



City of
**WYNNEWOOD,
OKLAHOMA**



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

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

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

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

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

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ANNUAL FINANCIAL REPORT
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INDEPENDENT AUDITOR'S REPORT

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

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

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

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

Other Matters

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2024, 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

Tulsa, Oklahoma

January 2, 2024

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

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, 2023. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City's total net position increased by \$69,259 and the assets of the City exceed its liabilities for the year ended June 30, 2023, by \$8,824,569 (net position).
- For the fiscal year ended June 30, 2023, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$2,929,715 compared to \$2,802,723 in FY 2022, an increase of \$126,992 or 4.5%.
- For the year ended June 30, 2023, unassigned fund balance on a modified cash basis for the General Fund was \$570,014 or 49% of General Fund revenues.

ABOUT THE CITY

The City of Wynnewood is an incorporated municipality with a population of approximately 1,931 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 trust must be approved by two-thirds vote of the City Council. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trust within the City's financial reporting entity. The public trust does not issue separate annual financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of 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, and sanitation utilities 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.

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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, 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 25-39 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>2023</u> | <u>2022</u> | | <u>2023</u> | <u>2022</u> | | <u>2023</u> | <u>2022</u> | |
| Total assets | <u>4,618</u> | <u>4,647</u> | -1% | <u>8,497</u> | <u>8,640</u> | -2% | <u>13,115</u> | <u>13,287</u> | -1% |
| Total liabilities | <u>114</u> | <u>153</u> | -25% | <u>4,176</u> | <u>4,379</u> | -5% | <u>4,290</u> | <u>4,532</u> | -5% |
| Net position | | | | | | | | | |
| Net investment in capital assets | 1,574 | 1,840 | -14% | 3,301 | 3,245 | 2% | 4,875 | 5,085 | -4% |
| Restricted | 1,949 | 1,626 | 20% | 117 | 112 | 4% | 2,066 | 1,738 | 19% |
| Unrestricted | 981 | 1,028 | -5% | 903 | 904 | - | 1,884 | 1,932 | -2% |
| Total net position | <u>\$ 4,504</u> | <u>\$ 4,494</u> | - | <u>\$ 4,321</u> | <u>\$ 4,261</u> | 1% | <u>\$ 8,825</u> | <u>\$ 8,755</u> | 1% |

Explanations for significant changes listed below:

Governmental Activities:

Governmental activities total liabilities decreased approximately \$39,000 or 25% due primarily to principal payments made on the note payable to Welch State Bank.

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

| | Governmental Activities | | % Inc. (Dec.) | Business-Type Activities | | % Inc. (Dec.) | Total | | % Inc. (Dec.) |
|---|-------------------------|-----------------|---------------|--------------------------|-----------------|---------------|-----------------|-----------------|---------------|
| | 2023 | 2022 | | 2023 | 2022 | | 2023 | 2022 | |
| Revenues | | | | | | | | | |
| Charges for service | \$ 70 | \$ 84 | -17% | \$ 3,327 | \$ 3,126 | 6% | \$ 3,397 | \$ 3,210 | 6% |
| Grants and contributions | 61 | 77 | -21% | - | 78 | -100% | 61 | 155 | -61% |
| Taxes | 1,200 | 1,266 | -5% | - | - | - | 1,200 | 1,266 | -5% |
| Intergovernmental revenue | 228 | 229 | - | - | - | - | 228 | 229 | - |
| Investment income | 5 | 4 | 25% | 7 | 1 | 600% | 12 | 5 | 140% |
| Miscellaneous | 87 | 81 | 7% | 12 | 5 | 140% | 99 | 86 | 15% |
| Total revenues | 1,651 | 1,741 | -5% | 3,346 | 3,210 | 4% | 4,997 | 4,951 | 1% |
| Expenses | | | | | | | | | |
| General government | 440 | 409 | 8% | - | - | - | 440 | 409 | 8% |
| Public safety | 714 | 601 | 19% | - | - | - | 714 | 601 | 19% |
| Public works | 160 | 143 | 12% | - | - | - | 160 | 143 | 12% |
| Highways and streets | 323 | 344 | -6% | - | - | - | 323 | 344 | -6% |
| Culture and recreation | 247 | 116 | 113% | - | - | - | 247 | 116 | 113% |
| Electric | - | - | - | 1,836 | 1,861 | -1% | 1,836 | 1,861 | -1% |
| Water | - | - | - | 693 | 576 | 20% | 693 | 576 | 20% |
| Sewer | - | - | - | 263 | 251 | 5% | 263 | 251 | 5% |
| Sanitation | - | - | - | 247 | 241 | 2% | 247 | 241 | 2% |
| Interest charge - governmental activities | 4 | - | 100% | - | - | - | 4 | - | 100% |
| Total expenses | 1,888 | 1,613 | 17% | 3,039 | 2,929 | 4% | 4,927 | 4,542 | 8% |
| Excess (deficiency) before transfers | (237) | 128 | -285% | 307 | 281 | 9% | 70 | 409 | -83% |
| Transfers | 247 | (192) | -229% | (247) | 192 | -229% | - | - | - |
| Change in net position | 10 | (64) | -116% | 60 | 473 | -87% | 70 | 409 | -83% |
| Beginning net position | 4,494 | 4,558 | -1% | 4,261 | 3,788 | 12% | 8,755 | 8,346 | 5% |
| Ending net position | \$ 4,504 | \$ 4,494 | - | \$ 4,321 | \$ 4,261 | 1% | \$ 8,825 | \$ 8,755 | 1% |

Governmental Activities:

Culture and recreation expenses increased approximately \$131,000 or 113% due primarily to increases in salaries and wages for the library and swimming pool departments.

Business-type Activities:

Grants and Contributions decreased 100% due to the completion US-77 Utility Relocation Project, for which the City paid the expenses, but was later reimbursed by an ODOT grant for those expenses. The last of the reimbursement was received in FY 2022.

CITY OF WYNNEWOOD, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Governmental Activities

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

| | Total Expense of Services | | % Inc. (Dec.) | Net Revenue (Expense) of Services | |
|----------------------------|------------------------------|-----------------|------------------|---|-------------------|
| | 2023 | 2022 | | 2023 | 2022 |
| | General government | \$ 440 | | \$ 409 | 8% |
| Public safety | 714 | 601 | 19% | (699) | (590) |
| Public works | 160 | 143 | 12% | (159) | (143) |
| Highways and streets | 323 | 344 | -6% | (306) | (307) |
| Culture and recreation | 247 | 116 | 113% | (219) | (100) |
| Interest on long-term debt | 4 | - | 100% | (4) | - |
| Total | \$ 1,888 | \$ 1,613 | 17% | \$(1,757) | \$ (1,452) |

See explanations on previous page.

