# CITY OF KINGFISHER, OKLAHOMA

# ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

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

# THE CITY OF KINGFISHER, OKLAHOMA

# ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

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

# THIS PAGE INTENTIONALLY LEFT BLANK

# **TABLE OF CONTENTS**

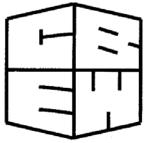
Independent Auditor's Report on Financial Statements	<b>Page</b> 5-6
Required Supplementary Information:	
Management's Discussion and Analysis	7-16
The Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	. 18
Statement of Activities	19
Governmental Funds Financial Statements:	
Balance Sheet	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	. 22
Reconciliation of Governmental Funds and Government-Wide Financial Statements 2	
Proprietary Funds Financial Statements:	
Statement of Net Position	26
Statement of Revenues, Expenses, and Changes in Net Position	
Statement of Cash Flows	28
Footnotes to the Basic Financial Statements	29-63
Required Supplementary Information:	
Budgetary Comparison Information	
Budgetary Comparison Schedule (Budgetary Basis) – General Fund	65
Footnotes to Budgetary Comparison Schedules	66
Schedules of Required Supplementary Information – Oklahoma Firefighter's Pens	ion &
Retirement System	
Schedules of Required Supplementary Information – Oklahoma Police Pension & Reti- System	rement 68
Schedules of Required Supplementary Information – Oklahoma Public Employee's Pens	
Retirement System.	
Schedules of Required Supplementary Information – Oklahoma Public Employee S	
OPEB	•

# **Other Supplementary Information:**

General Fund Accounts Combining Schedules	
Combining Balance Sheet	72
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance	73

# **TABLE OF CONTENTS**

Nonmajor Governmental Combining Statements Combining Balance Sheet	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	
Proprietary Funds Combining Statements	
Combining Balance Sheet	75
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	. 76
State Awards Information	
Schedule of Expenditures of State Awards	77
Footnotes to Schedule of Expenditures of State Awards	77
Single Audit and Internal Control and Compliance Information:	
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	79-80
Independent Auditor's Report on Compliance for Each Major Program and on Internal Contol over Compliance Required by the Uniform Guidance	81-82
Schedule of Expenditures of Federal Awards	. 83
Schedule of Finding and Response	. 84
Schedule of Prior Year Audit Findings	85



# **CBEW Professional Group, LLP**

Certified Public Accountants P.O. Box 790 Cushing, OK 74023 918-225-4216 FAX 918-225-4315

Charles E. Crooks, Jr., CPA - Trisha J. Rieman, CPA - Gabrielle Conchola, CPA

# INDEPENDENT AUDITOR'S REPORT

February 25, 2022

Honorable Board of City Commissioners City of Kingfisher Kingfisher, Oklahoma

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kingfisher, Oklahoma, (City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Members of American Institute and Oklahoma Society of CPA's Serving Our Clients Since 1960

#### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Kingfisher, Oklahoma, as of June 30, 2021, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### Other Matters

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension exhibits and budgetary comparison information and related notes on pages 7 – 16 and 65 – 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

#### Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

CBEW Professional Group, LLP

CBEW Professional Group, LLP Certified Public Accountants MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Kingfisher's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the City's financial statements, which follow this section.

# FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2021, the City's total net position decreased by \$1.2 million or 3% from the prior year.
- During the year, the City's expenses for governmental activities were \$7.9 million and were funded by program revenues of \$2.6 million and further funded with taxes and other general revenues and transfers that totaled \$4.9 million.
- In the City's business-type activities, such as utilities, program revenues were under expenses by \$1.2 million.
- For budgetary reporting purposes, the General Fund reported revenues under estimates by \$244,264 or 3%, while expenditures were under the final appropriations by \$376,055 or 5%.

# **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the City of Kingfisher (the "City") and its component units using the integrated approach as prescribed by GASB Statements No. 14, 34, 39, and 61. Included in this report are government-wide statements for each of two categories of activities – governmental and business-type, including four active blended component units.

The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets) and deferred outflows, as well as all liabilities (including all long-term debt) and deferred inflows.

#### About the City

The City of Kingfisher is an incorporated municipality with a population of approximately 4,633 located in northwestern Oklahoma. The City is a Council/Manager form of government and operates under a home-rule charter that provides for three branches of government:

- Legislative the City Commission is a five-member governing body with the mayor and four commissioners elected by the citizens at large
- Executive the City Manager is the Chief Executive Officer and appointed by the City Council
- Judicial the Municipal Judge is a practicing attorney appointed by the City Commissioners

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation, airport, and 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 Kingfisher City Council is fiscally responsible. 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 primary government (City of Kingfisher) and the blended component units as follows.

- The City of Kingfisher that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities
- The Kingfisher Airport Authority that operates and manages the Kingfisher Municipal Airport.
- The City of Kingfisher Public Works Authority that operates the electric, water, sewer, and sanitation services of the City
- The Kingfisher Special Projects Authority that promotes, develops and secures industrial development within the City
- The Kingfisher Recreation Authority that operates the swimming pool facility of the City and oversees the management of the municipal golf course of the City
- The Kingfisher Hospital Authority sole purpose is to finance the Kingfisher Regional Hospital with the 1% sales tax through 2032. This Authority was formed in May 2007 and had no financial activity in the current year, since the City transfers the 1% sales tax directly to the Hospital.

All four active component units (Authorities) have the City Commissioners as their governing body (trustees) and the City is able to impose its will on the Authorities through required approval of all debt obligations issued by these entities.

#### Using This Annual Report

This annual report is presented in a format that complies with the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein at two distinct levels:

- The City as a Whole (a government-wide presentation)
- The City's Funds (a presentation of the City's major and aggregate non-major funds)

The City's various government-wide and fund financial statements are presented throughout this annual report and are accompanied by:

• Management's Discussion and Analysis – that provides useful analysis that facilitates a better understanding of the City's financial condition and changes therein.

- **Footnotes** that elaborate on the City's accounting principles used in the preparation of the financial statements and further explain financial statement elements
- **Supplemental Schedules** that provide additional information about specified elements of the financial statements, such as budgetary comparison information

#### **Reporting the City as a Whole**

#### The Statement of Net Position and the Statement of Activities

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" 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. These statements include all assets, deferred outflows, liabilities and deferred inflows, using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the City's net position and changes in them from the prior year. You can think of the City's net position – the residual difference between assets, deferred outflows, liabilities and deferred inflows, – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

As mentioned above, 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, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- Business-type activities The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's electric, water, sewer, and sanitation activities are reported here, along with other smaller activities.

#### **Reporting the City's Most Significant Funds**

#### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many 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. All of the funds of the City of Kingfisher can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds* – Most 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. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The

governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

*Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows. In fact, the City's enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

#### A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

#### Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the primary government, assets and deferred outflows exceeded liabilities and deferred inflows by \$36.2 million at the close of the most recent fiscal year.

TABLE 1						
NET POSITION (In Thousands)						

		mental vities	% In c. (De c.)	Business-Type Activities		• •		• 1		• •						• •				• •		• •						% Inc. (Dec.)	To	tal	% Inc. (Dec.)
	2021	2020		2021	2020		2021	2020																							
Current assets	\$ 6,899	\$ 6,750	2%	\$ 3,494	\$ 3,602	-3%	\$10,393	\$10,352	0%																						
Non-current assets	10,880	10,817	1%	21,113	21,960	-4%	31,993	32,777	-2%																						
Total assets	17,779	17,567	1%	24,607	25,562	-4%	42,386	43,129	-2%																						
Deferred outflow of resources	1,728	1,527	13%	346	151	129%	2,074	1,678	24%																						
Current liabilities	504	543	-7%	844	900	-6%	1,348	1,443	-7%																						
Non-current liabilities	4,891	3,755	30%	1,710	1,559	10%	6,601	5,314	24%																						
Total liabilities	5,395	4,298	26%	2,554	2,459	4%	7,949	6,757	18%																						
Deferred inflow of resources	267	572	-53%	26	55	-53%	293	627	-53%																						
Net position																															
Net investment in																															
capital assets	10,866	10,614	2%	19,626	20,165	-3%	30,492	30,779	-1%																						
Restricted	1,474	1,528	-4%	183	177	3%	1,657	1,705	-3%																						
Unrestricted	1,505	2,082	-28%	2,564	2,857	-10%	4,069	4,939	-18%																						
Total net position	\$13,845	\$14,224	-3%	\$22,373	\$23,199	-4%	\$36,218	\$37,423	-3%																						

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. For 2021, this net investment in capital assets amounted to \$30.5 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### CITY OF KINGFISHER, OKLAHOMA Management's Discussion and Analysis As of and for the Fiscal Year Ended June 30, 2021

Another portion of the City's net position, \$1.7 million, also represents resources that are subject to external restrictions or internal legislation on how they may be used. The remaining balance of unrestricted net position approximately, \$4.1 million, is available to meet the government's ongoing obligations to citizens and creditors.

Governmental activities non-current liabilities increased due to the net pension liability increasing by \$1.1 million. This is also the reason unrestricted net position for the governmental activities decreased.

The increase/decrease in deferred outflows, deferred inflows and other liabilities relates to a shortfall in actual investment earnings versus projected investment earnings in all three defined benefit retirement plans. This also contributes to the decrease in unrestricted net position.

#### **Changes in Net Position**

For the year ended June 30, 2021, net position of the primary government changed as follows:

		CHANGES	IN NET POST		usanusj				
		ernmental ctivities	% Inc. (Dec.)		ness-Type tivities	% Inc. (Dec.)	T	% Inc. (Dec.)	
	2021	2020		2021	2020		2021	2020	
Revenues									
Charges for service	\$ 1,363		425 -4%	\$ 7,999	\$ 7,991	0%	\$ 9,362	\$ 9,416	-1%
Operating grants and contributions	1,16		526 121%	-	-	-	1,165	526	121%
Capital grants and contributions	119		00 19%	-	-	-	119	100	19%
Taxes	4,931		-14%	-	-	-	4,937	5,721	-14%
Intergovernmental revenue	13	7 1	34 2%	-	28	-100%	137	162	-15%
Investment income	54	1	59 -8%	13	16	-19%	67	75	-11%
Miscellaneous	140	)1	-24%	19	31	-39%	159	215	-26%
Total revenues	7,91	5 8,1	-3%	8,031	8,066	0%	15,946	16,215	-2%
Expenses									
General government	452	2 9	-51%	-	-	-	452	929	-51%
Public safety	4,423	3 3,9	45 12%	-	-	-	4,423	3,945	12%
Highways and streets	788	3 8	304 -2%	-	-	-	788	804	-2%
Culture and recreation	830	5 7	75 8%	-	-	-	836	775	8%
Health and welfare	43	3	30 43%	-	-	-	43	30	43%
Airport	170	5 1	92 -8%	-	-	-	176	192	-8%
Hospital sales tax payment	1,224	4 1,4	-13%	-	-	-	1,224	1,410	-13%
Interest on long-term debt	2	2	7 -71%	-	-	-	2	7	-71%
Light and power	-			5,970	5,382	11%	5,970	5,382	11%
Water	-			1,121	1,062	6%	1,121	1,062	6%
Sewer	-			506	612	-17%	506	612	-17%
Sanitation	-			843	739	14%	843	739	14%
Golf course	-			105	85	24%	105	85	24%
Swimming pool	-			575	542	6%	575	542	6%
Economic development			<u> </u>	87	5	1640%	87	5	1640%
Total expenses	7,944	4 8,0	-2%	9,207	8,427	9%	17,151	16,519	4%
Excess (deficiency) before									
transfers	(29	9)	57 -151%	(1,176)	(361)	226%	(1,205)	(304)	296%
Transfers	(350	0) (3	335) 4%	350	335	-4%			-
Change in net position	(379	9) (2	278) 36%	(826)	(26)	3077%	(1,205)	(304)	296%
Beginning net position	14,224	4 14,5	502 -2%	23,199	23,225	0%	37,423	37,727	-1%
Ending net position	\$ 13,845	5 \$ 14,2	-3%	\$ 22,373	\$23,199	-4%	\$36,218	\$37,423	-3%

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

Explanations for changes in excess of 20% and \$200,000 are as follows:

Governmental Activities:

The large increase in the governmental operating grants and contributions is due to receiving CARES grant money in the current year.

General Government expense decreased due to a reduction in capital expenditures and other service and charges expenditures in this department.

Business-Type Activities:

The large decrease in change in net position is due to the City expending more than they received in current year revenues. This is due largely to the increase in expenses related to the debris removal from the October 2020 ice storm which is reflected in this fiscal year.

