay for City water purchases from the Arbuckle Master Conservancy District and to pay the City’s share of operational costs of the Arbuckle Master Conservancy District
  
- Street Capital Improvement Reserve Fund – accounts for ¼ sales tax revenue transferred from the General Fund to pay for street capital improvements

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

*Capital Project Funds:*

- Cemetery Perpetual Care Fund – accounts for and reports resources that are restricted, committed, or assigned to expenditure for maintenance and care of the cemetery
  
- Capital Projects Fund – accounts for and report financial resources that are restricted, committed, or assigned for capital purchases

*Proprietary Fund:*

The City’s proprietary fund is comprised of the following accounts:

- Wynnewood City Utilities Authority Account – accounts for the operation of the water, sewer, electric, and sanitation activities
  
- WCUA Capital Improvement Reserve Account – accounts for water and sewer capital improvements

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 Trust) is not required to adopt legal annual appropriations. While the trust develops an annual budget, it is for financial management purposes and does not constitute legal appropriations.

**C. Cash, Cash Equivalents, Investments**

Cash and cash equivalents includes 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 and Depreciation**

Reported capital assets are limited to those acquired with cash and cash equivalents consistent with the modified cash basis of accounting. The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund type or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. In the government-wide and proprietary fund financial statements, property, plant and equipment are accounted for as capital assets, net of accumulated depreciation where applicable. In the governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures and not reported as capital assets.

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, vehicles, and infrastructure. A capitalization threshold of \$2,500 is used to report capital assets. Capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Assets are recorded at historical cost or estimated historical costs if purchased or constructed. Donated capital assets, the majority of which generally consists of donated land and infrastructure which is recorded in the governmental funds and donated water and sewer distribution systems which are recorded in the proprietary fund, are recorded at estimated fair value at the date of donation.

Depreciable capital assets are depreciated on a straight-line basis over their estimated useful lives. The range of estimated useful lives by type of asset is as follows:

- Buildings 40 - 65 years
- Infrastructure 25 - 50 years
- Improvements other than buildings & infrastructure 10 - 20 years
- Machinery and equipment 3 - 20 years
- Vehicles 3 - 7 years

**E. Long-Term Debt**

Reported long-term debt is limited to debt arising from cash transactions consistent with the modified cash basis of accounting. Accounting treatment of long-term debt varies depending upon whether source of repayment is from governmental fund types or proprietary fund type resources and whether they are reported in the government-wide or fund financial statements. All long-term debt resulting from cash transactions to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

**F. Fund Balances and Net Position**

*Fund Statements:*

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 (a) not in spendable form or (b) 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.
- 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 the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance is available. The City’s policy for the use of the unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

*Net Position:*

Net Position is displayed in three 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, 2) law through constitutional provisions or enabling legislation, or 3) City Council motion.
- b. *Unrestricted Net Position* - All remaining net position that does not meet the definition of “restricted”.
- c. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

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 is available.



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**G. 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, 2021, the City recognized \$14,727 of investment income.

At June 30, 2021, the primary government held the following deposits and investments:

<b>Type</b>	<b>Credit Rating</b>	<b>Carrying Value</b>
<b>Deposits:</b>		
Demand deposits		\$ 1,968,781
Time deposits		1,938,186
		3,906,967
<b>Investments:</b>		
Trustee money market accounts	AAAm	398,701
		398,701
<b>Total deposits and investments</b>		<b>\$ 4,305,668</b>
 <b>Reconciliation to Statement of Net Position:</b>		
Cash and cash equivalents		\$ 1,871,328
Investments		1,844,186
Restricted cash and investments		590,154
		<b>\$ 4,305,668</b>

*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 a counterparty or a counterparty’s trust, department or agent, but not in the government’s name.

As of June 30, 2021, the City was not exposed to custodial credit risk as defined above.

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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.