Business-type Activities

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

| | Total Expense of Services | | % Inc. Dec. | Net Revenue (Expense) of Services | |
|--------------|------------------------------|-----------------|----------------|---|---------------|
| | 2023 | 2022 | | 2023 | 2022 |
| | Electric | \$ 1,836 | | \$ 1,861 | -1% |
| Water | 693 | 576 | 20% | (262) | (154) |
| Sewer | 263 | 251 | 5% | (30) | 39 |
| Sanitation | 247 | 241 | 2% | 16 | 4 |
| Total | \$ 3,039 | \$ 2,929 | 4% | \$ 286 | \$ 275 |

See explanations on previous page.

**CITY OF WYNNEWOOD, OKLAHOMA
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A FINANCIAL ANALYSIS OF THE CITY’S FUNDS

As the City completed its 2023 fiscal year, the governmental funds reported a combined total fund balance of \$2,929,715. For the year ended June 30, 2023, the governmental fund’s total fund balance increased by \$126,992.

For the proprietary fund, the City reported an increase in net position for the Wynnewood City Utility Authority of \$58,811.

Budgetary Highlights

For the year ended June 30, 2023, the General Fund reported actual budgetary basis revenues under final estimates by \$143,954 or a 9% negative variance. General Fund actual expenditures were under final appropriations by \$181,095 or a 10% positive variance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the City had \$9,012,929 invested in capital assets, net of depreciation, including land, buildings, machinery and equipment, park facilities, electric, water, sewer and stormwater systems, roads and bridges. This represents a net decrease of \$302,521 from last year.

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

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|-------------------------------|--------------------------------|-----------------|---------------------------------|-----------------|-----------------|-----------------|
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> |
| Land | \$ 119 | \$ 119 | \$ 25 | \$ 25 | \$ 144 | \$ 144 |
| Buildings | 2,236 | 2,236 | 19 | 19 | 2,255 | 2,255 |
| Vehicles | 1,164 | 1,155 | 464 | 463 | 1,628 | 1,618 |
| Machinery and equipment | 1,126 | 1,119 | 674 | 672 | 1,800 | 1,791 |
| Infrastructure | 1,344 | 1,343 | 12,454 | 12,344 | 13,798 | 13,687 |
| Totals | 5,989 | 5,972 | 13,636 | 13,523 | 19,625 | 19,495 |
| Less Accumulated Depreciation | (4,302) | (4,132) | (6,310) | (6,048) | (10,612) | (10,180) |
| <i>Totals, Net</i> | \$ 1,687 | \$ 1,840 | \$ 7,326 | \$ 7,475 | \$ 9,013 | \$ 9,315 |

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

- Water Tower Improvements
- Purchase of (2) 250K BTU Hanging Heaters at Fire Station
- Purchase of High-Torque Root Cutter with Concave Blades for Sewer Dept.
- Remanufactured Transmission on 2010 Chevy C2500 for Street Dept.

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Long-term Debt

At year-end, the City had \$4,137,215 in long-term debt outstanding, reported on a modified cash basis, a \$241,462 decrease from the prior year.

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

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|---------------|------------------------------------|---------------|-------------------------------------|-----------------|-----------------|-----------------|
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> |
| Notes payable | \$ 112 | \$ 149 | \$ - | \$ - | \$ 112 | \$ 149 |
| Bonds payable | - | - | 4,025 | 4,230 | 4,025 | 4,230 |
| Totals | \$ 112 | \$ 149 | \$ 4,025 | \$ 4,230 | \$ 4,137 | \$ 4,379 |

ECONOMIC FACTORS AND NEXT YEAR’S ESTIMATES

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

- The FY 2024 budget is relatively consistent 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.

**CITY OF WYNNEWOOD, OKLAHOMA
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BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND ACTIVITIES

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

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

| | <u>Governmental</u> <u>Activities</u> | <u>Business-type</u> <u>Activities</u> | <u>Total</u> |
|---|--|---|---------------------|
| ASSETS | | | |
| Pooled cash and cash equivalents | \$ 2,066,105 | \$ 147,017 | \$ 2,213,122 |
| Investments | 865,721 | 730,895 | 1,596,616 |
| Restricted assets: | | | |
| Restricted cash and investments | - | 292,489 | 292,489 |
| Capital assets: | | | |
| Land and construction in progress | 119,160 | 25,000 | 144,160 |
| Other capital assets, net of depreciation | 1,567,419 | 7,301,350 | 8,868,769 |
| Total assets | <u>4,618,405</u> | <u>8,496,751</u> | <u>13,115,156</u> |
| LIABILITIES | | | |
| Due to depositors | - | 151,261 | 151,261 |
| Due to other governments | 2,111 | - | 2,111 |
| Long-term liabilities: | | | |
| Due within one year | 36,079 | 215,000 | 251,079 |
| Due in more than one year | 76,136 | 3,810,000 | 3,886,136 |
| Total liabilities | <u>114,326</u> | <u>4,176,261</u> | <u>4,290,587</u> |
| NET POSITION | | | |
| Net investment in capital assets | 1,574,364 | 3,301,350 | 4,875,714 |
| Restricted for: | | | |
| Debt service | - | 116,411 | 116,411 |
| Capital projects | 1,503,081 | - | 1,503,081 |
| Water purchases | 290,225 | - | 290,225 |
| Cemetery | 155,167 | - | 155,167 |
| Unrestricted | 981,242 | 902,729 | 1,883,971 |
| Total net position | <u>\$ 4,504,079</u> | <u>\$ 4,320,490</u> | <u>\$ 8,824,569</u> |

See accompanying notes to the basic financial statements.

CITY OF WYNNEWOOD, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Statement of Activities (Modified Cash Basis) – Year Ended June 30, 2023