#### **Governmental Activities**

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

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

		Total Ex of Ser	•	e	% Inc. (Dec.)	% Inc. (Dec.)			
	2	021	2	020		2021	<u> </u>	2020	
General government	\$	452	\$	929	-51%	\$20	02	(\$901)	-122%
Public safety		4,423		3,945	12%	(2,66	56)	(2,151)	24%
Highways and streets		788		804	-2%	(74	14)	(760)	-2%
Culture and recreation		836		775	8%	(72	29)	(669)	9%
Health and welfare		43		30	43%		(3)	(3)	0%
Airport		176		192	-8%	(13	32)	(140)	-6%
Hospital sales tax payment		1,224		1,410	-13%	(1,22	24)	(1,410)	-13%
Interest on long-term debt		2		7	-71%		(2)	(7)	-71%
Total		7,944	\$	8,092	-2%	(\$5,29	98)	(\$6,041)	-12%

Explanations for significant changes are listed above under Table 2.

		Expense ervices	% Inc. Dec.	Net Rev (Exper of Serv	% Inc. Dec.	
	2021	2020		2021	2020	
Light and power	\$ 5,970	\$ 5,382	11%	\$ (396)	\$ 184	-315%
Water	1,121	1,062	6%	(17)	97	-118%
Sewer	506	613	-17%	25	(101)	-125%
Sanitation	843	739	14%	(139)	(58)	140%
Golf course	105	85	24%	(105)	(85)	24%
Swimming pool	575	542	6%	(489)	(468)	4%
Economic development	87	5	1640%	(87)	(5)	1640%
Total	\$ 9,207	\$ 8,428	9%	\$ (1,208)	\$ (436)	177%

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

The City's business-type activities include utility services for electric, water, sewer, sanitation, winter nights, golf course, swimming pool and economic development.

In reviewing the business-type activities net (expense)/revenue, the following highlights should be noted:

- Total business-type activities reported net expense of \$1.2 million for the year ended June 30, 2021.
- While sewer activities reported net revenues for the year ended June 30, 2021, water, light, sanitation, golf course, swimming pool and economic development all had net expenses.

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

As the City completed its 2021 fiscal year, the governmental funds reported a combined fund balance of \$6,337,404 which is a decrease of only \$30,631 or less than 1% from 2020. The enterprise funds reported combined net position of \$22,372,629 or a decrease of 4%.

Other fund highlights include:

- In the General Fund there was a \$165,039 restriction for insurance, a \$3,337,269 commitment for economic stabilization, a \$1,308,083 assignment for capital improvements, and a \$15,010 assignment for sick leave buyback
- Proprietary fund net position restrictions included \$9,354 for debt service and \$173,460 for capital projects.

#### **General Fund Budgetary Highlights**

Over the course of the year, the City Council revised the General Fund budget various times. The revised budget included an increase in overall revenue projections (including transfers in) of 19% or \$1,260,009 and an increase in appropriations (including transfers out) of 19% or \$1,281,403. Actual revenues and transfers were under estimates by \$244,264 or 3%, while expenditures and transfers were under final appropriations by \$376,055 or 5%.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

#### **Capital Assets**

At the end of June 30, 2021, the City had approximately \$31.2 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, streets, and electric, water and sewer lines. (See Table 5). This represents a net decrease of approximately \$717 thousand over last year.

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

	Governmental			Busine	ss-Ty	pe					
	Activ	ities		Activities				Total			
	2021		2020	2021		2020		2021		2020	
Land	\$ 1,154	\$	1,154	\$ 1,212	\$	1,212	\$	2,366	\$	2,366	
Buildings and Improvements	2,846		2,774	4,699		5,059		7,545		7,833	
Machinery and Equipment	1,232		1,343	724		809		1,956		2,152	
Infrastructure	5,156		5,408	780		749		5,936		6,157	
Utility Property	-		-	12,604		13,124		12,604		13,124	
Construction in progress	478		114	323		179		801		293	
					-						
Totals	\$ 10,866	\$	10,793	\$ 20,342	\$	21,132	\$	31,208	\$	31,925	

This year's more significant capital asset additions included:

Police Station building	\$364,821
Caterpillar Backhoe	\$75,489
New fire hydrants	\$88,670

See Note 4 to the financial statements for more detail information on the City's capital assets and changes therein.

#### Long- Term Debt

At year-end, the City had \$2 million in long-term debt outstanding which represents an approximate decrease of \$191,000 or 8.5% from the prior year. The City's changes in long-term debt by type of debt are as follows:

		L	TA ong-Tern	BLE 6 1 Debt			
		mental vities		ess-Type ivities	<u>T</u>	otal	Total Percentage <u>Change</u>
	2021	2020	2021	2020	2021	2020	2020-2021
Accrued absences Notes payable Meter deposit liability	\$ 450 - -	\$ 412 - -	\$ 338 716 549	\$ 338 967 525	\$ 788 716 549	\$ 750 967 525	5.1% -26.0% 4.6%
Totals	\$ 450	\$ 412	\$ 1,603	\$ 1,830	\$ 2,053	\$ 2,242	-8.4%

See Note 5 to the financial statements for more detail information on the City's long-term debt and changes therein.

#### The Economic Outlook

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

- The City begin phase II of Newfield park.
- They City will also continue with the wastewater treatment plant improvements.

#### **Contacting the City's Financial Management**

This report is designed to provide our citizens, taxpayers, customers and creditors with an understanding of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at 301 N. Main Kingfisher, Oklahoma 73750 or telephone at 405-375-3705.

**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE** 

# Statement of Net Position-June 30, 2021

<u>1(ct 1 0sition – June 30, 2021</u>	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 4,230,918	\$ 659,870	\$ 4,890,788
Restricted cash and cash equivalents		236,587	236,58
Investments	1,446,145	650,000	2,096,14
Deposits with insurance pool	165,039	-	165,039
Accounts receivable, net	118,989	1,508,665	1,627,65
Court fine receivable, net	22,532	-	22,53
Internal balances	(19,693)	19,693	
Due from other governments	934,807	-	934,80
Inventory		419,234	419,23
Total Current Assets	6,898,737	3,494,049	10,392,78
Noncurrent Assets:			
Restricted cash and cash equivalents	-	232,246	232,24
Notes receivable, net of allowance (Note 4)	-	253,000	253,00
Restricted investments	-	264,174	264,17
Net OPEB asset	14,742	21,263	36,00
Capital Assets:			
Land and construction in progress	1,632,402	1,535,228	3,167,63
Other capital assets, net of depreciation	9,233,294	18,806,631	28,039,92
Total Noncurrent Assets	10,880,438	21,112,542	31,992,98
Total Assets	17,779,175	24,606,591	42,385,76
		24,000,001	42,000,10
DEFERRED OUTFLOW OF RESOURCES			
Deferred amounts related to pensions	1,713,091	324,785	2,037,87
Deferred amounts related to OPEB	15,094	21,474	36,56
	1,728,185	346,259	2,074,44
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	128,213	545,704	673,91
Sales tax due to hospital	184,086	-	184,08
Current portion of:			
Due to depositors	-	52,884	52,88
Unearned income	146,824	-	146,82
Notes payable	-	211,218	211,21
Accrued compensated absences	45,009	33,792	78,80
Total Current Liabilities	504,132	843,598	1,347,73
Noncurrent liabilities:			
Due to depositors		496,420	496,42
Notes payable	-	505,100	505,10
	- 405,081		
Accrued compensated absences		304,133	709,21
Net pension liability	4,485,990	404,645	4,890,63
Total Noncurrent Liabilities	4,891,071	1,710,298	6,601,36
Total Liabilities	5,395,203	2,553,896	7,949,09
DEFERRED INFLOW OF RESOURCES			
Deferred amounts related to pensions	253,789	7,526	261,31
Deferred amounts related to OPEB	12,835	18,799	31,63
	266,624	26,325	292,94
NET POSITION			
Net investment in capital assets	10,865,696	19,625,541	30,491,23
Restricted for:	10,000,090	10,020,041	00,701,20
Nonspendable	50,000		50,00
Library	416,637		416,63
Streets	252,118	-	252,11
Flood		- 182,814	
	215,308	182,814	398,12
Other	540,451	-	540,45
Unrestricted	1,505,323	2,564,274	4,069,59
Total Net Position	\$ 13,845,533	\$ 22,372,629	\$ 36,218,16

# Statement of Activities – Fiscal Year Ended June 30, 2021

		Program Revenue		Net (Expense) R	evenue and Chang	ies in	Net Position		
			Operating		Capital Grants				
		Charges for	Grants and	-	and	Governmental	Business-type		
Functions/Programs	Expenses	Services	Contribution	ıs	Contributions	Activities	Activities		Total
Primary government									
Governmental Activities									
General government	\$ 451,690	\$ 33,731	\$ 619,92		\$-	\$ 201,970	\$-	\$	201,970
Public safety	4,422,688	1,237,894	499,15		19,519	(2,666,123)	-		(2,666,123)
Highways and streets	788,337	-	44,56		-	(743,772)	-		(743,772)
Culture and recreation	836,400	7,375	95	9	99,041	(729,025)	-		(729,025)
Health and welfare	42,734	39,456		-	-	(3,278)	-		(3,278)
Airport	176,125	44,534		-	-	(131,591)	-		(131,591)
Hospital sales tax payment	1,224,451	-		-	-	(1,224,451)	-		(1,224,451)
Interest on Long-term debt	1,773	-			-	(1,773)	-		(1,773)
Total governmental activities	7,944,198	1,362,990	1,164,60	5	118,560	(5,298,043)			(5,298,043)
Business-type activities:									
Light and power	5,970,105	5,574,276		-	-	-	(395,829)		(395,829)
Water	1,120,969	1,103,162		-	-	-	(17,807)		(17,807)
Sewer	506,163	531,635		-	-	-	25,472		25,472
Sanitation	842,929	703,489		-	-	-	(139,440)		(139,440)
Golf course	105,182	-		-	-	-	(105,182)		(105,182)
Swimming pool	574,867	86,245		-	-	-	(488,622)		(488,622)
Economic development	87,062	-		-	-	-	(87,062)		(87,062)
Total business-type activities	9,207,277	7,998,807		Ξ.	-	-	(1,208,470)		(1,208,470)
Total primary government	\$ 17,151,475	\$ 9,361,797	\$ 1,164,60	5	\$ 118,560	(5,298,043)	(1,208,470)		(6,506,513)
	General revenue Taxes:	s:							
	Sales and use	taves				4,763,184	_		4,763,184
		es and public serv	ico taxos			88.113	-		88.113
	Hotel/motel ta		ice lakes			86.367			86.367
		al revenue not rest	ricted to specifi	c prod	rame	137,345			137,345
		estment earnings	inclea to specifi	c plog	ianis	54,438	12,414		66,852
	Miscellaneous	sourione carningo				140,003	19,175		159,178
	Transfers - interna	Lactivities				(350,000)	350,000		100,170
			I revenues and transfers				381.589		5,301,039
		net position				4,919,450 (378,593)	(826,881)		(1,205,474)
	Net position - beg					14,224,126	23,199,510		37,423,636
	Net position - end					\$ 13,845,533	\$ 22,372,629	S	36,218,162
						÷ .:,010,000	÷ ==,012,020	÷	11,210,102

**BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS** 

# **Governmental Funds Balance Sheet - June 30, 2021**

400570		neral Fund	Go	Other vernmental Funds	Total Governmental Funds		
ASSETS	\$	2 225 152	\$	005 766	\$	1 220 019	
Cash and cash equivalents Investments	Φ	3,235,152 1,000,000	φ	995,766 446,145	Φ	4,230,918 1,446,145	
Receivables:		1,000,000		440, 145		1,440, 145	
Ambulance receivable, net		118,989				118,989	
Court fines receivable, net		22,532		-		22,532	
Due from other governments		849,607		70,092		919,699	
Other receivables		15,108		70,092		15,108	
Deposits in insurance pool		165,039				165,039	
Total assets	\$	5,406,427	\$	1,512,003	\$	6,918,430	
	<u> </u>	0,100,121	Ŷ	1,012,000	<u> </u>	0,010,100	
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES Liabilities:							
Accounts payable and accrued liabilities	\$	128,213	\$	-	\$	128,213	
Due to other funds		19,693		-		19,693	
Sales tax due to hospital		184,086		-		184,086	
Total liabilities		331,992		-		331,992	
Deferred Inflows of resources:							
Deferred revenue		249,034		-		249,034	
Fund balances:							
Nonspendable		-		50,000		50,000	
Restricted for:							
Cemetery Capital Improvements		-		124,163		124,163	
Airport		-		1,862		1,862	
Library		-		416,637		416,637	
Streets		-		252,118		252,118	
Insurance		165,039		-		165,039	
Flood Control		-		215,308		215,308	
Military Memorial		-		88,856		88,856	
Improvements benefiting citizens		-		140,904		140,904	
Health, Exercise, Aquatics, Recreation and Trails		-		19,626		19,626	
Fire		-		1		1	
Committed to:							
Economic stabilization		3,337,269		-		3,337,269	
Assigned to:							
Library		-		21,041		21,041	
Capital Improvements		1,308,083		-		1,308,083	
Airport		-		28,000		28,000	
Health, Exercise, Aquatics, Recreation and Trails		-		153,487		153,487	
Sick leave buy back		15,010		-		15,010	
Total fund balances		4,825,401		1,512,003		6,337,404	
Total liabilities, deferred inflows and fund balances	\$	5,406,427	\$	1,512,003	\$	6,918,430	