*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 Proprietary Fund Statement of Net Position are comprised of amounts restricted for utility deposits, debt service, debt reserve, or construction purposes. The restricted assets as of June 30, 2021 are as follows:

The restricted assets as of June 30, 2021 were as follows:

Utility Revenue Bonds, Refunding Series 2015:	
Construction account	\$ 2
Debt service account	54,749
Utility Revenue Bonds, Refunding Series 2017:	
Construction account	253,742
Debt service account	18,538
Utility Revenue Bonds, Refunding Series 2018:	
Construction account	34,225
Debt service account	37,445
Accounts not held at trustee bank:	
Meter deposit funds	191,453
Total restricted assets	<u>\$ 590,154</u>

### 3. Sales Tax Revenue

Sales tax revenue represents a four cent tax on each dollar of taxable sales, which is recorded in the General Fund. Subsequently, one cent is transferred to the Street Improvement Fund for capital expenditures and for the payment of debt service in connection with obligations issued to finance specified capital expenditures. One cent is also transferred to the AMCD Payment Fund to cover the City's share of the operational costs and water purchases from the Arbuckle Master Conservancy District.

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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. Capital Assets and Depreciation**

For the year ended June 30, 2021, capital asset balances changed as follows:

	Balance at July 1, 2020	Additions	Disposals	Balance at June 30, 2021
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 119,160	\$ -	\$ -	\$ 119,160
Total capital assets not being depreciated	<u>119,160</u>	<u>-</u>	<u>-</u>	<u>119,160</u>
Other capital assets:				
Buildings	2,235,497	-	-	2,235,497
Machinery and equipment	1,130,342	3,600	42,000	1,091,942
Vehicles	902,099	30,000	-	932,099
Infrastructure	1,333,411	-	-	1,333,411
Total other capital assets at historical cost	<u>5,601,349</u>	<u>33,600</u>	<u>42,000</u>	<u>5,592,949</u>
Less accumulated depreciation for:				
Buildings	1,419,755	34,691	-	1,454,446
Machinery and equipment	906,274	28,238	42,000	892,512
Vehicles	821,299	26,459	-	847,758
Infrastructure	757,879	41,370	-	799,249
Total accumulated depreciation	<u>3,905,207</u>	<u>130,758</u>	<u>42,000</u>	<u>3,993,965</u>
Other capital assets, net	<u>1,696,142</u>	<u>(97,158)</u>	<u>-</u>	<u>1,598,984</u>
Governmental activities capital assets, net	<u>\$ 1,815,302</u>	<u>\$ (97,158)</u>	<u>\$ -</u>	<u>\$ 1,718,144</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Construction in progress	3,885,864	2,010,067	583,444	5,312,487
Total capital assets not being depreciated	<u>3,910,864</u>	<u>2,010,067</u>	<u>583,444</u>	<u>5,337,487</u>
Other capital assets:				
Buildings	19,300	-	-	19,300
Machinery and equipment	650,516	-	-	650,516
Vehicles	558,424	-	95,000	463,424
Infrastructure	5,751,316	583,444	-	6,334,760
Total other capital assets at historical cost	<u>6,979,556</u>	<u>583,444</u>	<u>95,000</u>	<u>7,468,000</u>
Less accumulated depreciation for:				
Buildings	12,528	322	-	12,850
Machinery and equipment	548,292	13,454	-	561,746
Vehicles	494,396	14,362	93,400	415,358
Infrastructure	4,861,161	58,264	-	4,919,425
Total accumulated depreciation	<u>5,916,377</u>	<u>86,402</u>	<u>93,400</u>	<u>5,909,379</u>
Other capital assets, net	<u>1,063,179</u>	<u>497,042</u>	<u>1,600</u>	<u>1,558,621</u>
Business-type activities capital assets, net	<u>\$ 4,974,043</u>	<u>\$ 2,507,109</u>	<u>\$ 585,044</u>	<u>\$ 6,896,108</u>

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Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Depreciation expense has been allocated as follows:

Governmental Activities:		Business-Type Activities:	
General Government	\$ 23,040	Electric	\$ 11,502
Public Safety	41,827	Water	15,242
Street	50,543	Sewer	50,920
Parks and Recreation	15,348	Sanitation	8,738
	\$ 130,758		\$ 86,402

**6. Long-Term Debt and Debt Service Requirements**

For the year ended June 30, 2021, the reporting entity's long-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance July 01, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
<b>Business-Type Activities:</b>					
WCUA Revenue Bonds, Series 2015	\$ 2,910,000	\$ -	\$ 100,000	\$ 2,810,000	\$ 105,000
WCUA Revenue Bonds, Series 2017	995,000	-	35,000	960,000	35,000
WCUA Revenue Bonds, Series 2018	720,000	-	60,000	660,000	60,000
Total Long-Term Debt	\$ 4,625,000	\$ -	\$ 195,000	\$ 4,430,000	\$ 200,000

*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, 2021, includes the following:

*Revenue bonds payable-direct borrowings/placements:*

\$3,350,000 Wynnewood City Utilities Authority Utility System Revenue Bonds, Series 2015, dated April 1, 2015, due in annual principal installments of \$70,000 to \$210,000 through April 1, 2040, with interest at 3.00% to 4.30%, secured by a pledge of the net electric, water, and sewer revenues. Proceeds were used to fund water system improvements. In the event of default, the following remedies are available to the lender: 1) concurrence of remedies; 2) acceleration of maturity; 3) control of operations through temporary trustees; 4) proceedings by or against the authority; 5) other concurrent remedies; 6) expenses in case of default; 7) protection of remedies.

\$ 2,810,000

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\$1,095,000 Wynnewood City Utilities Authority Utility System Revenue Bonds, Series 2017, dated April 1, 2017, due in annual principal installments of \$30,000 to \$70,000 through April 1, 2040, with interest at 2.25% to 4.50%, secured by a pledge of the net electric, water and sewer revenues. Proceeds of the bond were used to fund capital improvements. In the event of default, the following remedies are available to the lender: 1) concurrence of remedies; 2) acceleration of maturity; 3) control of operations through temporary trustees; 4) proceedings by or against the authority; 5) other concurrent remedies; 6) expenses in case of default; 7) protection of remedies. 960,000

\$720,000 Wynnewood City Utilities Authority Utility System Revenue Bonds, Series 2018, dated December 1, 2018, due in annual principal installments of \$60,000 to \$85,000 through December 1, 2029, with interest at 4.20% to 4.60%, secured by a pledge of the net electric, water and sewer revenues. Proceeds were used to provide funds for acquiring and installing an automated meter system and capital improvements. In the event of default, the following remedies are available to the lender: 1) concurrence of remedies; 2) acceleration of maturity; 3) control of operations through temporary trustees; 4) proceedings by or against the authority; 5) other concurrent remedies; 6) expenses in case of default; 7) protection of remedies. 660,000

	960,000
Total revenue bonds payable-direct borrowings/placements	\$ 4,430,000
Current portion	\$ 200,000
Non-current portion	4,230,000
	\$ 4,430,000

*Payment Requirements to Maturity:*

<u>Year Ending June 30,</u>	Business Type Activities	
	Revenue bonds payable-direct borrowings/placements	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 200,000	\$ 182,433
2023	205,000	175,276
2024	215,000	167,908
2025	225,000	159,928
2026	235,000	151,563
2027-2031	1,210,000	609,933
2032-2036	1,085,000	371,895
2037-2040	1,055,000	116,975
Totals	\$ 4,430,000	\$ 1,935,911

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*Utility Net Revenues Pledge* – The City has pledged net utility revenues to repay the Series 2015 WCUA Revenue Bonds, Series 2017 WCUA Revenue Bonds, and Series 2018 WCUA Revenue Bonds. Proceeds from the bonds provided financing for water system improvements, capital improvements, and acquiring and installing an automatic meter system, respectively. The bonds are payable from net electric, water, and sewer revenues and are payable through 2040. The total principal and interest for the remainder of the life of the bonds is \$6,365,911. Pledged net electric, water, and sewer revenues were \$566,166. Debt service payments of \$382,655 for the current fiscal year were 67.6% of pledged net electric, water, and sewer revenues.

**7. Fund Balance and Net Position**

The following tables show the fund balance/net position classifications as shown in the Governmental Funds Balance Sheet and Proprietary Fund Statement of Net Position:

	General Fund	AMCD Payment Fund	Street Improvement Fund	Other Governmental Funds	Total
Fund balance:					
Restricted for:					
Water purchases	\$ -	\$ 418,321	\$ -	\$ -	\$ 418,321
Cemetery	-	-	-	138,628	138,628
Capital projects	-	-	1,086,182	-	1,086,182
Sub-total restricted	-	418,321	1,086,182	138,628	1,643,131
Assigned for:					
Library	19,804	-	-	-	19,804
Fire	99,265	-	-	-	99,265
Capital projects	-	-	-	167,772	167,772
Subsequent year's budget	137,082	-	-	-	137,082
Sub-total assigned	256,151	-	-	167,772	423,923
Unassigned	772,387	-	-	-	772,387
Total Fund Balance	<u>\$ 1,028,538</u>	<u>\$ 418,321</u>	<u>\$ 1,086,182</u>	<u>\$ 306,400</u>	<u>\$ 2,839,441</u>