| 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 |
| Primary government | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 439,918 | \$ 56,638 | \$ 13,640 | \$ - | \$ (369,640) | | \$ (369,640) |
| Public safety | 713,819 | 5,097 | 10,053 | - | (698,669) | | (698,669) |
| Public works | 159,617 | - | - | - | (159,617) | | (159,617) |
| Highways and streets | 323,112 | - | 17,325 | - | (305,787) | | (305,787) |
| Culture and recreation | 247,232 | 8,034 | 20,047 | - | (219,151) | | (219,151) |
| Interest on long-term debt | 3,951 | - | - | - | (3,951) | | (3,951) |
| Total governmental activities | <u>1,887,649</u> | <u>69,769</u> | <u>61,065</u> | <u>-</u> | <u>(1,756,815)</u> | | <u>(1,756,815)</u> |
| Business-type activities: | | | | | | | |
| Electric | 1,836,560 | 2,398,200 | - | - | | \$ 561,640 | 561,640 |
| Water | 693,616 | 431,831 | - | - | | (261,785) | (261,785) |
| Sewer | 262,819 | 233,074 | - | - | | (29,745) | (29,745) |
| Sanitation | 247,397 | 263,693 | - | - | | 16,296 | 16,296 |
| Total business-type activities | <u>3,040,392</u> | <u>3,326,798</u> | <u>-</u> | <u>-</u> | | <u>286,406</u> | <u>286,406</u> |
| Total primary government | <u>\$ 4,928,041</u> | <u>\$ 3,396,567</u> | <u>\$ 61,065</u> | <u>\$ -</u> | <u>(1,756,815)</u> | <u>286,406</u> | <u>(1,470,409)</u> |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Sales and use taxes | | | | | 1,181,061 | - | 1,181,061 |
| Franchise taxes and public service taxes | | | | | 18,819 | - | 18,819 |
| Intergovernmental revenue not restricted to specific programs | | | | | 228,131 | - | 228,131 |
| Unrestricted investment earnings | | | | | 5,312 | 6,824 | 12,136 |
| Miscellaneous income | | | | | 87,440 | 12,081 | 99,521 |
| Transfers | | | | | 246,500 | (246,500) | - |
| Total general revenues and transfers | | | | | <u>1,767,263</u> | <u>(227,595)</u> | <u>1,539,668</u> |
| Change in net position | | | | | 10,448 | 58,811 | 69,259 |
| Net position - beginning | | | | | 4,493,631 | 4,261,679 | 8,755,310 |
| Net position - ending | | | | | <u>\$ 4,504,079</u> | <u>\$ 4,320,490</u> | <u>\$ 8,824,569</u> |

See accompanying notes to the basic financial statements.

**CITY OF WYNNEWOOD, OKLAHOMA
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BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

CITY OF WYNNEWOOD, OKLAHOMA
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Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2023

| | <u>General Fund</u> | <u>AMCD Payment Fund</u> | <u>Street Improvement Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|-------------------------------------|---------------------|----------------------------------|--|---|---|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 189,528 | \$ 290,225 | \$ 1,457,575 | \$ 97,829 | \$ 2,035,157 |
| Cash - Police bond account | 30,948 | - | - | - | 30,948 |
| Investments | 676,661 | - | 45,506 | 143,554 | 865,721 |
| Due from other funds | 480 | - | - | 37 | 517 |
| Total assets | <u>\$ 897,617</u> | <u>\$ 290,225</u> | <u>\$ 1,503,081</u> | <u>\$ 241,420</u> | <u>\$ 2,932,343</u> |
| LIABILITIES | | | | | |
| Liabilities: | | | | | |
| Due to other funds | \$ 517 | \$ - | \$ - | \$ - | \$ 517 |
| Due to other governments | 2,111 | - | - | - | 2,111 |
| Total liabilities | <u>2,628</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,628</u> |
| FUND BALANCES | | | | | |
| Fund balances: | | | | | |
| Restricted | - | 290,225 | 1,503,081 | 155,167 | 1,948,473 |
| Assigned | 324,975 | - | - | 86,253 | 411,228 |
| Unassigned | 570,014 | - | - | - | 570,014 |
| Total fund balances | <u>894,989</u> | <u>290,225</u> | <u>1,503,081</u> | <u>241,420</u> | <u>2,929,715</u> |
| Total liabilities and fund balances | <u>\$ 897,617</u> | <u>\$ 290,225</u> | <u>\$ 1,503,081</u> | <u>\$ 241,420</u> | <u>\$ 2,932,343</u> |

See accompanying notes to the basic financial statements.

CITY OF WYNNEWOOD, OKLAHOMA
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Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances
(Modified Cash Basis) – Year Ended June 30, 2023

| | General Fund | AMCD Payment Fund | Street Improvement Fund | Other Governmental Funds | Total Governmental Funds |
|--|-------------------------|----------------------------------|--|---|---|
| REVENUES | | | | | |
| Taxes | \$ 715,326 | \$ 242,277 | \$ 242,277 | \$ - | \$ 1,199,880 |
| Intergovernmental | 289,196 | - | - | - | 289,196 |
| Licenses and permits | 3,124 | - | - | - | 3,124 |
| Charges for services | 34,639 | - | - | 37 | 34,676 |
| Fines and forfeitures | 31,969 | - | - | - | 31,969 |
| Interest | 2,909 | 194 | 1,245 | 964 | 5,312 |
| Miscellaneous | 79,040 | - | - | 8,400 | 87,440 |
| Total revenues | <u>1,156,203</u> | <u>242,471</u> | <u>243,522</u> | <u>9,401</u> | <u>1,651,597</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 417,450 | - | - | - | 417,450 |
| Public safety | 606,959 | - | - | - | 606,959 |
| Public works | - | 159,617 | - | - | 159,617 |
| Highway and streets | 264,789 | - | 1,864 | - | 266,653 |
| Culture and recreation | 223,565 | - | - | - | 223,565 |
| Capital Outlay | 81,833 | - | 13,276 | 1,752 | 96,861 |
| Total Expenditures | <u>1,594,596</u> | <u>159,617</u> | <u>15,140</u> | <u>1,752</u> | <u>1,771,105</u> |
| Revenues over (under) expenditures | <u>(438,393)</u> | <u>82,854</u> | <u>228,382</u> | <u>7,649</u> | <u>(119,508)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 346,500 | - | - | 2,544 | 349,044 |
| Transfers out | (2,544) | - | - | (100,000) | (102,544) |
| Total other financing sources and uses | <u>343,956</u> | <u>-</u> | <u>-</u> | <u>(97,456)</u> | <u>246,500</u> |
| Net change in fund balances | (94,437) | 82,854 | 228,382 | (89,807) | 126,992 |
| Fund balances - beginning | 989,426 | 207,371 | 1,274,699 | 331,227 | 2,802,723 |
| Fund balances - ending | <u>\$ 894,989</u> | <u>\$ 290,225</u> | <u>\$ 1,503,081</u> | <u>\$ 241,420</u> | <u>\$ 2,929,715</u> |

See accompanying notes to the basic financial statements.