### <u>Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Fiscal</u> <u>Year Ended June 30, 2021</u>

REVENUES	General Fund	Other Governmental Funds	Total Governmental Funds
	\$ 4.610.796	¢ 262 500	¢ 4.074.204
Taxes	+ .,,	\$ 363,528	\$ 4,974,324
Intergovernmental	1,102,269	47,034	1,149,303
Charges for services	1,191,004	28,952	1,219,956
Fines and forfeitures	45,227	-	45,227
Licenses and permits	22,600	-	22,600
Investment income	34,101	4,085	38,186
Donations	52,549	959	53,508
Miscellaneous	152,718	45,990	198,708
Total revenues	7,211,264	490,548	7,701,812
EXPENDITURES			
Current:			
Administrative	9,845	-	9,845
City Treasurer	99,220	-	99,220
City Attorney	26,891	-	26,891
Municipal Court	11,232	-	11,232
Police	1,399,667	-	1,399,667
Fire	2,074,155	-	2,074,155
Streets	400,469	79	400,548
Culture, tourism and recreation	332,682	28,453	361,135
General government	572,157	30,877	603,034
Library	283,992	-	283,992
Cemetery	28,637	-	28,637
Airport	-	63,080	63,080
Capital Outlay	539,991	75,489	615,480
Debt Service:	,	,	
Interest and other charges	181,076	-	181,076
Total expenditures	5,960,014	197,978	6,157,992
Excess (deficiency) of revenues over	0,000,014	101,010	0,107,002
expenditures	1,251,250	292,570	1,543,820
OTHER FINANCING SOURCES (USES)	077 700	0.000	005 -00
Transfers in	377,720	8,000	385,720
Transfers out	(358,000)	(377,720)	(735,720)
Sales tax payment to hospital	(1,224,451)	-	(1,224,451)
Total other financing sources (uses)	(1,204,731)	(369,720)	(1,574,451)
Net change in fund balances	46,519	(77,150)	(30,631)
Fund balances - beginning	4,778,882	1,589,153	6,368,035
Fund balances - ending	\$ 4,825,401	\$ 1,512,003	\$ 6,337,404

Reconciliation of Governmental Funds and Government-Wide Financial Statements:						
Total fund balance, governmental funds	\$	6,337,404				
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.		10,865,696				
Certain long-term assets and deferred outflows are not available to pay for current fund liabilities and therefore, are either deferred or not reported in the funds:						
Net OPEB asset		14,742				
OPEB related deferred outflows		15,094				
Pension related deferred outflows		1,713,091				
Deferred revenue		102,210				
Certain long-term liabilities, along with certain deferred inflows, are not due and payable from current financial resources and therefore, are not reported in the funds:						
Net pension liability		(4,485,990)				
Pension related deferred inflows		(253,789)				
OPEB related deferred inflows		(12,835)				
Accrued compensated absences		(450,090)				
Net Position of Governmental Activities in the Statement of Net Position	\$	13,845,533				

# Reconciliation of Governmental Funds and Government-Wide Financial Statements (Continued):

Net change in fund balances - total governmental funds:	\$ (30,631)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	
Capital asset purchases capitalized Contributed capital Depreciation expense	901,297 70,000 (898,849)
In the Statement of Activities, the net cost of pension and OPEB benefits earned is calculated and reported as pension and OPEB expense. The fund financial statements report pension and OPEB contributions as expenditures. This amount represents the difference between pension and OPEB contributions and calculated	
pension and OPEB expense.	(604,518)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds: Change in deferred revenue	43,119
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	179,303
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds: Change in accrued compensated absences	(38,314)
Change in net position of governmental activities	\$ (378,593)

**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS** 

# **Proprietary Funds Statement of Net Position - June 30, 2021**

ASSETS Current assets: Cash and cash equivalents Investments Restricted: Cash and cash equivalents Accounts receivable, net Notes receivable Due from other funds	Authority \$ 552,064 650,000 236,587 1,508,665 - 19,693	\$	25,447 -	\$	82,359	Total \$ 659,870
Cash and cash equivalents Investments Restricted: Cash and cash equivalents Accounts receivable, net Notes receivable Due from other funds	650,000 236,587 1,508,665 -	\$	25,447 -	\$	82,359	\$ 650 870
Investments Restricted: Cash and cash equivalents Accounts receivable, net Notes receivable Due from other funds	650,000 236,587 1,508,665 -	\$	25,447 -	\$	82,359	\$ 650.870
Restricted: Cash and cash equivalents Accounts receivable, net Notes receivable Due from other funds	236,587 1,508,665 -		-			φ 009,070
Cash and cash equivalents Accounts receivable, net Notes receivable Due from other funds	1,508,665				-	650,000
Accounts receivable, net Notes receivable Due from other funds	1,508,665					
Notes receivable Due from other funds	-		-		-	236,587
Due from other funds	- 19 693		-		-	1,508,665
	19 693		253,000		-	253,000
			-		-	19,693
Inventory	419,234		-		-	419,234
Total current assets	3,386,243		278,447		82,359	3,747,049
Non-current assets: Restricted:						
Cash and cash equivalents	232,246		-		-	232.246
Investments	264,174		-		-	264,174
Net OPEB asset	19,622		-		1,641	21,263
Capital assets:	10,022				.,	21,200
Land and construction in progress	522,610		12,493		1,000,125	1,535,228
Other capital assets, net of accumulated depreciation	15,003,707		24,884		3,778,040	18,806,631
Total non-current assets	16,042,359		37,377		4,779,806	20,859,542
Total assets	\$ 19,428,602	\$	315,824	\$	4,862,165	\$24,606,591
DEFERRED OUTFLOW OF RESOURCES						
Deferred amounts related to pensions	299,221		-		25,564	324,785
Deferred amounts related to OPEB	19,520		-		1,954	21,474
	318,741		-		27,518	346,259
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 539,733	\$	-	\$	5,971	\$ 545,704
Due to depositors	52,884	Ŷ	-	Ŷ	-	52,884
Notes payable	211,218		-		-	211,218
Accrued compensated absences	33,600		-		192	33,792
Total current liabilities	837,435		-		6,163	843,598
Non-current liabilities:					-,	
Due to depositors	496,420		-		-	496.420
Notes payable	505,100		-		-	505,100
Accrued compensated absences	302,409		-		1,724	304,133
Net pension liability	373,410		-		31,235	404,645
Total non-current liabilities	1,677,339		-		32,959	1,710,298
Total liabilities	2,514,774	:	-		39,122	2,553,896
DEFERRED INFLOW OF RESOURCES						
Deferred amounts related to pensions	6,341		-		1,185	7.526
Deferred amounts related to OPEB	16,926		-		1,873	18,799
	23,267		-		3,058	26,325
NET POSITION						
Net investment in capital assets	14,809,999		37,377		4,778,165	19,625,541
Restricted for debt service	9,354				-	9,354
Restricted for capital projects	173,460		-		-	173,460
Unrestricted	2,216,489		278,447		69,338	2,564,274
Total net position	\$ 17,209,302	\$	315,824	\$	4,847,503	\$22,372,629

# <u>Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position – Fiscal Year</u> <u>Ended June 30, 2021</u>

	Kingfisher Public Works Authority		Kingfisher Special Projects Authority		Kingfisher Recreation Authority		Total	
REVENUES								
Charges for services:								
Light and power charges	\$	5,293,694	\$	-	\$	-	\$	5,293,694
Water charges		1,091,815		-		-		1,091,815
Sewer charges		526,167		-		-		526,167
Penalties		58,602		-		-		58,602
Sanitation charges		696,254		-		-		696,254
Recreation		-		-		86,245		86,245
Refunds and reimbursements		228,755		-		-		228,755
Miscellaneous		10,384		6,891		-		17,275
Total operating revenues		7,905,671		6,891		86,245		7,998,807
OPERATING EXPENSES								
Administration		1,458,333		-		-		1,458,333
Light and power		4,433,949		-		-		4,433,949
Power plant		202,705		-		-		202,705
Water		597,934		-		-		597,934
Sanitation		705,587		-		-		705,587
Sewer		221,979		-		-		221,979
Recreation		-		-		367,855		367,855
Economic development		-		82,000		-		82,000
Depreciation expense		791,845		5,062		312, 194		1,109,101
Total operating expenses		8,412,332		87,062		680,049		9,179,443
Operating income (loss)		(506,661)		(80,171)		(593,804)		(1,180,636)
NON-OPERATING REVENUES (EXPENSES)								
Investment income		12.414		-		-		12,414
Miscellaneous		19,175		-		-		19,175
Interest expense		(27,834)		-		-		(27,834)
Total non-operating revenue (expenses)		3,755		-		-		3,755
Income (loss) before transfers		(502,906)		(80,171)		(593,804)		(1,176,881)
Transfers in		350,000		-		300,000		650,000
Transfers out		(300,000)		-		-		(300,000)
Change in net position		(452,906)		(80,171)		(293,804)		(826,881)
Total net position - beginning		17,662,208		395,995		5,141,307		23,199,510
Total net position - ending	\$	17,209,302	\$	315,824	\$	4,847,503	\$	22,372,629

# **Proprietary Funds Statement of Cash Flows – Fiscal Year Ended June 30, 2021**

	Kingfisher Public Works Authority	Kingfisher Special Projects Authority	Kingfisher Recreation Authority	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 7,865,401	\$ 6,891	\$ 86,245	\$ 7,958,537
Payments to suppliers	(5,863,206)	-	(151,806)	(6,015,012)
Payments to employees	(1,608,166)	-	(217,191)	(1,825,357)
Receipts of customer deposits	86,538	-	-	86,538
Refunds of customer meter deposits	(61,760)	-	-	(61,760)
Net cash provided by (used in) operating activities	418,807	6,891	(282,752)	142,946
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	350,000	-	300,000	650,000
Transfers to other funds	(300,000)	-	-	(300,000)
Net cash provided by noncapital financing activities	50,000		300,000	350,000
CASH FLOWS FROM CAPITAL AND RELATED				
FINANCING ACTIVITIES				
Purchases of capital assets	(271,074)	-	(47,646)	(318,720)
Principal paid on debt	(250,702)	-	-	(250,702)
Interest and fiscal agent fees paid on debt	(28,364)	-	-	(28,364)
Net cash provided by (used in) capital and related financing activities	(550,140)	-	(47,646)	(597,786)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (purchase) of investments	(1,184)	-	-	(1,184)
Interest and dividends	12,414	-	-	12,414
Net cash provided by investing activities	11,230			11,230
Net increase (decrease) in cash and cash equivalents	(70,103)	6,891	(30,398)	(93,610)
Balances - beginning of year	1,091,000	18,556	112,757	1,222,313
Balances - end of year	\$ 1,020,897	\$ 25,447	\$ 82,359	\$ 1,128,703
Reconciliation to Statement of Net Position: Cash and cash equivalents Restricted cash and cash equivalents - current	\$    552,064 236,587	\$ 25,447	\$ 82,359	\$ 659,870 236,587
Restricted cash and cash equivalents - current	230,387	-	-	232,246
·				
Total cash and cash equivalents, end of year	\$ 1,020,897	\$ 25,447	\$ 82,359	\$ 1,128,703
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (506,661)	\$ (80,171)	\$ (593,804)	\$ (1,180,636)
Adjustments to reconcile operating income (loss) to net cash provided by	φ (300,001)	φ (00,171)	\$ (393,004)	\$ (1,100,000)
(used in) operating activities:	704 045	5.000	040 404	4 400 404
Depreciation expense	791,845	5,062	312,194	1,109,101
Other non-operating revenues	19,175	-	-	19,175
Change in assets and liabilities:	(=== + + = )			
Accounts receivable	(59,445)	82,000	-	22,555
Net OPEB Asset	(2,042)	-	(293)	(2,335)
Inventory	52,977	-	-	52,977
Accounts payable	(8,686)	-	(9,841)	(18,527)
Net Dension lisbility	313,181	-	26,614	339,795
Net Pension liability	(206,827)	-	(17,434)	(224,261)
Pension and OPEB deferrals	(200,027)			
•	24,778	-	-	24,778
Pension and OPEB deferrals		-	- (188)	24,778 324

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

#### Footnotes to the Basic Financial Statements:

#### 1. Summary of Significant Accounting Policies

#### A. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of Kingfisher) and the four active blended component units as noted below. This annual report includes all activities for which the City of Kingfisher City Commissioners are fiscally responsible.