Enterprise Funds:

Net investment in capital assets	\$ 2,754,078
Restricted for Debt Service	<u>110,732</u>
Total Enterprise Fund Restrictions	<u>\$ 2,864,810</u>

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**8. Internal and Interfund Balances and Transfers**

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

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
General Fund	Cemetery	3,688	Cemetery lot sales
AMCD Payment Fund	General Fund	45	Sales tax
Street CIR Fund	General Fund	45	Sales tax
Total		<u>\$ 3,778</u>	

**Reconciliation to Fund Financial Statements:**

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 3,778	\$ (3,778)	\$ -
Total	<u>\$ 3,778</u>	<u>\$ (3,778)</u>	<u>\$ -</u>

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
AMCD Payment Fund	WCUA CIR	\$ 100,000	Operating transfer
WCUA Operating	General Fund	305,000	Operating transfer
WCUA CIR	WCUA Operating	1,730	Capital asset activity
GF	WCUA Operating	537,128	Capital asset activity
GF	WCUA Operating	537,128	Grant
WCUA CIR	Capital Improvement Reserve	135,000	Operating transfer
Capital Improvement Reserve	Fire Dept Fund	10,000	Donation to Fire Dept
EMS Fund	General Fund	10,082	Closing of EMS Fund
Total		<u>\$ 1,636,068</u>	

**Reconciliation to Fund Financial Statements:**

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 998,940	\$ (657,210)	\$ 341,730
Proprietary Funds	637,128	(978,858)	(341,730)
	<u>\$ 1,636,068</u>	<u>\$ (1,636,068)</u>	<u>\$ -</u>

**9. 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. The City purchases commercial insurance for protection against loss other than health, life, and workers compensation. Deductibles on property, vehicle, and general liability policies range from \$0 - \$5,000. Settled claims have not exceeded the commercial coverage during the past three years.

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

As a member of the Plan, the City is required to pay fees set by the Plan according to an established payment schedule. The City is responsible for complying with all requirements of the Oklahoma Workers' Compensation Act. A Loss Fund has been established from the proceeds of fees paid by the City. The City's Loss Fund balance at June 30, 2021 was \$26,678. The State Insurance Fund

provides coverage in excess of the Loss Fund so the City’s liability for claim loss is limited to the balance of that fund. However, failure of the State Insurance to honor its obligations could result in losses to the Plan.

**10. Employee Retirement Plan Participation**

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

- Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- City of Wynnewood Deferred Compensation Plan 401(a) – a governmental volume submitter money purchase plan
- City of Wynnewood Deferred Compensation Plan 457(b) – a defined contribution plan

*OFPRS*

The City of Wynnewood, 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.

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* – For volunteer firefighters, the City is required to contribute \$60 per year per volunteer, while there is no required contribution by the volunteer.

**Schedule of Retirement Plan Contributions for Volunteer Firefighters**

Fiscal Year	Required Contribution	Amount Contributed
June 30, 2019	\$ 1,200	\$ 1,200
June 30, 2020	\$ 1,200	\$ 1,260
June 30, 2021	\$ 1,140	\$ 1,260

*City of Wynnewood Deferred Compensation Plan -401(a)*

The City has provided effective July 1, 2016, a deferred compensation plan known as the City of Wynnewood Retirement Program (the “Program”). The Program is a Governmental Volume Submitter Money Purchase Plan covering City elected officials. The Plan operates as a trust administered by Pension Solutions, Inc. Elected officials may begin contributing the first day of the next month following employment and will be fully vested immediately. The City contributes 6% of all qualifying full-time



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elected officials' gross salary to this Program every pay period if the official contributes 1.52%. The authority to establish and amend the provisions of the Program rests with the City Council.

*City of Wynnewood Deferred Compensation Plan -457(b)*

The City has provided effective July 1, 2016, a deferred compensation plan known as the City of Wynnewood 457 Retirement Plan (the "457"). The 457 is administered by the City and the plan assets are supervised by Pension Solutions, Inc. The defined contribution plan is available to all fulltime employees except those who qualify for the 401a plan. Employees may begin contributing the first day of the next month following one year of employment and will be fully vested immediately. The City contributions are discretionary and the authority to establish and amend the provisions of the 457 rests with the City Council.

## **11. Commitments and Contingencies**

*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, 2021 is \$11,805 for governmental activities and \$11,518 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.