**CITY OF WYNNEWOOD, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Reconciliations of Governmental Fund and Government-Wide Financial Statements (Modified Cash Basis) – Year Ended June 30, 2023

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

| | | |
|--|----|-----------|
| Total fund balance, governmental funds | \$ | 2,929,715 |
| 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. | | |
| | | 1,686,579 |
| Some liabilities, (such as Notes Payable and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. | | |
| | | (112,215) |
| Net Position of Governmental Activities in the Statement of Net Position | \$ | 4,504,079 |

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: | \$ | 126,992 |
| 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 | | 16,562 |
| Depreciation expense | | (169,568) |
| Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position: | | |
| Principal payments on long-term debt | | 36,462 |
| Change in net position of governmental activities | \$ | 10,448 |

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BASIC FINANCIAL STATEMENTS – PROPRIETARY FUND

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

| | Wynnewood City Utility Authority | | |
|---|---|--|--------------|
| | Operating Account | Capital Improvement Account | Total |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 144,549 | \$ 2,468 | \$ 147,017 |
| Investments | 354,612 | 376,283 | 730,895 |
| Restricted: | | | |
| Cash and cash equivalents | 198,489 | - | 198,489 |
| Total current assets | 697,650 | 378,751 | 1,076,401 |
| Non-current Assets: | | | |
| Restricted : | | | |
| Investments | 94,000 | - | 94,000 |
| Capital assets: | | | |
| Land, improvements and construction in progress | 25,000 | - | 25,000 |
| Other capital assets, net of accumulated depreciation | 7,301,350 | - | 7,301,350 |
| Total non-current assets | 7,420,350 | - | 7,420,350 |
| Total assets | 8,118,000 | 378,751 | 8,496,751 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Current portion of long-term obligations | 215,000 | - | 215,000 |
| Total current liabilities | 215,000 | - | 215,000 |
| Non-current liabilities: | | | |
| Deposits subject to refund | 151,261 | - | 151,261 |
| Revenue bonds payable, net of current portion | 3,810,000 | - | 3,810,000 |
| Total non-current liabilities | 3,961,261 | - | 3,961,261 |
| Total liabilities | 4,176,261 | - | 4,176,261 |
| NET POSITION | | | |
| Net investment in capital assets | 3,301,350 | - | 3,301,350 |
| Restricted: | | | |
| Debt service | 116,411 | - | 116,411 |
| Unrestricted | 523,978 | 378,751 | 902,729 |
| Total net position | \$ 3,941,739 | \$ 378,751 | \$ 4,320,490 |

See accompanying notes to the basic financial statements.

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

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

| | Wynnewood City Utility Authority | | |
|--|---|------------------------------------|--------------|
| | Operating Account | Capital Improvement Account | Total |
| OPERATING REVENUES | | | |
| Charges for services: | | | |
| Electric | \$ 2,360,445 | \$ - | \$ 2,360,445 |
| Water | 425,033 | - | 425,033 |
| Sewer | 229,405 | - | 229,405 |
| Sanitation | 259,542 | - | 259,542 |
| Other | 52,373 | - | 52,373 |
| Total operating revenues | 3,326,798 | - | 3,326,798 |
| OPERATING EXPENSES | | | |
| General and Administration | 345,389 | - | 345,389 |
| Electric | 1,576,279 | - | 1,576,279 |
| Water | 301,831 | - | 301,831 |
| Sewer | 169,811 | - | 169,811 |
| Sanitation | 211,342 | - | 211,342 |
| Depreciation and amortization | 261,829 | - | 261,829 |
| Total operating expenses | 2,866,481 | - | 2,866,481 |
| Operating income | 460,317 | - | 460,317 |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Investment income | 5,809 | 1,015 | 6,824 |
| Miscellaneous income | 12,081 | - | 12,081 |
| Interest expense and fees | (173,911) | - | (173,911) |
| Total non-operating revenues (expenses) | (156,021) | 1,015 | (155,006) |
| Income before transfers | 304,296 | 1,015 | 305,311 |
| Transfers in | 100,000 | - | 100,000 |
| Transfers out | (346,500) | - | (346,500) |
| Change in net position | 57,796 | 1,015 | 58,811 |
| Total net position - beginning | 3,883,943 | 377,736 | 4,261,679 |
| Total net position - ending | \$ 3,941,739 | \$ 378,751 | \$ 4,320,490 |

See accompanying notes to the basic financial statements.

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

| | Wynnewood City Utility Authority | | |
|---|----------------------------------|-----------------------------------|-------------------|
| | Operating Account | Capital Improvement Account | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$ 3,338,879 | \$ - | \$ 3,338,879 |
| Payments to suppliers and employees | (2,606,635) | - | (2,606,635) |
| Receipts of customer utility deposits | 20,070 | - | 20,070 |
| Refunds of customer utility deposits | (15,636) | - | (15,636) |
| Interfund receipts/payments | (43,702) | - | (43,702) |
| Net cash provided by operating activities | 692,976 | - | 692,976 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers from other funds | 100,000 | - | 100,000 |
| Transfers to other funds | (346,500) | - | (346,500) |
| Net cash provided by (used in) noncapital financing activities | (246,500) | - | (246,500) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Purchases of capital assets | (112,314) | - | (112,314) |
| Principal paid on debt | (205,000) | - | (205,000) |
| Interest and fiscal agent fees paid on debt | (173,911) | - | (173,911) |
| Net cash provided by (used in) capital and related financing activities | (491,225) | - | (491,225) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest and dividends | 5,809 | 1,015 | 6,824 |
| Sale (purchase) of investments | (1,343) | (1,014) | (2,357) |
| Net cash provided by investing activities | 4,466 | 1 | 4,467 |
| Net increase (decrease) in cash and cash equivalents | (40,283) | 1 | (40,282) |
| Balances - beginning of year | 383,321 | 2,467 | 385,788 |
| Balances - end of year | \$ 343,038 | \$ 2,468 | \$ 345,506 |
| Reconciliation to Statement of Net Position: | | | |
| Cash and cash equivalents | \$ 144,549 | 2,468 | 147,017 |
| Restricted cash and cash equivalents | 198,489 | - | 198,489 |
| Total cash and cash equivalents | \$ 343,038 | \$ 2,468 | \$ 345,506 |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | \$ 460,317 | \$ - | \$ 460,317 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation expense | 261,829 | - | 261,829 |
| Other non-operating revenues | 12,081 | - | 12,081 |
| Change in assets and liabilities: | | | |
| Due from (to) other funds | (43,702) | - | (43,702) |
| Due to other governments | (1,983) | - | (1,983) |
| Meter deposit liability | 4,434 | - | 4,434 |
| Net cash provided by operating activities | \$ 692,976 | \$ - | \$ 692,976 |

See accompanying notes to the basic financial statements.

**CITY OF WYNNEWOOD, OKLAHOMA
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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 provided 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
- The following internal accounts have been combined into the General Fund for the purposes of this report:

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- Public Library account – accounts for library grants and activities
 - Fire Department account – accounts for fire capital expenditures and equipment
 - Police account – accounts for police donations and police related items
 - PD Tech Fees account – accounts for the portion of court fines allocated for technology
-
- 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 Care Fund – accounts for 12 ½ percent of cemetery revenues from lot sales and interments where the principal is restricted to purchasing cemetery land or making cemetery capital improvements
- 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 include all demand and savings accounts, certificates of deposit, and any short-term investments with an original maturity of three months or less, and open-end government mutual funds. Investments consist of long-term certificates of deposits and are reported at cost.