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," as amended by Statement 61, and includes all component units for which the City is financially accountable.

**The City of Kingfisher** – provides the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities.

The City of Kingfisher has a population of 4,633 located in northwestern Oklahoma. The City is a Council/Manager form of government and operates under a home-rule charter that provides for three branches of government:

- Legislative the City Commission is a five-member governing body with the mayor and four commissioners elected by the citizens at large
- Executive the City Manager is the Chief Executive Officer and is appointed by the City Commissioners
- Judicial the Municipal Judge is a practicing attorney appointed by the City Commissioners

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation, airport, and certain utility services including electric, water, wastewater, and sanitation.

#### **Component Units:**

- The City of Kingfisher Public Works Authority operates the electric, water, wastewater and sanitation services of the City
- The Kingfisher Airport Authority that operates and manages the Kingfisher Municipal Airport.
- The Kingfisher Special Projects Authority promotes, develops and secures industrial development within the City
- The Kingfisher Recreation Authority operates the swimming pool facility of the City and oversees the management of the municipal golf course of the City
- The Kingfisher Hospital Authority only finances the Kingfisher Regional Hospital with the 1% sales tax through 2032. This Authority was formed in May 2007 and had no financial activity in the current fiscal year.

All four component units (Authorities) have the City Commissioners as their governing body (trustees) and the City is able to impose its will on the Authorities through required approval of all debt obligations issued by these entities.

Each of these component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

#### B. Basis of Presentation and Accounting

#### Government-Wide Financial Statements:

The statements of net position and activities are reported on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

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

- General Government licenses and permits, inspection fees, rental fees, operating grants
- Public Safety fine revenue, fire run fees and ambulance fees, on-behalf pension payments, operating and capital grants
- Highways and Streets Commercial vehicle and gasoline excise tax shared by the State
- Culture and Recreation Library fines, operating grants
- Health and Welfare Cemetery revenue
- Airport rental fees, fuel sales, operating and capital grants

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

#### Governmental Funds:

The City's governmental funds include:

Major Funds:

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

Aggregated Non-Major Funds (reported as Other Governmental Funds):

Special Revenue Funds:

- Street and Alley Fund accounts for revenues from gasoline and vehicle taxes restricted for street repairs and maintenance
- Cemetery Care Fund accounts for the legally required 12.5 percent of cemetery revenue restricted by State law for cemetery capital improvements, however, the City transfers 25%, with interest used for maintenance or capital improvements
- Hotel/Motel Tax Fund accounts for hotel/motel tax collections paid to the Chamber of Commerce for tourism
- Overstreet Memorial accounts for donations to the City restricted for improvements benefiting the citizens of Kingfisher
- Military Memorial Fund accounts for donations to the City restricted for maintenance of the military memorial monument
- Flood Control Fund- accounts for grant revenues, transfers, and expenditures for flood control relief
- Permanent Fund Library Endowment Fund accounts for funds donated to the City and interest earnings for use as deemed by the City Commissioners
- Kingfisher Airport Authority accounts for transfers, revenues and expenditures for airport operations
- H.E.A.R.T. Tax Fund- accounts for three hundred thirty-five one thousands of one percent of sales tax and three hundred thirty-five one thousands of one percent of use tax restricted for improvement and creation of enhancements to health, exercise, aquatics, recreation and trails. This tax ended officially on December 31, 2020.

The governmental funds are reported on the modified accrual basis of accounting in which revenues are recorded when earned and measurable and available to pay current financial obligations, while expenditures are recorded when incurred and payable from current financial resources. The City defines revenue availability as collected within 60 days of period end.

The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the accrual basis of accounting and economic resources measurement focus at the government-wide level.

The General Fund is considered a major funds and are therefore displayed in separate columns. All other governmental funds are considered non-major funds and are aggregated under the column Other Governmental Funds.

#### Proprietary Funds:

The City's proprietary funds include:

### **Enterprise Funds**

- Kingfisher Public Works Authority accounts for the activities of the public trust in providing electric, water, sewer, and sanitation services to the public.
- Kingfisher Special Projects Authority accounts for the activities related to promoting economic development.

• Kingfisher Recreation Authority – accounts for revenues and expenses of the municipal golf and swimming pool.

The proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus.

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.

#### C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

#### **Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

c. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (FPRS) and Oklahoma Police Pension & Retirement System (OPPRS) and additions to/deductions from FPRS's and OPPRS's fiduciary net position have been determined on the same basis as they are reported by FPRS and OPPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or

economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (within 60 days of period end) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

#### D. Assets, Liabilities, Deferrals and Equity

#### Cash and Investments

For the purposes of the statements of net position, balance sheets, and statement of cash flows, "cash and cash equivalents" includes all demand and savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. Investments of the promissory note trustee accounts are considered cash equivalents.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price.

#### Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines, and ambulance fees. Business-type activities report utilities as its major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

#### Inventories

Inventories are valued at average cost. The cost of governmental funds inventories are recorded as expenditures when purchased rather than when consumed because they are immaterial.

#### **Capital Assets**

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

#### Government-Wide Statements

In the government-wide financial statements, all capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 1992.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$2,500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- Buildings	50 years
- Improvements other than buildings	20-30 years
- Machinery, furniture and equipment	3-24 years
- Utility property and improvements	15-50 years
- Infrastructure	15-50 years

#### Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

#### **Restricted Assets**

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to capital improvement funds, promissory note trustee accounts and utility meter deposits.

#### Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists of revenue bonds payable, deposits subject to refund and accrued compensated absences.

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 funds is the same in the fund statements as it is in the government-wide statements.

#### **Compensated Absences**

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

#### **Deferred Outflows and Inflows**

Deferred outflows and inflows are the consumption or acquisition of net position by the City that are applicable to a future reporting period. At June 30, 2021, the City's deferred outflows and deferred inflows of resources were comprised of pension and OPEB related deferrals. As mentioned in Note 1.H., certain pension and OPEB amounts are deferred, some as outflows and other as inflows, amortized as a component of pension and insurance expense in future periods.

#### Net Position and Fund Balances

#### 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 improvement 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 or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- *c*. Unrestricted net position All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

#### Fund Balances:

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

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

#### E. Revenues, Expenditures, and Expenses

#### **Sales Tax**

As of June 30, 2021, the City levies a three-cent sales tax on taxable sales within the City. The City levied a three and three hundred thirty-five one thousands of one percent through December 31, 2020. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. Three cents of the sales tax is recorded in the General Fund, with one cent transferred to the local hospital. This transfer to the hospital is restricted by voter approval for debt service on the bonds issued to build the infrastructure and not for operations of the hospital. The other three hundred thirty-five one thousands of one percent is recorded in the H.E.A.R.T Tax Fund per voter approval. The H.E.A.R.T. tax officially ended on December 31, 2020.

#### **Property Tax**

At the present time the City levies no property tax. Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments.

#### **Operating Revenues and Expenses**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

#### Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

Proprietary Fund - By Operating and Non-Operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

#### F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

#### Fund Financial Statements:

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

- 1. Interfund loans amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- 2. Interfund services sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
- 3. Interfund reimbursements repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
- 4. Interfund transfers flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

#### Government-Wide Financial Statements:

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.

2. Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds, if any, is not eliminated in the Statement of Activities.

#### G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

#### H. Pensions and OPEB

For purposes of measuring the net pension asset, net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (OFPRS), Oklahoma Police Pension & Retirement System (OPPRS) and Oklahoma Public Employees Retirement System (OPERS) and additions to/deductions from OFPRS, OPPRS and OPERS's fiduciary net position have been determined on the same basis as they are reported by OFPRS, OPPRS and OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by these funds are reported at fair value.

For purposes of measuring the total OPEB liability, deferred outflows of resources, and deferred inflows and OPEB expense for the single employer other postemployment benefit plan the measurement has been prepared in accordance with GASB Statement No. 75.

#### 2. Cash, Cash Equivalents, and Investments

For the purpose of the statements of net position, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less.

At June 30, 2021, the reporting entity held the following deposits and investments:

#### **Primary Government:**

Type	Credit Rating	Fair Value Valuation Level	(	Carrying Value
Deposits:				
Demand deposits			\$	5,350,267
Time deposits, due within one year				2,360,319
				7,710,586
Investments:				
Cavanal Hill US Treasury Funds	AAAm	Level I		9,354
				9,354
Total deposits and investments			\$	7,719,940
Reconciliation to Statement of Net Position:				
Cash and cash equivalents			\$	4,890,788
Restricted cash and cash equivalents				236,587
Investments				2,096,145
Noncurrent restricted cash and cash equivalents				232,246
Noncurrent restricted investments				264,174
			\$	7,719,940

*Custodial Credit Risk* – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 110% of the uninsured deposits and accrued interest thereon. At June 30, 2021, the City had no custodial credit risk as described above.

Investment Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy indicates that the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than one year from the date of purchase.

Investment Credit Risk - The City's investment policy limits investments to the following:

a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.

b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements.

d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.

e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.

f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., and d.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

*Concentration of Investment Credit Risk* - the City limits, with the exception of U.S. Treasury and authorized pools, no more than 70% of total investments can be invested with a single financial institution.

The City was not exposed to concentration of credit risk as defined above.

*Restricted Cash and Investments* – The amounts reported as restricted assets of the proprietary fund statement of net position are comprised of amounts held by the Public Works Authority for utility deposits (refunded upon termination of service or applied to final bill), amounts held by the trustee bank for debt retirement, and amounts held in a capital improvement fund. The restricted assets as of June 30, 2021 are as follows:

		(	Current		Current		Current Noncurrent		N	oncurrent
		Cas	Cash and cash equivalents		Cash and cash Cash and ca		h and cash			
		eq			equivalents		vestments			
Utility Deposits Capital Improvement		\$	53,773 173,460	\$	232,246	\$	264,174			
Trustee Accounts: 2006 Interest Fund	Total	\$	9,354 236,587	\$	- 232,246	\$	- 264,174			

#### 3. Accounts and Notes Receivable

<u>Accounts Receivable</u> - Accounts receivable of the business-type activities consist of customers utilities services provided, both billed and unbilled, due at year end, reported net of allowance for uncollectible amounts. The governmental activities receivables include ambulance and court fines receivables.

## CITY OF KINGFISHER, OKLAHOMA ANNUAL FINANCIAL REPORT As of and for the Fiscal Year Ended June 30, 2021

	Accounts Receivable				for	s: Allowance Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:							
Ambulance receivable	\$	875,869	\$	(756,880)	\$ 118,989		
Court fines		45,065		(22,533)	22,532		
Total Governmental Activities	\$	920,934	\$	(779,413)	\$ 141,521		
Business-Type Activities:							
Utilities	\$	1,580,210	\$	(71,545)	\$ 1,508,665		
Total Business-Type Activities	\$	1,580,210	\$	(71,545)	\$ 1,508,665		

<u>Notes Receivable</u> – The Kingfisher Special Projects Authority has a \$335,000 note receivable with Kingfisher Hospitality, LLC for the purposes of bringing a national brand hotel to the City of Kingfisher. This note is secured by a real estate mortgage on the franchise hotel real estate. The note is due on five anniversary dates in the amount of \$82,000. In the event that Kingfisher Hospitality, LLC shall continue to own and operate the franchise hotel on each anniversary, the payments will be forgiven. In the event that this has not been fulfilled the balance of the loan that is unpaid and unforgiven will be due and payable with an interest rate of 6% per annum until paid in full. As of June 30, 20201, \$82,000 has been forgiven.

## 4. Capital Assets and Depreciation

#### Capital Assets:

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their fair value at the date of donation.