## **12. Subsequent Events**

During FY22, the City has been awarded an American Rescue Plan Act grant for \$384,766. \$192,383 will be received in FY22 and \$192,383 will be received in FY23.

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**SUPPLEMENTAL AND OTHER INFORMATION**

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**Budgetary Comparison Schedule (Modified Cash Basis) – General Fund – Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts.</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - Positive (Negative)</u>
<b>Beginning Budgetary Fund Balance</b>	\$ 158,428	\$ 158,428	\$ 882,872	\$ 724,444
<b>Resources (Inflows)</b>				
Taxes	498,000	498,000	623,562	125,562
Intergovernmental	69,700	69,700	209,935	140,235
Fines and forfeitures	45,000	45,000	22,820	(22,180)
Charges for services	26,900	26,900	30,516	3,616
Licenses and permits	3,500	3,500	4,316	816
Interest	500	500	10,301	9,801
Miscellaneous	60,000	60,000	83,321	23,321
Transfers in	420,000	420,000	326,812	(93,188)
<b>Total Resources</b>	<u>1,123,600</u>	<u>1,123,600</u>	<u>1,311,583</u>	<u>187,983</u>
<b>Amounts Available for Appropriation</b>	<u>1,282,028</u>	<u>1,282,028</u>	<u>2,194,455</u>	<u>912,427</u>
<b>Charges to Appropriations (Outflows)</b>				
General government	397,094	397,094	334,768	62,326
Public safety	485,614	485,614	470,700	14,914
Highways and streets	233,916	233,916	238,052	(4,136)
Culture and recreation	111,755	111,755	112,315	(560)
Transfers out	4,225	4,225	10,082	(5,857)
<b>Total Charges to Appropriations</b>	<u>1,232,604</u>	<u>1,232,604</u>	<u>1,165,917</u>	<u>66,687</u>
<b>Fund balances - ending</b>	<u>\$ 49,424</u>	<u>\$ 49,424</u>	<u>1,028,538</u>	<u>\$ 979,114</u>
<b>Reconciliation to General Fund Revenues, Expenditures and Changes in Fund Balance:</b>				
Transfer to WCUA			(537,128)	
Transfer from WCUA			537,128	
Fund Balance per Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 1,028,538</u>	

**Budgetary Comparison Schedule (Modified Cash Basis) – AMCD Payment Fund – Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts.</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - Positive (Negative)</u>
<b>Beginning Budgetary Fund Balance</b>	\$ 519,515	\$ 519,515	\$ 446,682	\$ (72,833)
<b>Resources (Inflows)</b>				
Taxes	180,000	180,000	208,791	28,791
Interest	500	500	517	17
<b>Total Resources</b>	<u>180,500</u>	<u>180,500</u>	<u>209,308</u>	<u>28,808</u>
<b>Amounts Available for Appropriation</b>	<u>700,015</u>	<u>700,015</u>	<u>655,990</u>	<u>(44,025)</u>
<b>Charges to Appropriations (Outflows)</b>				
Public Works	140,000	140,000	137,669	2,331
Transfers out	100,000	100,000	100,000	-
<b>Total Charges to Appropriations</b>	<u>240,000</u>	<u>240,000</u>	<u>237,669</u>	<u>2,331</u>
<b>Fund balances - ending</b>	<u>\$ 460,015</u>	<u>\$ 460,015</u>	<u>\$ 418,321</u>	<u>\$ (41,694)</u>

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**Footnotes to Budgetary Comparison Schedules:**

1. The budgetary comparison schedule is reported on the same modified cash basis as governmental funds within the basic financial statement.
2. The legal level of appropriation control is the department level within a fund. Transfer appropriations and supplemental appropriations require City Council's approval.