D. Capital Assets 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. *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.
- b. *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.
- c. *Unrestricted Net Position* - All remaining net position that does not meet the definition of “restricted”.

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

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, 2023, the City recognized \$12,136 of investment income.

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

| Type | Credit Rating | Carrying Value |
|---|--------------------------|---------------------------|
| Deposits: | | |
| Demand deposits | | \$ 2,295,200 |
| Time deposits | | 1,690,616 |
| | | 3,985,816 |
| Investments: | | |
| Trustee money market accounts | AAAm | 116,411 |
| | | 116,411 |
| Total deposits and investments | | \$ 4,102,227 |
| Reconciliation to Statement of Net Position: | | |
| Cash and cash equivalents | | \$ 2,213,122 |
| Investments | | 1,596,616 |
| Restricted cash and investments | | 292,489 |
| | | \$ 4,102,227 |

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, 2023, 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, 2023 are as follows:

The restricted assets as of June 30, 2023 were as follows:

| | | |
|---|----|----------------|
| Utility Revenue Bonds, Refunding Series 2015: | | |
| Debt service account | \$ | 55,935 |
| Utility Revenue Bonds, Refunding Series 2017: | | |
| Debt service account | | 19,905 |
| Utility Revenue Bonds, Refunding Series 2018: | | |
| Debt service account | | 40,571 |
| Accounts not held at trustee bank: | | |
| Meter deposit funds | | 82,078 |
| Total restricted assets | \$ | <u>198,489</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 street 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. The street sales tax ordinance will expire in June 2025.

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.

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5. Capital Assets and Depreciation

For the year ended June 30, 2023, capital asset balances changed as follows:

| | Balance at July 1, 2022 | Additions | Disposals | Balance at June 30, 2023 |
|---|----------------------------|---------------------|-------------|-----------------------------|
| <i>Governmental activities:</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 119,160 | \$ - | \$ - | \$ 119,160 |
| Total capital assets not being depreciated | 119,160 | - | - | 119,160 |
| Other capital assets: | | | | |
| Buildings | 2,235,497 | - | - | 2,235,497 |
| Machinery and equipment | 1,118,514 | 7,648 | - | 1,126,162 |
| Vehicles | 1,155,376 | 8,914 | - | 1,164,290 |
| Infrastructure | 1,343,411 | - | - | 1,343,411 |
| Total other capital assets at historical cost | 5,852,798 | 16,562 | - | 5,869,360 |
| Less accumulated depreciation for: | | | | |
| Buildings | 1,489,137 | 34,691 | - | 1,523,828 |
| Machinery and equipment | 923,153 | 30,670 | - | 953,823 |
| Vehicles | 879,226 | 62,551 | - | 941,777 |
| Infrastructure | 840,857 | 41,656 | - | 882,513 |
| Total accumulated depreciation | 4,132,373 | 169,568 | - | 4,301,941 |
| Other capital assets, net | 1,720,425 | (153,006) | - | 1,567,419 |
| Governmental activities capital assets, net | <u>\$ 1,839,585</u> | <u>\$ (153,006)</u> | <u>\$ -</u> | <u>\$ 1,686,579</u> |
| <i>Business-type activities:</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 25,000 | \$ - | \$ - | \$ 25,000 |
| Construction in progress | - | - | - | - |
| Total capital assets not being depreciated | 25,000 | - | - | 25,000 |
| Other capital assets: | | | | |
| Buildings | 19,300 | - | - | 19,300 |
| Machinery and equipment | 671,505 | 2,669 | - | 674,174 |
| Vehicles | 463,424 | - | - | 463,424 |
| Infrastructure | 12,344,327 | 109,645 | - | 12,453,972 |
| Total other capital assets at historical cost | 13,498,556 | 112,314 | - | 13,610,870 |
| Less accumulated depreciation for: | | | | |
| Buildings | 13,171 | 322 | - | 13,493 |
| Machinery and equipment | 573,468 | 12,725 | - | 586,193 |
| Vehicles | 429,220 | 13,262 | - | 442,482 |
| Infrastructure | 5,031,832 | 235,520 | - | 5,267,352 |
| Total accumulated depreciation | 6,047,691 | 261,829 | - | 6,309,520 |
| Other capital assets, net | 7,450,865 | (149,515) | - | 7,301,350 |
| Business-type activities capital assets, net | <u>\$ 7,475,865</u> | <u>\$ (149,515)</u> | <u>\$ -</u> | <u>\$ 7,326,350</u> |

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:

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| Governmental Activities: | | Business-Type Activities: | |
|--------------------------|-------------------|---------------------------|-------------------|
| General Government | \$ 22,125 | Electric | \$ 11,300 |
| Public Safety | 77,091 | Water | 173,041 |
| Street | 52,097 | Sewer | 68,810 |
| Parks and Recreation | 18,255 | Sanitation | 8,678 |
| | <u>\$ 169,568</u> | | <u>\$ 261,829</u> |

6. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2023, the reporting entity's long-term debt changed as follows:

| <u>Type of Debt</u> | <u>Balance July 01, 2022</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2023</u> | <u>Due Within One Year</u> |
|----------------------------------|----------------------------------|------------------|-------------------|----------------------------------|--------------------------------|
| Governmental Activities: | | | | | |
| Notes payable | \$ 148,677 | \$ - | \$ 36,462 | \$ 112,215 | \$ 36,079 |
| Total Governmental Activities | <u>\$ 148,677</u> | <u>\$ -</u> | <u>\$ 36,462</u> | <u>\$ 112,215</u> | <u>\$ 36,079</u> |
| Business-Type Activities: | | | | | |
| WCUA Revenue Bonds, Series 2015 | \$ 2,705,000 | - | \$ 105,000 | \$ 2,600,000 | \$ 110,000 |
| WCUA Revenue Bonds, Series 2017 | 925,000 | - | 35,000 | 890,000 | 40,000 |
| WCUA Revenue Bonds, Series 2018 | 600,000 | - | 65,000 | 535,000 | 65,000 |
| Total Business-Type Activities | <u>\$ 4,230,000</u> | <u>\$ -</u> | <u>\$ 205,000</u> | <u>\$ 4,025,000</u> | <u>\$ 215,000</u> |
| Total Long-Term Debt | <u>\$ 4,378,677</u> | <u>\$ -</u> | <u>\$ 241,462</u> | <u>\$ 4,137,215</u> | <u>\$ 251,079</u> |

Governmental Activities:

At June 30, 2023, the governmental long-term debt of the financial reporting entity consisted of the following:

Notes Payable-Direct Placement:

\$148,677 note payable for the purchase of (4) 2022 Chevrolet Tahoes with Police Package, payable in annual installments of \$40,413 with an annual interest rate of 3.84%, final payment due December 31, 2025. The vehicles are collateral for the note.