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

## CITY OF KINGFISHER, OKLAHOMA ANNUAL FINANCIAL REPORT As of and for the Fiscal Year Ended June 30, 2021

	Balance at July 1, 2020	Additions	Disposals	Balance at June 30, 2021
Governmental activities:				,
Capital assets not being depreciated:				
Land	\$ 1,154,016	\$ -	\$ -	\$ 1,154,016
Construction in progress	114,442	366,438	2,494	478,386
Total capital assets not being depreciated	1,268,458	366,438	2,494	1,632,402
Other capital assets:				
Buildings	2,113,025	364,820	-	2,477,845
Improvements	3,801,070	-	-	3,801,070
Infrastructure	9,093,973	31,939	-	9,125,912
Machinery, furniture and equipment	4,823,035	210,593	56,582	4,977,046
Total other capital assets at historical cost	19,831,103	607,352	56,582	20,381,873
Less accumulated depreciation for:				
Buildings	1,414,182	53,145	-	1,467,327
Improvements	1,726,289	239,144	-	1,965,433
Infrastructure	3,686,138	284,248	-	3,970,386
Machinery, furniture and equipment	3,479,703	322,312	56,582	3,745,433
Total accumulated depreciation	10,306,312	898,849	56,582	11,148,579
Other capital assets, net	9,524,791	(291,497)	-	9,233,294
Governmental activities capital assets, net	\$ 10,793,249	\$ 74,941	\$ 2,494	\$ 10,865,696
Capital assets not being depreciated: Land Construction in progress	\$ 1,211,762 179,214	\$ - 144,252	\$ -	\$ 1,211,762 323,466
Total capital assets not being depreciated	1,390,976	144,252		1,535,228
Other capital assets:	1,570,770	111,202		1,000,220
Buildings	6,387,204	-	-	6,387,204
Improvements	2,125,386	-	-	2,125,386
Machinery, furniture and equipment	3,647,579	85,798		3,733,377
Utility property	19,743,235	-	-	19,743,235
Infrastructure	1,449,646	88,669	-	1,538,315
Total other capital assets at historical cost	33,353,050	174,467		33,527,517
Less accumulated depreciation for:				, , ,
Buildings	2,150,369	311,476	-	2,461,845
Improvements	1,303,318	48,844	-	1,352,162
Machinery, furniture and equipment	2,838,311	171,476		3,009,787
Utility property improvements	6,619,551	519,276	-	7,138,827
Infrastructure	700,237	58,028	-	758,265
Total accumulated depreciation	13,611,786	1,109,100		14,720,886
*				
Other capital assets, net	19,741,264	(934,633)	-	18,806,631

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

Governmental Activities:		Business-Type Activities:		
General government	\$ 25,488	Power and light \$	300,102	
Public safety	216,610	Water	297,237	
Highways and streets	396,781	Sewer	183,231	
Culture, tourism, and recreation	134,041	Sanitation	3,753	
Heath and welfare	9,684	Administration	7,520	
Airport	 116,245	Pool	295,291	
	\$ 898,849	Golf	16,904	
		Economic development	5,062	
		\$	1,109,100	

#### 5. Debt and Debt Service Requirements

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

Type of Debt	Balance ly 1, 2020	A	dditions	De	eductions	Balance ne 30, 2021	2.	e Within me Year
Governmental Activities:								
Accrued compensated absences	\$ 411,776	\$	76,629	\$	38,315	\$ 450,090	\$	41,178
Total Governmental Activities	\$ 411,776	\$	76,629	\$	38,315	\$ 450,090	\$	41,178
Business-Type Activities:								
Notes Payable-direct borrowings\placements	\$ 967,020	\$	-	\$	250,702	\$ 716,318	\$	211,218
Deposits subject to refund	524,526		86,538		61,760	549,304		52,884
Accrued compensated absences	337,603		35,476		35,154	 337,925		33,792
Total Business-Type Activities	1,829,149		122,014		347,616	1,603,547		297,894
Total Long-Term Debt	\$ 2,240,925	\$	198,643	\$	385,931	\$ 2,053,637	\$	339,072

Governmental accrued compensated absences will be liquidated by the general fund.

#### Governmental activities long-term debt:

Governmental activities long-term debt payables from net revenues include the following:

Accrued Compensated Absences:

Current portion	\$ 45,009
Noncurrent portion	405,081
Total Accrued Compensated Absences	\$ 450,090

*Business-type activities* long-term debt payable from direct borrowings and direct placements from net revenues generated by and taxes pledged to the City's business-type activities include the following:

Notes Payable (Direct Borrowings\Placements):

2006 Series Sales Tax Revenue Note, original issue amount of \$1,135,000 dated	
December 21, 2006, issued by the Kingfisher Public Works Authority secured by	
sales tax revenue, interest rate of 4.1% with a final maturity of December 1, 2021	\$ 55,000
Total Notes Payable	\$ 55,000
Current portion	\$ 55,000
Noncurrent portion	 -
Total Note Payable	\$ 55,000
Note payable to OMPA dated July, 10, 2017 in the amount of \$1,073,602 due in	
monthly principal and interest payments in the amount of \$14,478 beginning	
December 1, 2017, with an interest rate of 3.60%, maturing November 1, 2024.	\$ 557,758
Total Notes Payable	\$ 557,758
Current portion	\$ 156,218
Noncurrent portion	 401,540
Total Note Payable	\$ 557,758

OWRB Clean Water SRF note payable, dated May 1, 2020 in the amount of \$4,328,000, interest rate of 1.37%, with a final maturity to be determined when entire balance of note is drawn. The OWRB loan is collateralized by the pledge of revenues. In the event of default, the lender may: 1) file suit to require any or all of the borrower covenants be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint the temporary trustees to take over, operate and maintain the System on a profitable basis; 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement; or 5) increase the interest rate to 14% on the defaulted payments.

	\$	103,560
Total Notes Payable	\$	103,560
Current portion	\$	-
Noncurrent portion		103,560
Total Note Payable	\$	103,560
Total Notes Payable Current portion	\$	211,218
Total Notes Payable Noncurrent portion		505,100
Total Notes Payable	\$	716,318
	-	

Meter Deposit Liability:

Current portion	\$ 52,884
Noncurrent portion	 496,420
Total Meter Deposit Liability	\$ 549,304

Accrued Compensated Absences:

Current portion	\$ 33,792
Noncurrent portion	 304,133
Total Accrued Compensated Absences	\$ 337,925

Debt Service Requirements to Maturity:

	Business-T	ype Acitivities				
Year Ending June 30,	Notes Payable					
	(direct borrow	vings\placements)				
	Principal	Interest				
2022	211,218	152,214				
2023	348,628	92,244				
2024	358,062	82,809				
2025	265,517	74,009				
2026	197,414	69,721				
2027-2031	1,044,118	291,560				
2032-2036	1,145,955	189,723				
2037-2041	1,257,725	77,955				
2042	132,121	1,237				
Totals	\$ 4,960,758	\$ 1,031,472				
Amount left to draw OWRB	(4,244,440)					
	\$ 716,318					

#### Non-Commitment Debt:

In November 2007, the Kingfisher Hospital Authority issued its Series 2007 Hospital and Sales Tax Revenue Bonds for \$25,000,000 for the purpose of financing certain hospital facilities. The bonds are secured and payable solely from a one cent sales tax restricted for hospital purposes. The City of Kingfisher and the Kingfisher Hospital Authority are not liable for this debt and have no obligation other than the annual appropriation and remittance of the pledged sales taxes to the Hospital.

Outstanding balance at June 30, 2021 \$21,430,000

Governmental activities short-term debt (Direct Borrowing):

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

Type of Debt	alance v 1, 2020	Add	itions	De	ductions	 alance 30, 2021	Within e Year
Governmental Activities: Short-term note payable- direct borrowing	\$ 179,303	\$	-	\$	179,303	\$ -	\$ -
Total Governmental Activities	\$ 179,303	\$	-	\$	179,303	\$ -	\$ 

#### **Pledge of Future Revenues**

*Sales Tax Pledge* - The City has pledged one cent (or 28.6%) of future sales tax revenues to repay \$25,000,000 of Series 2007 Hospital and Sales Tax Revenue Bonds. Proceeds from the notes provided financing for certain hospital facilities. The bonds are payable through 2042, however, the pledged sales tax revenues are only pledged through 2032. The total principal and interest payable for the remainder of the life of these bonds is \$40,179,275. Pledged sales taxes received in the current year were \$1,224,451. When the pledged sales tax revenue is received it is sent to the trustee bank to be held for debt service on the bonds. As noted above, the City of Kingfisher and the Kingfisher Hospital Authority are not liable for this debt and have no obligation other than the annual appropriation and remittance of the pledged sales taxes. The payments made to the trustee bank were \$1,224,451 and were 100% of the pledged sales tax received.

*Sales Tax Pledge* - The City has pledged one half cent (or 14.3%) of future sales tax revenues to repay \$1,135,000 of Series 2006 Sales Tax Revenue Note. Proceeds from the note provided financing for capital assets. The bonds are payable from pledged sales tax revenues and are payable through 2021. The total principal and interest payable for the remainder of the life of these bonds is \$56,128. Pledged sales taxes received in the current year were \$580,069. Debt service payments of \$105,330 for the current fiscal year were 18.2% of the pledged sales taxes.

## 6. Internal and Interfund Balances and Transfers

The City's policy is to eliminate interfund transfers and balances in the statements 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 and then offset in the total column in the government-wide statements. Interfund transfers and balances between funds are not eliminated in the fund financial statements.

#### Transfers:

Internal transfers between funds and activities for the year ended June 30, 2021 were as follows:

Transfer From	Tr	ansfer To		Amount	Purpo	se of Transfer
General Fund	KAA		\$	8,000	Operating	subsidy
H.E.A.R.T Tax Fund	General	Fund		319,806	Operating	subsidy
General Fund	KPWA			350,000	Operating	subsidy
KPWA	KRA			300,000	Operating subsidy	
Hotel/Motel Fund	General	Fund		57,914	Administr	ative fee
Total			\$	1,035,720		
Reconciliation to Fund Financi	al Statements:					
	Tr	ansfers In	Tra	insfers Out	Net	t Transfers
Governmental Funds	\$	385,720	\$	(735,720)	\$	(350,000)
Proprietary Funds		650,000		(300,000)		350,000
	\$	1,035,720	\$	(1,035,720)		-

## Balances:

Interfund receivable and payables at June 30, 2021 were as follows:

Due From	Du	e To	A	mount	Natur	e of Balance
Public Works Authority Total	General l	Fund	\$ \$	19,693 19,693	Operatin	g
Reconciliation to Fund Fi	nancial St	atements:				
	Due	From	Ι	Due To	Net Inte	rnal Balances
Governmental Funds	\$	-	\$	(19,693)	\$	(19,693)
Proprietary Funds		19,693		-		19,693
Total	\$	19,693	\$	(19,693)	\$	_

## 7. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

- General Liability and Physical Property Covered through participation in Oklahoma Municipal Assurance Group risk entity pool
- Worker's Compensation Worker's compensation is covered through participation in the Oklahoma Municipal Assurance Group risk entity pool
- Employee's Group Medical Covered through participation in commercial insurance

Management believes the insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

## 8. Commitments and Contingencies

#### Litigation:

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings 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.

#### Asset Retirement Obligation:

The City has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonably estimated as of June 30, 2021, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs and obtaining an estimate of those costs in a subsequent fiscal year.

#### Other Contingencies:

The novel coronavirus ("COVID-19"), which was declared a global health emergency in January 2021 and a pandemic in March 2021, has caused significant changes in political and economic conditions around the world, including disruptions and volatility in the global capital markets. In response, the State of Oklahoma and local municipalities have taken various preventative or protective actions, such as imposing restrictions on business operations and advising or requiring individuals to limit or forgo their time outside of their homes. The City's management has considered the economic implications of the COVID-19 pandemic in making critical and significant accounting estimates included in the June 30, 2021, financial statements.

The extent to which the COVID-19 pandemic may impact the City will depend on future developments which are uncertain, such as the duration of the outbreak, additional governmental mandates issued to mitigate the spread of the disease, business closures, economic disruptions, and the effectiveness of actions taken to contain and treat the virus. Accordingly, the COVID-19 pandemic may have a negative impact on the City's future operations, the size and duration of which is difficult to predict. The City's management will continue to actively monitor the situation and may take further actions altering operations that the City's management determines are in the best interests of its employees and stakeholders, or as required by federal, state, or local authorities.

#### Federal and State Award Programs:

The City of Kingfisher participates in various federal and state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

#### 9. Pension Plan Participation

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

- Oklahoma Firefighter's Pension and Retirement System (OFPRS) a statewide costsharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) a statewide cost-sharing plan
- Oklahoma Public Employees Retirement System (OPERS) a state-wide cost-sharing plan

## Firefighters' Plan:

<u>Plan description</u> - The City of Kingfisher, as the employer, participates in the Firefighters Pension & retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at <u>www.ok.gov/fprs</u>

<u>Benefits provided</u> - FPRS provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan's benefits are established and amended by Oklahoma statute. Retirement provisions are as follows:

Normal Retirement:

• Hired Prior to November 1, 2013

Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.