The City exceeded the approved budget in these areas:

Highways and streets	\$4,136
Culture and recreation	\$560
Transfers out	\$5,857

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**Combining Balance Sheet – General Fund Accounts (Modified Cash Basis) – June 30, 2021**

	<u>General Account</u>	<u>EMS Account</u>	<u>Public Library Account</u>	<u>Fire Dept. Account</u>	<u>Total General Fund</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 257,108	\$ -	\$ 16,851	\$ 64,040	\$ 337,999
Cash - police bond account	22,582	-	-	-	22,582
Investments	633,788	-	2,953	35,225	671,966
Due from other funds	90	-	-	-	90
Total assets	<u>\$ 913,568</u>	<u>\$ -</u>	<u>\$ 19,804</u>	<u>\$ 99,265</u>	<u>\$ 1,032,637</u>
<b>LIABILITIES</b>					
Due to other funds	\$ 3,688	\$ -	\$ -	\$ -	\$ 3,688
Due to other governments	411	-	-	-	411
Total liabilities	<u>4,099</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,099</u>
<b>FUND BALANCES</b>					
Assigned	137,082	-	19,804	99,265	256,151
Unassigned	772,387	-	-	-	772,387
Total fund balances	<u>909,469</u>	<u>-</u>	<u>19,804</u>	<u>99,265</u>	<u>1,028,538</u>
Total liabilities and fund balances	<u>\$ 913,568</u>	<u>\$ -</u>	<u>\$ 19,804</u>	<u>\$ 99,265</u>	<u>\$ 1,032,637</u>

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – General Fund Accounts (Modified Cash Basis) – June 30, 2021**

	<u>General Account</u>	<u>EMS Account</u>	<u>Public Library Account</u>	<u>Fire Dept. Account</u>	<u>Total General Fund</u>
<b>REVENUES</b>					
Taxes	\$ 623,562	\$ -	\$ -	\$ -	\$ 623,562
Intergovernmental	202,432	-	2,677	4,826	209,935
Licenses and permits	4,316	-	-	-	4,316
Charges for services	30,516	-	-	-	30,516
Fines and forfeitures	22,820	-	-	-	22,820
Interest	10,196	1	11	93	10,301
Miscellaneous	71,717	-	1,604	10,000	83,321
Total revenues	<u>965,559</u>	<u>1</u>	<u>4,292</u>	<u>14,919</u>	<u>984,771</u>
<b>EXPENDITURES</b>					
Current:					
General government	331,168	-	-	-	331,168
Public safety	460,205	-	-	10,495	470,700
Highways and streets	238,052	-	-	-	238,052
Cultural and recreation	108,450	-	3,865	-	112,315
Capital Outlay	3,600	-	-	-	3,600
Total expenditures	<u>1,141,475</u>	<u>-</u>	<u>3,865</u>	<u>10,495</u>	<u>1,155,835</u>
Revenues over (under) expenditures	<u>(175,916)</u>	<u>1</u>	<u>427</u>	<u>4,424</u>	<u>(171,064)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	853,940	-	-	10,000	863,940
Transfers out	(537,128)	(10,082)	-	-	(547,210)
Total other financing sources and uses	<u>316,812</u>	<u>(10,082)</u>	<u>-</u>	<u>10,000</u>	<u>316,730</u>
Net change in fund balances	140,896	(10,081)	427	14,424	145,666
Fund balances - beginning	768,573	10,081	19,377	84,841	882,872
Fund balances - ending	<u>\$ 909,469</u>	<u>\$ -</u>	<u>\$ 19,804</u>	<u>\$ 99,265</u>	<u>\$ 1,028,538</u>

**CITY OF WYNNEWOOD, OKLAHOMA**  
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**Non-Major Governmental Funds Combining Balance Sheet (Modified Cash Basis) – June 30, 2021**

	<u>Capital Project Funds</u>		<b>Total Nonmajor Governmental Funds</b>
	<b>Cemetery Perpetual Care Fund</b>	<b>Capital Projects Fund</b>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 47,336	\$ 112,885	\$ 160,221
Investments	87,604	54,887	142,491
Due from other funds	3,688	-	3,688
Total assets	<u>\$ 138,628</u>	<u>\$ 167,772</u>	<u>\$ 306,400</u>
<b>FUND BALANCES</b>			
Fund balances:			
Restricted	138,628	\$ -	\$ 138,628
Assigned	-	167,772	167,772
Total fund balances	<u>\$ 138,628</u>	<u>\$ 167,772</u>	<u>\$ 306,400</u>

**Non-Major Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances – (Modified Cash Basis) – Year Ended June 30, 2021**