| | |
|---------------------|-------------------|
| | <u>\$ 112,215</u> |
| Total Notes Payable | <u>\$ 112,215</u> |
| Current portion | \$ 36,079 |
| Non-current portion | 76,136 |
| Total Notes Payable | <u>\$ 112,215</u> |

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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, 2023, 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. \$ 2,600,000

\$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. 890,000

\$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. 535,000

Total revenue bonds payable-direct borrowings/placements \$ 4,025,000

| | |
|---------------------|---------------------|
| Current portion | \$ 215,000 |
| Non-current portion | <u>3,810,000</u> |
| | <u>\$ 4,025,000</u> |

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Payment Requirements to Maturity:

| Year Ending June 30, | Governmental Activities | | Business Type Activities | |
|----------------------|--|----------|--|--------------|
| | Notes Payable-Direct Borrowings/Placements | | Revenue bonds payable-direct borrowings/placements | |
| | Principal | Interest | Principal | Interest |
| 2024 | 36,079 | 4,334 | 215,000 | 167,908 |
| 2025 | 37,462 | 2,951 | 225,000 | 159,928 |
| 2026 | 38,674 | 1,500 | 235,000 | 151,563 |
| 2027 | - | - | 240,000 | 142,453 |
| 2028 | - | - | 250,000 | 133,040 |
| 2029-2033 | - | - | 1,130,000 | 510,060 |
| 2034-2038 | - | - | 1,180,000 | 277,140 |
| 2039-2040 | - | - | 550,000 | 36,108 |
| Totals | \$ 112,215 | \$ 8,785 | \$ 4,025,000 | \$ 1,578,200 |

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 \$5,603,200. Pledged net electric, water, and sewer revenues were \$966,962. Debt service payments of \$378,910 for the current fiscal year were 39.2% 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 | \$ - | \$ 290,225 | \$ - | \$ - | \$ 290,225 |
| Cemetery | - | - | - | 155,167 | 155,167 |
| Capital projects | - | - | 1,503,081 | - | 1,503,081 |
| Sub-total restricted | - | 290,225 | 1,503,081 | 155,167 | 1,948,473 |
| Assigned for: | | | | | |
| Library | 33,348 | - | - | - | 33,348 |
| Fire | 87,564 | - | - | - | 87,564 |
| Police | 15,546 | - | - | - | 15,546 |
| Cemetery | - | - | - | 728 | 728 |
| Capital projects | - | - | - | 85,525 | 85,525 |
| Tech Fees | 9,051 | - | - | - | 9,051 |
| Subsequent year's budget | 179,466 | - | - | - | 179,466 |
| Sub-total assigned | 324,975 | - | - | 86,253 | 411,228 |
| Unassigned | 570,014 | - | - | - | 570,014 |
| Total Fund Balance | \$ 894,989 | \$ 290,225 | \$ 1,503,081 | \$ 241,420 | \$ 2,929,715 |

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Enterprise Funds:

| | | |
|------------------------------------|----|---------|
| Restricted for Debt Service | \$ | 116,411 |
| Total Enterprise Fund Restrictions | \$ | 116,411 |

8. Internal and Interfund Balances and Transfers

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

| Due From | Due To | Amount | Nature of Balance |
|--------------|--------------|--------|--------------------|
| General Fund | Cemetery | 37 | Cemetery lot sales |
| General Fund | PD Tech Fees | 480 | Court fines |
| Total | | \$ 517 | |

Reconciliation to Fund Financial Statements:

| | Due From | Due To | Net Internal Balances |
|--------------------|----------|----------|-----------------------|
| Governmental Funds | \$ 517 | \$ (517) | \$ - |
| Proprietary Funds | - | - | - |
| Total | \$ 517 | \$ (517) | \$ - |

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

| Transfer From | Transfer To | Amount | Purpose of Transfer |
|-----------------------------|--------------------|------------|---------------------|
| Capital Improvement Reserve | WCUA Operating | \$ 100,000 | Operating transfer |
| WCUA Operating | GF | 346,500 | Operating transfer |
| GF | Cemetery Care Fund | 2,544 | Cemetery transfer |
| Total | | \$ 449,044 | |

Reconciliation to Fund Financial Statements:

| | Transfers In | Transfers Out | Net Transfers |
|--------------------|--------------|---------------|---------------|
| Governmental Funds | \$ 349,044 | \$ (102,544) | \$ 246,500 |
| Proprietary Funds | 100,000 | (346,500) | (246,500) |
| | \$ 449,044 | \$ (449,044) | \$ - |

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, 2023 was \$2,165. 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 full-time or volunteer firefighters.

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

OFPRS
4545 N. Lincoln Blvd., Suite 265
Oklahoma City, OK 73105-3414

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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, 2021 | \$ 1,140 | \$ 1,260 |
| June 30, 2022 | \$ 1,200 | \$ 1,200 |
| June 30, 2023 | \$ 1,320 | \$ 1,320 |

City of Wynnewood Deferred Compensation Plans - 457(b) and 401(a)

The City has provided effective July 1, 2016, two deferred compensation plans known as the City of Wynnewood 457(b) Retirement Plan (“457”) and the City of Wynnewood 401(a) Retirement Plan (“401”). Both plans are administered by the City and the plan assets are supervised by TriStar Pension Consulting. The defined contribution plans are available to all full-time employees. Employees may begin contributing to the 457 the first day of the next month following one year of employment and will be fully vested immediately. For each calendar year, the City will contribute to the 401 a matching contribution for each employee equal to the employee’s salary reduction contributions to the 457, up to a limit of 6% of the employee’s compensation for the calendar year. The authority to establish and amend the provisions of the 457 and 401 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, 2023 is \$23,021 for governmental activities and \$16,093 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.