• Hired After November 1, 2013

Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member's final average compensation. Final average compensation is defined as the monthly average of the high est 30 consecutive months of the last 60 months of participating service. Also participants must be age 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-theline-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in the line of duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not in the line of duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

<u>Contributions</u> - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$145,617. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$252,820 (modified-accrual); these on-behalf payments

did not meet the criteria of a special funding situation. For full-accrual reporting the amount of on-behalf payments made were \$336,203.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2021, the City reported a liability of \$3,998,130 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2020. Based upon this information, the City's proportion was 0.32455%.

For the year ended June 30, 2021, the City recognized pension expense of \$920,873. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	 red Outflows Resources	 red Inflows lesources
Differences between expected and actual experience	\$ 509,563	\$ 53,645
Changes of assumptions Net difference between projected and actual earnings on pension plan	-	67,752
investments	58,768	-
Changes in proportion	407,337	49,434
City contributions during measurement date	897	10,187
City contributions subsequent to the		
measurement date	 145,617	 -
Total	\$ 1,122,182	\$ 181,018

\$145,617 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year-ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 193,518
2023	263,857
2024	225,601
2025	 112,571
Total	\$ 795,547

<u>Actuarial Assumptions</u>- The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.5% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the Pub-2010 Public Safety Table, with adjustments for generational mortality improvement using the MP-2018 scale for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the following table:

	Target	Long-Term Expected
Asset Class	Allocation	Real Rate of Return
Fixed income	20%	4.38%
Domestic equity	47%	7.41%
International equity	15%	9.82%
Real estate	10%	7.70%
Other assets	8%	5.67%

**Discount Rate**-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

<u>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</u>-The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

## CITY OF KINGFISHER, OKLAHOMA ANNUAL FINANCIAL REPORT As of and for the Fiscal Year Ended June 30, 2021

	1% Decrease	Current Discount	1% Increase
	6.5%	Rate 7.5%	8.5%
Employers' net pension liability	\$ 5,192,317	\$ 3,998,130	\$ 2,999,015

<u>Pension plan fiduciary net position</u> - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at <u>www.ok.gov/fprs</u>.

## Police Plan:

<u>Plan description</u>-The City of Kingfisher, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at <u>www.ok.gov/OPPRS</u>.

#### **Benefits provided**-OPPRS provides retirement, disability, and death benefits to members of the plan.

The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

<u>Contributions</u> - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual

pay. Contributions to the pension plan from the City were \$84,510. The State of Oklahoma also made onbehalf contributions to OPPRS in the amount of \$55,449 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's onbehalf contributions on an accrual basis of \$72,739. These on-behalf payments did not meet the criteria of a special funding situation.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2021, the City reported a liability of \$207,313 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2020. Based upon this information, the City's proportion was 0.18052%.

For the year ended June 30, 2021, the City recognized pension expense of \$244,259. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	red Outflows Resources	 red Inflows esources
Differences between expected and actual experience	\$ 5,363	\$ 56,301
Changes of assumptions Net difference between projected and actual earnings on pension plan	21,297	-
investments	244,597	-
Changes in proportion	10,144	6,391
City contributions during measurement date	-	5,183
City contributions subsequent to the		
measurement date	 84,510	 -
Total	\$ 365,911	\$ 67,875

\$84,510 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 29,948
2023	62,159
2024	80,174
2025	46,714
2026	 (5,469)
	\$ 213,526

<u>Actuarial Assumptions</u>-The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.5% to 12% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Cost-of-living adjustments:	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of $1/3$ to $1/2$ of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of $3.5\%$ (wage inflation).
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.
	Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.
	Disabled pensioners RP-2000 Blue Collar Healthy Combined table with age set forward 4 years.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the following table:

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds,

convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

**Discount Rate**-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

<u>Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate</u>-The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	Decrease 6.5%	t Discount e 7.5%	1%	6 Increase 8.5%
Employers' net pension liability (asset)	\$ 732,354	\$ 207,313	\$	(236,761)

<u>Pension plan fiduciary net position</u>-Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at <u>www.ok.gov/OPPRS</u>.

#### Oklahoma Public Employees Retirement System:

<u>Plan description</u> - The City of Kingfisher, as the employer, participates in Oklahoma Public Employees Retirement Plan —a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Title 74 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OPERS. OPERS issues a publicly available financial report that can be obtained at <u>www.opers.ok.gov.</u>

**Benefits provided** - OPERS provides retirement, disability, and death benefits to members of the plan. Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90). Normal retirement date is further qualified to require that all members employed on or after January 1, 1983 must have six or more years of full-time equivalent employment with a participating employer before being eligible to receive benefits. Credited service is the sum of participating and prior service. Prior service includes nonparticipating service before January 1, 1975, or the entry date of the employer and active wartime military service.

A member with a minimum of ten years of participating service may elect early retirement with reduced benefits beginning at age 55 if the participant became a member prior to November 1, 2011, or age 60 if the participant became a member on or after November 1, 2011.

Benefits are calculated for each member category as follows:

- Employees
  - Benefits are determined at 2% of the average annual salary received during the highest thirty-six months of the last ten years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Members who join OPERS on or after July 1, 2013, will have their salary averaged over the highest 60 months of the last ten years. Normal retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011.
  - Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for Medicare. The Medicare Gap benefit option became available to members under age 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount. The option is irrevocable, must be chosen prior to retirement, and is structured to have a neutral actuarial cost to the Plan.
  - Members become eligible to vest fully upon termination of employment after attaining eight years of credited service, or the members' contributions may be withdrawn upon termination of employment.

Disability retirement benefits are available for members having eight years of credited service whose disability status has been certified as being within one year of the last day on the job by the Social Security Administration. Disability retirement benefits are determined in the same manner as retirement benefits, but payable immediately without an actuarial reduction.

Upon the death of an active member, the accumulated contributions of the member are paid to the member's named beneficiary(ies) in a single lump sum payment. If a retired member elected a joint annuitant survivor option or an active member was eligible to retire with either reduced or unreduced benefits or eligible to vest the retirement benefit at the time of death, benefits can be paid in monthly payments over the life of the spouse if the spouse so elects.

Upon the death of a retired member, the Plan will pay a \$5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary.

<u>Contributions</u> - The contribution rates for each member category of the Plan are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. Employees are required to contribute 7.5% percent of their annual pay. Participating entities are required to contribute 12.5% of the employees' annual pay. A portion of the contributions received by OPERS are allocated to the Supplemental Health Insurance program; see Note 10. Contributions to the pension plan from the City were \$215,654.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2021, the City reported a liability of \$685,192 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2020. Based upon this information, the City's proportion was 0.0768%.

For the year ended June 30, 2021, the City recognized pension expense of \$424,536. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	\$	-	\$	3,744
Changes of assumptions		244,745		-
Net difference between projected and actual earnings on pension plan investments		81,418		-
Changes in proportion		7,418		7,892
City contributions during measurement date		548		787
City contributions subsequent to the measurement date		215,654		
Total	\$	549,783	\$	12,423

\$215,654 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

## Year ended June 30:

2022	\$ 132,878
2023	104,095
2024	50,068
2025	34,665
	\$ 321,706

<u>Actuarial Assumptions</u>- The total pension liability as of June 30, 2021, was determined based on an actuarial valuation prepared as of July 1, 2020, using the following actuarial assumptions:

- Investment return 7.00% compounded annually net of investment expense and including inflation
- Salary increases 3.5% to 9.5% per year including inflation
- Mortality rates Active participants and nondisabled pensioners RP-2014 Mortality Table projected to 2025 by Scale MP-2016 (disabled pensioners set forward 12 years)
- No annual post-retirement benefit increases
- Assumed inflation rate 2.75%
- Payroll growth 3.5% per year
- Actuarial cost method Entry age
- Select period for the termination of employment assumptions 10 years

The actuarial assumptions used in the July 1, 2020, valuation are based on the results of the most recent actuarial experience study, which cover the three-year period ending June 30, 2016. The experience study report is dated April 13, 2017.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2020, are summarized in the following table:

## CITY OF KINGFISHER, OKLAHOMA ANNUAL FINANCIAL REPORT As of and for the Fiscal Year Ended June 30, 2021

	Target	Long-Term Expected
Asset Class	Allocation	Real Rate of Return
U.S. Large Cap Equity	34.0%	4.7%
U.S. Small Cap Equity	6.0%	5.8%
Int's Developed Equity	23.0%	6.5%
Emerging Market Equity	5.0%	8.5%
Core Fixed Income	25.0%	50.0%
Long Term Treasuries	3.5%	0.0%
US TIPS	3.5%	0.3%
Total	100.0%	

**Discount Rate**- The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

<u>Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate-</u>The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1%	Current	1%	
	Decrease	Discount	Increase	
	Rate 6.00%	Rate 7.00%	Rate 8.00%	
Net Pension Liability (Asset)	\$ 1,612,999	\$ 685,192	\$ (98,794)	

<u>Pension plan fiduciary net position</u> - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPERS; which can be located at <u>www.opers.ok.gov</u>.

#### 10. Other Postemployment Benefits Plan

<u>Plan description</u> - The City of Kingfisher, as the employer, participates in the Supplemental Health Insurance Program—a cost-sharing multiple-employer defined benefit OPEB plan administered by the Oklahoma Public Employees Retirement System (OPERS). The authority to establish and amend benefit provisions rests with the State Legislature. OPERS issues a publicly available financial report that can be obtained at <u>www.ok.gov/OPERS</u>

**Benefits provided** - OPERS pays a medical insurance supplement to eligible members who elect to maintain health insurance with the Oklahoma Employees Group Insurance Division (EGID) or other qualified insurance plan provided by the employer. This subsidy continues until the retiree terminates health insurance coverage with EGID or other qualified plan, or until death. The subsidy is only for the retiree, not joint annuitants or beneficiaries. The supplement payment is capped at \$105 per month per retiree, remitted to the (insurance provider or entity).

<u>Contributions</u> - The contribution rates for each member category of the System are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. An actuarially determined portion of the total contributions to the System are set aside to finance the cost of the benefits of the HISP in accordance with provisions of the Internal Revenue Code. Based on the contribution rate as described in employers and employees contribute a single amount based on a single contribution rate as described in Note (pension note number); from this amount OPERS allocates a portion of the contributions to the System set as a contribution sallocated to the OPEB plan from the City were \$15,125.

**OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows** of **Resources Related to OPEB** - At June 30, 2021, the City reported an asset of \$36,006 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2020. The City's proportion of the net OPEB asset was based on the City's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2020. Based upon this information, the City's proportion was .0768% percent.

For the year ended June 30, 2021, the City recognized OPEB revenue of \$1,502. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	\$	-	\$	30,484
Changes of assumptions		12,705		-
Net difference between projected and actual earnings on OPEB plan investments		5,483		-
Changes in proportion		2,685		678
City contributions during to the measurement date		570		472
City contirbutions subsequent to the measurement date	15,125			-
Total	\$	36,568	\$	31,634

The \$15,125 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:						
2022	\$	(4,891)				
2023		(2,518)				
2024		(1,581)				
2025		(898)				
2027		(303)				
Thereafter		_				
	\$	(10,191)				

<u>Actuarial Assumptions</u>- The total OPEB liability as of June 30, 2021, was determined based on an actuarial valuation prepared as of June 30, 2020 using the following actuarial assumptions:

- Investment return -7.00% compounded annually net of investment expense and including inflation
- Salary increases 3.5% to 9.5% per year including inflation
- Mortality rates active participants and nondisabled pensioners RP-2014 Mortality Table projected to 2025 by Scale MP-2016 (disabled pensioners set forward 12 years)
- No annual post-retirement benefit increases
- Assumed inflation rate 2.75%
- Payroll growth 3.5%
- Actuarial cost method Entry age
- Select period for the termination of employment assumptions 10 years

The actuarial assumptions used in the July 1, 2020, valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2016. The experience study report is dated April 13, 2017.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2020, are summarized in the following table:

	Target	Long-Term Expected
Asset Class	Allocation	Real Rate of Return
U.S. Large Cap Equity	34.0%	4.7%
U.S. Small Cap Equity	6.0%	5.8%
Int's Developed Equity	23.0%	6.5%
Emerging Market Equity	5.0%	8.5%
Core Fixed Income	25.0%	50.0%
Long Term Treasuries	3.5%	0.0%
US TIPS	3.5%	0.3%

**Discount Rate**- A single discount rate of 6.50% was used to measure the total OPEB liability as of June 30, 2020. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on

OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

<u>Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate</u>-The following presents the net OPEB liability (asset) of the employer calculated using the discount rate of 6.50%, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1%	Current	1%	
	Decrease	Discount	Increase	
	5.50%	Rate 6.50%	7.50%	
Net Pension Liability (Asset)	\$ (9,167)	\$ (36,006)	\$ (59,007)	

**<u>OPEB plan fiduciary net position</u>** - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report of the OPERS; which can be located at www.ok.gov/OPERS.