	<u>Capital Project Funds</u>		<b>Total Nonmajor Governmental Funds</b>
	<b>Cemetery Perpetual Care Fund</b>	<b>Capital Projects Fund</b>	
<b>REVENUES</b>			
Charges for services	\$ 3,688	\$ -	\$ 3,688
Interest	171	122	293
Miscellaneous	2,500	1,417	3,917
Total revenues	<u>6,359</u>	<u>1,539</u>	<u>7,898</u>
<b>EXPENDITURES</b>			
Current:			
Capital Outlay	-	40,106	40,106
Total expenditures	-	40,106	40,106
Revenues over (under) expenditures	<u>6,359</u>	<u>(38,567)</u>	<u>(32,208)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	135,000	135,000
Transfers out	-	(10,000)	(10,000)
Total other financing sources and uses	-	<u>125,000</u>	<u>125,000</u>
Net change in fund balances	6,359	86,433	92,792
Fund balances - beginning	132,269	81,339	213,608
Fund balances - ending	<u>\$ 138,628</u>	<u>\$ 167,772</u>	<u>\$ 306,400</u>

**CITY OF WYNNEWOOD, OKLAHOMA  
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**Schedule of Expenditures of Federal and State Awards (Modified Cash Basis)-Year Ended June 30, 2021**

Federal/State Grantor/Pass Thru Agency Grantor/Program Title	Federal CFDA Number	Pass Thru Grant #	Award Amount	Contract Expenditures
<b>FEDERAL AWARDS:</b>				
<u>U.S. DEPARTMENT OF TREASURY:</u>				
Passed Through Oklahoma Office of Management and Enterprise Services:	2102%	CARES Act	137,170	137,170
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Passed Through Oklahoma Department of Transportation Highway Planning and Construction	20.205	J/P 29544(06) US-77	651,322	482,379
Total Federal Awards			<u>\$ 788,492</u>	<u>\$ 619,549</u>
<b>STATE AWARDS:</b>				
<u>OKLAHOMA DEPARTMENT OF AGRICULTURE:</u>				
Forestry Services - Rural Fire Grant	N/A	N/A	\$ 4,826	\$ 4,826
<u>OKLAHOMA DEPARTMENT OF LIBRARIES:</u>				
State Aid Grant	N/A	N/A	2,677	2,677
<u>SOUTHERN OK DEVELOPMENT ASSOCIATION:</u>				
CENA Grant 2021	N/A	N/A	15,500	15,500
Total State Awards			<u>\$ 23,003</u>	<u>\$ 23,003</u>

**CITY OF WYNNEWOOD, OKLAHOMA  
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**INTERNAL CONTROL AND COMPLIANCE**





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*

Honorable Mayor and Members of the City Council  
City of Wynnewood, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the City of Wynnewood, Oklahoma as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Wynnewood, Oklahoma's basic financial statements, and have issued our report thereon dated December 23, 2021. 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.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of finding and management response as item 2021-01.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Wynnewood, Oklahoma'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 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.

*Elfrink and Associates, PLLC*

Elfrink and Associates, PLLC

Tulsa, Oklahoma

December 23, 2021

CITY OF WYNNEWOOD, OKLAHOMA  
FISCAL YEAR ENDED JUNE 30, 2021  
SCHEDULE OF FINDINGS AND RESPONSES

This schedule is presented as an addendum to accompany the *“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”*. Consideration of items listed should be made in conjunction with that report.

2021-01 – Utility Billing Rates

CONDITION: We systematically selected eight utility customers with service in December 2020 (Winter rates), eight with service in June 2021 (Summer rates), and five with service in September 2021 (after correction by staff) and recalculated their bill amount based on the applicable resolution that was in effect at the time, comparing our calculation to the amount calculated by the system.

For two of the eight customers with service in December 2020, the sewer usage was at the minimum level and agreed with the minimum charges per Resolution 865. The six remaining customers with sewer usage above the minimum were being charged \$0.65 per thousand gallons for usage over 2,000 gallons and less than 6,000 gallons instead of the rate per the resolution of \$1.25 per thousand gallons, resulting in underbilling.

The incorrect sewer variable rate billing continued for the June 2021 billing, however the sewer minimum charge increased from \$12.25 to \$15.00 although management could not provide a resolution that authorized the increase.

In September 2021, the sewer minimum rate continued to be \$15.00 instead of the \$12.25 per the resolution and the variable amount charged was 60% to 94% lower than the amount we calculated from the authorized rates.

CRITERIA: Resolution No 865 with utility rates effective February 1, 2019, specifies summer residential rates for sewer of \$12.25 for the first 2,000 gallons, \$1.25 per 1,000 gallons for usage between 2,000 and 6,000 gallons and \$0.65 per 1,000 gallons over 6,000. Winter rates are specified as a minimum charge of \$12.25 for the first 2,000 gallons, \$1.25 per 1,000 gallons thereafter. Resolution No. 888 increased the minimum summer and winter rates for water customers effective the first day of the billing cycle after May 10, 2021, however sewer rates were not changed.