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SUPPLEMENTAL AND OTHER INFORMATION

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

| | <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> |
| Beginning Budgetary Fund Balance | \$ 1,033,455 | \$ 1,033,455 | \$ 989,426 | \$ (44,029) |
| Resources (Inflows) | | | | |
| Taxes | 847,000 | 730,000 | 715,326 | (14,674) |
| Intergovernmental | 78,300 | 286,507 | 289,196 | 2,689 |
| Fines and forfeitures | 60,800 | 60,800 | 31,969 | (28,831) |
| Charges for services | 1,600 | 1,600 | 34,639 | 33,039 |
| Licenses and permits | 3,500 | 3,500 | 3,124 | (376) |
| Interest | 450 | 450 | 2,909 | 2,459 |
| Miscellaneous | 101,800 | 101,800 | 79,040 | (22,760) |
| Transfers in | 462,000 | 462,000 | 346,500 | (115,500) |
| Total Resources | <u>1,555,450</u> | <u>1,646,657</u> | <u>1,502,703</u> | <u>(143,954)</u> |
| Amounts Available for Appropriation | <u>2,588,905</u> | <u>2,680,112</u> | <u>2,492,129</u> | <u>(187,983)</u> |
| Charges to Appropriations (Outflows) | | | | |
| General government | 484,091 | 487,358 | 417,793 | 69,565 |
| Public safety | 773,035 | 783,635 | 684,790 | 98,845 |
| Highways and streets | 257,388 | 269,788 | 264,789 | 4,999 |
| Culture and recreation | 215,154 | 230,154 | 227,224 | 2,930 |
| Transfers out | 7,300 | 7,300 | 2,544 | 4,756 |
| Total Charges to Appropriations | <u>1,736,968</u> | <u>1,778,235</u> | <u>1,597,140</u> | <u>181,095</u> |
| Fund balances - ending | <u>\$ 851,937</u> | <u>\$ 901,877</u> | <u>\$ 894,989</u> | <u>\$ (6,888)</u> |

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

| | <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> |
| Beginning Budgetary Fund Balance | \$ 187,252 | \$ 187,252 | \$ 207,371 | \$ 20,119 |
| Resources (Inflows) | | | | |
| Taxes | 250,000 | 250,000 | 242,277 | (7,723) |
| Interest | 600 | 600 | 194 | (406) |
| Total Resources | <u>250,600</u> | <u>250,600</u> | <u>242,471</u> | <u>(8,129)</u> |
| Amounts Available for Appropriation | <u>437,852</u> | <u>437,852</u> | <u>449,842</u> | <u>11,990</u> |
| Charges to Appropriations (Outflows) | | | | |
| Public Works | 150,000 | 160,000 | 159,617 | 383 |
| Total Charges to Appropriations | <u>150,000</u> | <u>160,000</u> | <u>159,617</u> | <u>383</u> |
| Fund balances - ending | <u>\$ 287,852</u> | <u>\$ 277,852</u> | <u>\$ 290,225</u> | <u>\$ 12,373</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.

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Combining Balance Sheet – General Fund Accounts (Modified Cash Basis) – June 30, 2023

| | <u>General Account</u> | <u>Public Library Account</u> | <u>Fire Dept. Account</u> | <u>Police Account</u> | <u>PD Tech Fees Account</u> | <u>Total General Fund</u> |
|-------------------------------------|----------------------------|---------------------------------------|-------------------------------|---------------------------|-------------------------------------|-------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 82,887 | \$ 30,373 | \$ 52,151 | \$ 15,546 | \$ 8,571 | \$ 189,528 |
| Cash - police bond account | 30,948 | - | - | - | - | 30,948 |
| Investments | 638,273 | 2,975 | 35,413 | - | - | 676,661 |
| Due from other funds | - | - | - | - | 480 | 480 |
| Total assets | <u>\$ 752,108</u> | <u>\$ 33,348</u> | <u>\$ 87,564</u> | <u>\$ 15,546</u> | <u>\$ 9,051</u> | <u>\$ 897,617</u> |
| LIABILITIES | | | | | | |
| Due to other funds | \$ 517 | \$ - | \$ - | \$ - | \$ - | \$ 517 |
| Due to other governments | 2,111 | - | - | - | - | 2,111 |
| Total liabilities | <u>2,628</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,628</u> |
| FUND BALANCES | | | | | | |
| Assigned | 179,466 | 33,348 | 87,564 | 15,546 | 9,051 | 324,975 |
| Unassigned | 570,014 | - | - | - | - | 570,014 |
| Total fund balances | <u>749,480</u> | <u>33,348</u> | <u>87,564</u> | <u>15,546</u> | <u>9,051</u> | <u>894,989</u> |
| Total liabilities and fund balances | <u>\$ 752,108</u> | <u>\$ 33,348</u> | <u>\$ 87,564</u> | <u>\$ 15,546</u> | <u>\$ 9,051</u> | <u>\$ 897,617</u> |

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – General Fund Accounts (Modified Cash Basis) – June 30, 2023

| | <u>General Account</u> | <u>Public Library Account</u> | <u>Fire Dept. Account</u> | <u>Police Account</u> | <u>PD Tech Fees Account</u> | <u>Total General Fund</u> |
|--|----------------------------|---------------------------------------|-------------------------------|---------------------------|-------------------------------------|-------------------------------|
| REVENUES | | | | | | |
| Taxes | \$ 715,326 | \$ - | \$ - | \$ - | \$ - | \$ 715,326 |
| Intergovernmental | 259,096 | 20,047 | 10,053 | - | - | 289,196 |
| Licenses and permits | 3,124 | - | - | - | - | 3,124 |
| Charges for services | 29,542 | - | - | - | 5,097 | 34,639 |
| Fines and forfeitures | 31,954 | 15 | - | - | - | 31,969 |
| Interest | 2,628 | 32 | 242 | 7 | - | 2,909 |
| Miscellaneous | 67,514 | 5,364 | 650 | 5,512 | - | 79,040 |
| Total revenues | <u>1,109,184</u> | <u>25,458</u> | <u>10,945</u> | <u>5,519</u> | <u>5,097</u> | <u>1,156,203</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 417,450 | - | - | - | - | 417,450 |
| Public safety | 604,086 | - | 1,620 | 520 | 733 | 606,959 |
| Highways and streets | 264,789 | - | - | - | - | 264,789 |
| Cultural and recreation | 209,891 | 13,674 | - | - | - | 223,565 |
| Capital Outlay | 81,636 | 197 | - | - | - | 81,833 |
| Total expenditures | <u>1,577,852</u> | <u>13,871</u> | <u>1,620</u> | <u>520</u> | <u>733</u> | <u>1,594,596</u> |
| Revenues over (under) expenditures | <u>(468,668)</u> | <u>11,587</u> | <u>9,325</u> | <u>4,999</u> | <u>4,364</u> | <u>(438,393)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 346,500 | - | - | - | - | 346,500 |
| Transfers out | (2,544) | - | - | - | - | (2,544) |
| Total other financing sources and uses | <u>343,956</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>343,956</u> |
| Net change in fund balances | (124,712) | 11,587 | 9,325 | 4,999 | 4,364 | (94,437) |
| Fund balances - beginning | 874,192 | 21,761 | 78,239 | 10,547 | 4,687 | 989,426 |
| Fund balances - ending | <u>\$ 749,480</u> | <u>\$ 33,348</u> | <u>\$ 87,564</u> | <u>\$ 15,546</u> | <u>\$ 9,051</u> | <u>\$ 894,989</u> |