**REQUIRED SUPPLEMENTARY INFORMATION** 

## <u>Budgetary Comparison Schedule (Budgetary Basis)– General Fund – Fiscal Year Ended June 30,</u> 2021

	GENERAL FUND				
	Budgeted	Amounts	Actual	Variance with Final Budget	
	Original	Final	Amounts	Positive (Negative)	
Beginning Budgetary Fund Balance:	\$ 2,513,210	\$ 2,513,210	\$ 3,886,547	\$ 1,373,337	
Resources (Inflows):					
Taxes	4,972,281	4,948,281	4,956,255	7,974	
Intergovernmental	650,000	1,796,103	1,611,382	(184,721)	
Charges for services	425,200	425,200	407,746	(17,454)	
Fines and Forfeitures	100,000	100,000	44,396	(55,604)	
Licenses and Permits	21,000	21,000	22,600	1,600	
Miscellaneous	85,700	203,800	208,671	4,871	
Interest	22,500	22,500	23,456	956	
Transfers in	359,800	379,606	377,720	(1,886)	
Total Resources (Inflows)	6,636,481	7,896,490	7,652,226	(244,264)	
Amounts available for appropriation	9,149,691	10,409,700	11,538,773	1,129,073	

	Budgeted	Amounts	Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Charges to Appropriations (Outflows):				<u>_</u>
Commissioners	16,965	16,965	9,802	7,163
Treasurer	101,900	101,900	99,551	2,349
Attorney	30,618	30,618	25,048	5,570
Municipal Court	15,864	15,864	11,293	4,571
Police	1,375,277	1,437,277	1,394,887	42,390
Fire	1,830,063	1,920,063	1,869,640	50,423
Street	625,136	600,136	584,424	15,712
Parks and Recreation	371,214	371,214	335,427	35,787
General Government	214,663	899,663	852,036	47,627
Library	324,261	315,664	299,569	16,095
Cemetery	20,500	75,500	65,576	9,924
Building Inspector	70,888	70,888	65,717	5,171
Transfers out	1,617,281	2,040,281	1,907,008	133,273
Total Charges to Appropriations	6,614,630	7,896,033	7,519,978	376,055
Ending Budgetary Fund Balance	\$ 2,535,061	\$ 2,513,667	\$ 4,018,795	\$ 1,505,128

See accompanying notes to budgetary comparison schedules.

#### Footnotes to Budgetary Comparison Schedules:

- 1. The budgetary comparison schedule is reported on a non-GAAP budgetary basis that reports revenues and expenditures on a modified cash basis.
- 2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Commission. All supplemental appropriations require the approval of the City Commission. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.
- 3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

\$ 7,652,226
 (7,519,978)
 132,248
(828,686)
763,561
(20,604)
\$ 46,519
\$

# SCHEDULE OF THE CITY OF KINGFISHER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM Last 10 Fiscal Years\*

	2015	2016	2017	2018	2018 2019		2021
City's proportion of the net pension liability	0.245167%	0.277143%	0.270811%	0.261995%	0.271829%	0.315978%	0.324547%
City's proportionate share of the net pension liability	\$2,521,171	\$2,941,609	\$3,308,540	\$3,295,169	\$3,059,836	\$3,338,837	\$3,998,130
City's covered-employee payroll	\$ 665,806	\$ 757,126	\$ 755,600	\$ 772,571	\$ 807,186	\$ 912,107	\$1,003,471
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	379%	389%	438%	427%	379%	366%	398%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%

\*The amounts present for each fiscal year were determined as of 6/30

#### Notes to Schedule:

Only seven years are presented because 10-year data is not yet available.

## SCHEDULE OF CITY CONTRIBUTIONS OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021
Statutorially required contribution	\$ 105,998	\$ 105,784	\$ 108,160	\$ 113,006	\$ 127,695	\$ 140,486	\$ 145,617
Contributions in relation to the statutorially required contribution	105,998	105,784	108,160	113,006	127,695	140,486	145,617
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 757,126	\$ 755,600	\$ 772,571	\$ 807,186	\$ 912,107	\$ 1,003,471	\$1,040,121
Contributions as a percentage of coverd-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

#### Notes to Schedule:

Only seven years are presented because 10-year data is not yet available.

#### Schedules of Required Supplementary Information SCHEDULE OF THE CITY OF KINGFISHER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM Last 10 Fiscal Years\*

2015 2016 2017 2018 2019 2020 2021 City's proportion of the net pension liability (asset) 0.1748% 0.1810% 0.1795% 0.1847% 0.1975% 0.1670% 0.1805% City's proportionate share of the net pension liability (asset) \$ (58,859) \$ 7,379 \$ 274,934 \$ 14,207 \$ (94,073) \$ (10,664) \$207,313 City's covered-employee payroll \$ 506,050 \$ 512,283 \$ 529,392 \$ 551,654 \$ 581,169 \$ 540,315 \$583,785 City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll 11.63% 1.44% 51.93% 2.58% 16.19% 1.97% 35.51% Plan fiduciary net position as a percentage of the total pension liability 101.53% 99.82% 93.50% 99.68% 101.89% 100.24% 95.80%

\*The amounts present for each fiscal year were determined as of 6/30

#### Notes to Schedule:

Only seven years are presented because 10-year data is not yet available.

#### SCHEDULE OF CITY CONTRIBUTIONS OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021
Statutorially required contribution	\$ 66,596	\$ 68,821	\$ 71,715	\$ 75,552	\$ 70,241	\$ 75,892	\$ 84,510
Contributions in relation to the statutorially required contribution	66,596	68,821	71,715	75,552	70,241	75,892	84,510
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 512,283	\$ 529,392	\$ 551,654	\$ 581,169	\$ 540,315	\$ 583,785	\$650,077
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

#### Notes to Schedule:

Only seven years are presented because 10-year data is not yet available.

## SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN

Last 10 Fiscal Years\* (Dollar amounts in thousands)

	2015	2016	** 2017	2018	2019	2020	2021
City's proportion of the net pension liability	0.0624%	0.0594%	0.0672%	0.0682%	0.0729%	0.0828%	0.0768%
City's proportionate share of the net pension liability	\$ 114,472	\$ 213,735	\$ 639,567	\$ 368,805	\$ 142,240	\$ 110,322	\$ 685,192
City's covered-employee payroll	\$1,394,587	\$1,386,599	\$ 1,501,544	\$1,464,328	\$1,511,128	\$1,740,104	\$1,683,320
City's proportionate share of the net pension liability as a percentage of its covered- employee payroll	8%	15%	43%	25%	9%	6%	41%
Plan fiduciary net position as a percentage of the total pension liability	97.90%	96.00%	89.48%	94.28%	97.96%	98.63%	91.59%

\*The amounts present for each fiscal year were determined as of 6/30

#### Notes to Schedule:

Only seven fiscal years are presented because 10-year data is not yet available.

The Plan's net pension liability increased between 2015 and 2016 due to changes in assumptions adopted by the System's Board .

The most notable change was the lowering of the System's discount rate from 7.5% to 6.50%.

\*\* The net pension liability for fiscal year 2017 was restated due to the restatement of other post employement benefits at OPERS.

#### SCHEDULE OF THE CITY'S CONTRIBUTIONS OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN Last 10 Fiscal Years (Dollar amounts in thousands)

	2015	2016	2017	2017 2018		2020	2021
Contractually required contribution	\$ 173,326	\$ 187,693	\$ 183,041	\$ 188,891	\$ 217,513	\$ 210,415	\$ 215,654
Contributions in relation to the contractually required contribution	173,326	187,693	183,041	188,891	217,513	210,415	215,654
Contribution deficiency (excess)	<u>\$ -</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,386,599	\$ 1,501,544	\$ 1,464,328	\$ 1,511,128	\$ 1,740,104	\$ 1,683,320	\$1,725,232
Contributions as a percentage of coverd- employee payroll	12.50%	12.50%	12.50%	12.50%	12.50%	12.50%	12.50%

Notes to Schedule:

Only seven fiscal years are presented because 10-year data is not yet available.

#### Schedules of Required Supplementary Information SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) SUPPLEMENTAL HEALTH INSURANCE PROGRAM Last 10 Fiscal Years\* (Dollar amounts in thousands)

	2018	2019	2020	2021
Center's proportion of the net OPEB liability (asset)	0.0682%	0.0729%	0.0828%	0.0768%
Center's proportionate share of the net OPEB liability (asset)	\$ 7,813	\$ (9,438)	\$ (32,201)	\$ (36,006)
Center's covered payroll	\$ 1,464,328	\$ 1,511,128	\$ 1,740,104	\$ 1,683,320
Center's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.53%	-0.62%	-1.85%	-2.14%
Plan fiduciary net position as a percentage of the total OPEB liability	96.50%	103.94%	112.11%	0.00%

\*The amounts present for each fiscal year were determined as of 6/30

#### Notes to Schedule:

Only four years are presented because 10-year data is not yet available.

#### Schedules of Required Supplementary Information SCHEDULE OF THE CITY'S CONTRIBUTIONS SUPPLEMENTAL HEALTH INSURANCE PROGRAM Last 10 Fiscal Years (Dollar amounts in thousands)

	2017		2018		2019		2020			2021
Contractually required contribution	\$	12,810	\$	13,220	\$	16,030	\$	14,985	\$	15,125
Contributions in relation to the contractually required contribution		12,810		13,220		16,030		14,985	<u>.</u>	15,125
Contribution deficiency (excess)	\$	-	\$	-	\$	-	\$	-		
City's covered payroll	\$1	,464,328	\$	1,511,128	\$1	,740,104	\$ 1	,683,320	\$ 1	,725,224
Contributions as a percentage of covered payroll		0.87%		0.87%		0.92%		0.89%		0.88%

#### Notes to Schedule:

Only five years are presented because 10-year data is not yet available.

**OTHER SUPPLEMENTARY INFORMATION** 

# Combining Balance Sheet – General Fund Accounts – June 30, 2021

	Ge	neral Fund	В	ck Leave uy Back Account	Total General Fund Accounts			
ASSETS Cash and cash equivalents	\$	3,220,142	\$	15,010	\$	3,235,152		
Investments	φ	1,000,000	φ	15,010	φ	1,000,000		
Due from other governments		849,607				849,607		
Court fines receivable, net		22,532		-		22,532		
Ambulance receivable, net		118,989		-		118,989		
Other receivables		15,108		-		15,108		
Deposits with insurance pool		165,039		-		165,039		
Total assets	\$	5,391,417	\$	15,010	\$	5,406,427		
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES Liabilities:								
Accounts payable	\$	128,213	\$		\$	128,213		
Due to other funds	Ψ	19,693	Ψ		Ψ	19,693		
Sales tax due to hospital		184,086		-		184,086		
Total liabilities		331,992		-		331,992		
Deferred Inflows of resources:								
Deferred revenue		249,034		-		249,034		
Fund balances: Restricted for:								
Insurance Committed to:		165,039		-		165,039		
Economic Stabilization Assigned to:		3,337,269		-		3,337,269		
Capital Improvements		1,308,083		_		1,308,083		
Sick leave buy back		-		15,010		15,010		
Total fund balances		4,810,391		15,010		4,825,401		
Total liabilities, deferred inflows and fund		.,,				.,,		
balances	\$	5,391,417	\$	15,010	\$	5,406,427		

# <u>Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund</u> <u>Accounts – For the Fiscal Year Ended June 30, 2021</u>