EFFECT: The system rate table, as entered, is resulting in a systematic underbilling of variable sewer charges for all customers whose usage exceeds the minimum billing amount and an overbilling for the minimum sewer charge.

CAUSE: A software update performed by the software vendor resulted in incorrect multipliers in the system. Attempts by City staff to correct the multipliers were unsuccessful. The base minimum sewer rate change error is the result of conflicting data from the council meeting minutes vs. changes authorized by resolution 888.

RECOMMENDATION: The City should work with the software vendor to get all multipliers corrected and perform testing of the rates being charged to ensure that the rates being charged agree with the approved ordinance. The minimum sewer rate should be changed to \$12.25 unless a higher rate is authorized by resolution of the City Council. In the future, testing of any rate changes should be performed prior to printing and mailing the utility bills.

RESPONSE: Management is working with the software company to ensure that the correct rates are entered for billing and to test the December 2021 billing before mailing the utility bills. Also, management is going to ask the Council to credit all current sewer customers, with active accounts and with service during the period June 2021 to October 2021, \$13.75 for overages charged. This one-time credit of \$13.75 would be given on current customer’s February 2022 billing cycle if approved by Council.

**Update on prior year's findings that have been resolved:**

**2020-01 – Accounting Records**

CONDITION: The City did not maintain a general ledger (books of record) during the entire calendar year of 2019. Although City personnel were able to obtain bank statements from the bank, most supporting documents for disbursements and all cash receipt support were not available. This is continued from 2019.

UPDATE: The general ledger was complete for the fiscal year ended June 30, 2021, and the City was able to provide supporting documents for nearly all of our selections. This finding has been resolved.

**2020-02 – Court Records**

CONDITION: The status of the citations was not tracked in ODIS or the court management system in 2019. We were unable to verify the status of citations issued during the fiscal year ended June 30, 2020. This is continued from 2019.

UPDATE: The City was not able to locate two of the 15 citations selected for review and reported this was due to an officer who left employment prior to the implementation of increased internal control procedures. We consider this issue to be resolved.

**2020-03 – Segregation of Duties**

CONDITION: The City Clerk can print checks, sign checks, maintain custody of the mayor's signature stamp, and reconcile the bank statement. The City Clerk is the only person authorized to make payroll master file changes. There are no procedures to have payrolls reviewed for reasonableness by someone independent of the payroll process. This is continued from 2019.

UPDATE: Management reported that the signature stamp has been destroyed and that the mayor is now physically signing the checks after review of the supporting voucher packet. The mayor reported that she is now reviewing the bank statements and bank reconciliations monthly. We consider this issue to be resolved.

**2020-04 – Fidelity Bond**

CONDITION: The City did not have a fidelity bond in place during the year ended June 30, 2020, however, the City had obtained the required coverage as of our field work in July 2021. A fidelity bond is a form of insurance protection that covers policyholders for losses they incur because of fraudulent acts. This is continued from 2019.

UPDATE: We confirmed that a fidelity bond is in place for the City Clerk/Treasurer and the two office clerks who handle cash. We consider this issue to be resolved.

**2020-05 – Payroll Processes**

CONDITION: Of the eight timecards we reviewed, only two had the employee's signature on the card. In addition, the Form I-9, *Employment Eligibility Verification* on file for each employee was not completely filled out or signed by employees. This is continued from 2019.

UPDATE: Of the nine employees selected for review, 3 supporting timecards were signed by a supervisor but not the employee, one was a salaried employee with no signatures, and the remaining five were hourly employees with no signatures on the timecard. All nine employees had I9's on file but three of the I9's were only partially completed. Although we encourage the City's management to assure that all timecards are signed by the employee and review all I9's to assure that they are completed in full, we are removing this issue from the current year's finding.

**2020-06 – Bank Reconciliations**

CONDITION: The City did not prepare timely bank reconciliations during the year ended June 30, 2020. Bank reconciliations for June 30, 2020, included an unsupported balance for old outstanding checks for more than \$14,000. This is continued from 2019.

UPDATE: We noted that bank reconciliations were being prepared timely during the fiscal year and the outstanding check issue had been addressed. This finding has been resolved.