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

Non-Major Governmental Funds Combining Balance Sheet (Modified Cash Basis) – June 30, 2023

| | <u>Capital Project Funds</u> | | Total Nonmajor Governmental Funds |
|-------------------------------------|-------------------------------|--------------------------------------|--|
| | <u>Cemetery Care Fund</u> | <u>Capital Projects Fund</u> | |
| ASSETS | | | |
| Cash and cash equivalents | \$ 67,601 | \$ 30,228 | \$ 97,829 |
| Investments | 88,257 | 55,297 | 143,554 |
| Due from other funds | 37 | - | 37 |
| Total assets | <u>\$ 155,895</u> | <u>\$ 85,525</u> | <u>\$ 241,420</u> |
| FUND BALANCES | | | |
| Fund balances: | | | |
| Restricted | 155,167 | - | 155,167 |
| Assigned | 728 | 85,525 | 86,253 |
| Total fund balances | <u>155,895</u> | <u>85,525</u> | <u>241,420</u> |
| Total liabilities and fund balances | <u>\$ 155,895</u> | <u>\$ 85,525</u> | <u>\$ 241,420</u> |

Non-Major Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances – (Modified Cash Basis) – Year Ended June 30, 2023

| | <u>Capital Project Funds</u> | | Total Nonmajor Governmental Funds |
|--|-------------------------------|--------------------------------------|--|
| | <u>Cemetery Care Fund</u> | <u>Capital Projects Fund</u> | |
| REVENUES | | | |
| Charges for services | \$ 37 | \$ - | \$ 37 |
| Interest | 554 | 410 | 964 |
| Miscellaneous | 8,400 | - | 8,400 |
| Total revenues | <u>8,991</u> | <u>410</u> | <u>9,401</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Capital Outlay | - | 1,752 | 1,752 |
| Total expenditures | <u>-</u> | <u>1,752</u> | <u>1,752</u> |
| Revenues over (under) expenditures | <u>8,991</u> | <u>(1,342)</u> | <u>7,649</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 2,544 | - | 2,544 |
| Transfers out | - | (100,000) | (100,000) |
| Total other financing sources and uses | <u>2,544</u> | <u>(100,000)</u> | <u>(97,456)</u> |
| Net change in fund balances | 11,535 | (101,342) | (89,807) |
| Fund balances - beginning | 144,360 | 186,867 | 331,227 |
| Fund balances - ending | <u>\$ 155,895</u> | <u>\$ 85,525</u> | <u>\$ 241,420</u> |

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

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

| Federal/State Grantor/Pass Thru Agency Grantor/Program Title | Federal AL Number | Pass Thru Grant # | Award Amount | Contract Expenditures |
|---|-------------------------|----------------------|------------------|--------------------------|
| FEDERAL AWARDS: | | | | |
| <u>U.S. DEPARTMENT OF LIBRARY SERVICES AND TECHNOLOGY:</u> | | | | |
| Passed Through Oklahoma Department of Libraries: | | | | |
| ARPA Targeted Grants to Libraries (FY22) | 45.310 | Grants 415-21 A | 1,000 | 1,000 |
| <u>U.S. DEPARTMENT OF LABOR:</u> | | | | |
| Passed through Oklahoma Department of Libraries: | | | | |
| Adult Online High School Grant | 17.258 | F-23-193 | 10,100 | 7,730 |
| Total Federal Awards | | | <u>\$ 11,100</u> | <u>\$ 8,730</u> |
| Note 1. Basis of Presentation | | | | |
| The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Wynnewood, Oklahoma (the "City") under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City. | | | | |
| Note 2. Summary of Significant Accounting Policies | | | | |
| Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. | | | | |
| Note 3. Indirect Cost Rate | | | | |
| The City has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. | | | | |
| STATE AWARDS: | | | | |
| <u>OKLAHOMA DEPARTMENT OF AGRICULTURE:</u> | | | | |
| Forestry Services - Rural Fire Grant | N/A | N/A | \$ 10,053 | \$ 10,053 |
| <u>OKLAHOMA DEPARTMENT OF LIBRARIES:</u> | | | | |
| State Aid Grant | N/A | N/A | 2,694 | 2,694 |
| <u>SOUTHERN OK DEVELOPMENT ASSOCIATION:</u> | | | | |
| CENA Grant 2023 | N/A | N/A | 11,500 | 11,500 |
| Total State Awards | | | <u>\$ 24,247</u> | <u>\$ 24,247</u> |

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

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, 2023, 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 January 2, 2024. 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 2023-01.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, described in the schedule of finding and management response as item 2023-01.



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

January 2, 2024

CITY OF WYNNEWOOD, OKLAHOMA

FISCAL YEAR ENDED JUNE 30, 2023

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.

2023-01 – Utility Billing

CONDITION: We noted that during the fiscal year, the utility account for a member of management with direct oversight of the utility billing function was allowed to go several months with no payments without being included in the utility cutoff procedures. It appeared that the account had been paid in full in June, 2023, however.

CRITERIA: Per City Code, utility invoices are generated at the end of the month. The customer has until the 15th of the following month to make payment. If not paid, a late penalty of 5% is assessed. If not paid by the 25th, a cutoff notice is placed on their door and service is cut off. The City charges a reinstatement fee of \$100 for accounts that are cut off for non-payment.

EFFECT: A permissive policy of selective enforcement of cutoff procedures may be communicated by example to responsible office employees. Fraud, waste, or abuse could occur.

CAUSE: May be an indication of improper training of employees.

RECOMMENDATION: Utility cut off procedures should be enforced evenly for all city residents. Consider a review by someone independent of the billing function to assure that cutoff procedures are consistently applied.

RESPONSE: The City will provide training with regard to cutoff procedures including accounts of customers who are also employees.

Update on prior year’s findings that have been resolved:

2022-01 – Citations

CONDITION: Numerous gaps were noted in citation sequences that could not be explained. No sign out procedures are in place for the citation books making it difficult to identify the responsible officer for a missing ticket sequence.

CRITERIA: Management should track citation sequences to ensure that all tickets are returned and either a court date is set or the ticket is voided for a valid reason.

EFFECT: A citation could be lost or inappropriately voided. Citation revenue may not be properly collected and recorded. Fraud, abuse, or waste could occur and be unidentified.

CAUSE: There are no sign out procedures for citation books and management is not tracking the citation sequences to assure that all have been properly accounted for.

RECOMMENDATION: The City should develop internal control procedures to assure that all citations are properly accounted for and a court date is set or the citation is appropriately voided and all copies are retained. These procedures should include:

- Unused citation books should be retained in a locked location. An inventory of the unused books should be maintained.
- A sign out log should be maintained such that only one officer is responsible for each citation book.
- At least monthly, the court clerk should review the citation sequences in the court docket and/or software and follow up on any missing citations with the responsible officer.

UPDATE: We randomly selected ten citations for review and noted no exceptions.