		General Fund	В	ck Leave uy Back Account		tal General nd Accounts
REVENUES Taxes	\$	4,610,796	\$		\$	4,610,796
Fines and forfeitures	φ	4,010,790	φ	-	φ	4,010,790 45,227
Licenses and permits		22,600		-		22,600
Intergovernmental		1,102,269		-		1,102,269
Charges for services		1,191,004		-		1,191,004
Investment earnings		34,101		-		34,101
Miscellaneous		152,718		-		152,718
Donations		52,549		-		52,549
Total revenues		7,211,264				7,211,264
Total revenues		7,211,204		-		7,211,204
EXPENDITURES Current:						
General government		572,157		-		572,157
City Treasurer		99,220		-		99,220
City Attorney		26,891		-		26,891
Municipal Court		11,232		-		11,232
Police		1,399,667		-		1,399,667
Fire		2,074,155		-		2,074,155
Highways and streets		400,469		-		400,469
Culture, tourism and recreation		332,682		-		332,682
Cemetery		28,637		-		28,637
Administrative		9,845		-		9,845
Library		283,992		-		283,992
Interest and other charges		181,076		-		181,076
Capital Outlay		539,991		-		539,991
Total Expenditures		5,960,014		-		5,960,014
Revenues over (under) expenditures		1,251,250		-		1,251,250
OTHER FINANCING SOURCES (USES)						
Transfers in		377,720		-		377,720
Transfers out		(358,000)		-		(358,000)
Sales tax payment to hospital		(1,224,451)		-		(1,224,451)
Total other financing sources (uses)		(1,204,731)		-		(1,204,731)
Revenues and other sources over (under) expenditures and other uses		46,519		-		46,519
Fund balances - beginning		4,763,872		15,010		4,778,882
Fund balances - ending	\$	4,810,391	\$	15,010	\$	4,825,401
	Ψ	.,,	Ψ	,	¥	.,==0, 101

# <u>Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2021</u>

ASSETS		eet and ey Fund	emetery are Fund	el Motel x Fund	M	filitary emorial Fund	Flo	od Control Fund	м	verstreet emorial Fund	End	ibrary Iowment Fund		A.R.T Tax Fund	4	ngfisher kirport uthority		otal-Other vernmental Funds
ASSETS Cash and cash equivalents Investments Due from other governments	\$	243,695 - 8,423	\$ 64,084 60,079	\$ 1 -	\$	8,856 80,000	\$	215,308	\$	130,904 10,000	\$	191,612 296,066	\$	111,444 - 61,669	\$	29,862	\$	995,766 446,145 70,092
Total assets	\$	252,118	\$ 124,163	\$ 1	\$	88,856	\$	215,308	\$	140,904	\$	487,678	\$	173,113	\$	29,862	\$	1,512,003
LIABILITIES AND FUND BALANCES Liabilities:																		
Accounts payable Total liabilities	\$	-	\$ -	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	
Fund balances:																		
Nonspendable Restricted for:		-	-	-		-		-		-		50,000		-		-		50,000
Cemetery Capital Improvements			124,163											-				124,163
Airport		-	-	-		-		-		-		-		-		1,862		1,862
Library		-	-	-		-		-		-		416,637		-		-		416,637
Streets		252,118	-	-		-		-		-		-		-		-		252,118
Flood Control		-	-	-		-		215,308		-		-		-		-		215,308
Military Memorial		-	-	-		88,856		-		-		-		-		-		88,856
Improvements benefiting citizens		-	-	-		-		-		140,904		-		-		-		140,904
Health, Exercise, Aquatics, Recreation and Trails	5	-	-	-		-		-		-		-		19,626		-		19,626
Tourism		-	-	1		-		-		-		-		-		-		1
Assigned to:																		
Library		-	-	-		-		-		-		21,041		-		-		21,041
Airport		-	-	-		-		-		-		-		-		28,000		28,000
Health, Exercise, Aquatics, Recreation and Trails		-	-	 -		-	_	-		-		-	_	153,487	-	-	_	153,487
Total fund balances		252,118	 124,163	 1	_	88,856	_	215,308		140,904		487,678	_	173,113		29,862		1,512,003
Total liabilities and fund balances	\$	252,118	\$ 124,163	\$ 1	\$	88,856	\$	215,308	\$	140,904	\$	487,678	\$	173,113	\$	29,862	\$	1,512,003

#### <u>Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor</u> <u>Governmental Funds – For the Fiscal Year Ended June 30, 2021</u>

	Street and Alley Fund	Cemetery Care Fund	Hotel Motel Tax Fund	Military Memorial Fund	Flood Control Fund	Overstreet Memorial Fund	Library Endowment Fund	H.E.A.R.T Tax Fund	Kingfisher Airport Authority	Total-Other Governmental Funds
REVENUES										
Taxes	\$-	\$-	\$ 86,367	\$-	\$-	\$-	\$-	\$ 277,161	\$-	\$ 363,528
Intergovernmental	44,565	-	-	-	2,469	-	-	-	-	47,034
Charges for services	-	14,156	-	-	-	-	-	-	14,796	28,952
Investment earnings	-	225	-	280	906	41	1,410	1,223	-	4,085
Miscellaneous	-	-	-	-	-	16,252	-	-	29,738	45,990
Donations	-	-	-	-	-	-	959	-	-	959
Total revenues	44,565	14,381	86,367	280	3,375	16,293	2,369	278,384	44,534	490,548
EXPENDITURES Current:										
General government	-	-	-	-	30,877	-	-	-	-	30,877
Highways and streets	-	-	-	-	-	79	-	-	-	79
Culture, tourism and recreation	-	-	28,453	-	-	-	-	-	-	28,453
Airport		-	-	-	-	-	-	-	63,080	63,080
Debt Service										
Principal		-	-	-	-	-	-	-	-	
Capital Outlay	-	75,489	-	-	-	-	-	-	-	75,489
Total Expenditures		75,489	28,453		30,877	79			63,080	197,978
Revenues over (under) expenditures	44,565	(61,108)	57,914	280	(27,502)	16,214	2,369	278,384	(18,546)	292,570
OTHER FINANCING SOURCES (USES) Transfers in	_			_	_	_	_		8.000	8,000
Transfers out	_	_	(57,914)	_	_	_	_	(319,806)	0,000	(377,720)
Sales tax payment to hospital	_	_	(01,014)	_	_	_	_	(010,000)	_	(011,120)
Total other financing sources (uses)			(57,914)					(319,806)	8,000	(369,720)
Total other infancing sources (uses)	<u> </u>	<u> </u>	(57,514)	<u> </u>		<u> </u>		(313,000)	0,000	(303,720)
Revenues and other sources over (under) expenditures and other uses	44,565	(61,108)	-	280	(27,502)	16,214	2,369	(41,422)	(10,546)	(77,150)
Fund balances - beginning	207,553	185,271	1	88,576	242,810	124,690	485,309	214,535	40,408	1,589,153
Fund balances - ending	\$ 252,118	\$ 124,163	\$1	\$ 88,856	\$ 215,308	\$ 140,904	\$ 487,678	\$ 173,113	\$ 29,862	\$ 1,512,003

#### Kingfisher Special Kingfisher Projects Recreation KPWA Self Insurance Authority Authority Total ASSETS Current assets: Cash and cash equivalents \$ 530,239 \$ 21,825 \$ 25,447 \$ 82,359 \$ 659,870 Investments 650,000 650,000 Restricted. Cash and cash equivalents 236,587 236,587 Due from other funds 19,693 19,693 Accounts Receivable, net 1,508,665 1.508.665 Notes receivable 253,000 253,000 \_ Inventories 419,234 419,234 Total current assets 3,364,418 21,825 278,447 82,359 3,747,049 Non-current assets: Restricted: Cash and cash equivalents 232,246 232,246 Investments 264.174 264,174 \_ \_ Net OPEB asset 19,622 1,641 21,263 \_ Capital Assets: Land and construction in progress 522,610 12.493 1,535,228 1,000,125 \_ Other capital assets, net of accumulated depreciation 15,003,707 24,884 3,778,040 18,806,631 Total non-current assets 37,377 4,779,806 20,859,542 16,042,359 Total assets 19,406,777 21,825 4,862,165 315,824 24,606,591 DEFERRED OUTFLOW OF RESOURCES Deferred amounts related to pensions 299.221 25,564 324,785 Deferred amounts related to OPEB 19.520 1.954 21.474 318,741 27,518 346,259 LIABILITIES Current Liabilities: Accounts payable 539,733 5,971 545,704 Due to depositors 52,884 52,884 Notes payable 211,218 211,218 Compensated absences 33,600 192 33,792 Total current liabilities 843,598 837,435 6,163 Non-current liabilities: Due to depositors 496,420 496,420 505.100 505.100 Notes payable Compensated absences 302,409 1,724 304,133 Net pension liability 373,410 31,235 404,645 Total non-current liabilities 1,677,339 32,959 1,710,298 Total liabilities 39,122 2,514,774 2,553,896 DEFERRED INFLOW OF RESOURCES Deferred amounts related to pensions 7.526 6.341 1.185 Deferred amounts related to OPEB 16,926 1,873 23,267 3,058 NET POSITION Net investment in capital assets 14,809,999 37,377 4,778,165

#### **Combining Balance Sheet – Proprietary Funds – June 30, 2021**

18,799 26,325 19,625,541 Restricted for debt service 9,354 9,354 -Restricted for capital projects 173,460 173,460 Unrestricted 2,194,664 21,825 278,447 69,338 2,564,274 4,847,503 \$22,372,629 Total net position \$17,187,477 21,825 315,824 \$ \$

# <u>Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Proprietary</u> <u>Funds – For the Fiscal Year Ended June 30, 2021</u>

		KPWA	Self	Insurance	Spec	<u>Kingfisher</u> Special Projects Authority		<u>Kingfisher</u> <u>Recreation</u> Authority		Total
REVENUES					_		-		-	
Charges for services:										
Light and power charges	\$	5,293,694	\$	-	\$	-	\$	-	\$	5,293,694
Water charges		1,091,815		-		-		-		1,091,815
Sewer		526,167		-		-		-		526,167
Penalties		58,602		-		-		-		58,602
Sanitation		696,254		-		-		-		696,254
Recreation		-		-		-		86,245		86,245
Refunds and reimbursements		228,755		-		-		-		228,755
Miscellaneous		10,384		-		6,891		-		17,275
Total operating revenues		7,905,671		-		6,891		86,245		7,998,807
OPERATING EXPENSES										
Administration		856,649		601,684		-		-		1,458,333
Light and Power		4,433,949		-		-		-		4,433,949
Power Plant		202,705		-		-		-		202,705
Water		597,934		-		-		-		597,934
Sanitation		705,587		-		-		-		705,587
Sewer		221,979		-		-		-		221,979
Recreation		-		-		-		367,855		367,855
Economic development		-		-		82,000		-		82,000
Depreciation expense		791,845		-		5,062		312,194		1,109,101
Total Operating Expenses		7,810,648		601.684		87,062		680,049		9,179,443
Operating income (loss)	_	95,023		(601,684)		(80,171)		(593,804)		(1,180,636)
NON-OPERATING REVENUES (EXPENSES)										
Investment income		12,414		-		-		-		12,414
Miscellaneous revenue		10,980		8,195		-		-		19,175
Interest expense		(27,834)		-		-		-		(27,834)
Total non-operating revenue (expenses)		(4,440)		8,195		-		-		3,755
Income (loss) before transfers		90,583		(593,489)		(80,171)		(593,804)		(1,176,881)
Intra-account transfer		(150,000)		150,000		-		-		-
Transfers in		-		350,000		-		300,000		650,000
Transfers out		(300,000)		-		-		-		(300,000)
Change in net position		(359,417)		(93,489)		(80,171)		(293,804)		(826,881)
Total net position - beginning		17,546,894		115,314		395,995		5,141,307		23,199,510
Total net position - ending	\$	17,187,477	\$	21,825	\$	315,824	\$	4,847,503	\$	22,372,629
		<u> </u>				<u> </u>		<u> </u>		· · ·

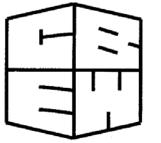
# **Schedule of Expenditures of State Awards**

State Grantor/Pass Through Agency Grantor/Program Title	Pass-thru Grant #		Award .mount		wards
Grantor/Program The	Grant#	A	mount	EX	pended
STATE AWARDS:					
Department of Libraries:					
State Aid FY 2020	N/A	\$	6,822	\$	682
State Aid FY 2021	N/A		6,721		6,721
Total Department of Libraries			13,543		7,403
Department of Agriculture:					
State Aid FY 2020	N/A		4,826		4,826
Total Department of Agruculture			4,826		4,826
TOTAL STATE AWARDS		\$	18,369	\$	12,229

#### Footnotes to Schedule of Expenditures of State Awards:

1. The Schedules is prepared on an accrual basis of accounting. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.

SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE INFORMATION



# **CBEW Professional Group, LLP**

Certified Public Accountants P.O. Box 790 Cushing, OK 74023 918-225-4216 FAX 918-225-4315

Charles E. Crooks, Jr., CPA - Trisha J. Rieman, CPA - Gabrielle Conchola, CPA

#### 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

February 25, 2022

Honorable Board of City Commissioners City of Kingfisher Kingfisher, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kingfisher, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Kingfisher, Oklahoma's basic financial statements, and have issued our report thereon dated February 25, 2022

#### Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. City of Kingfisher February 25, 2022

#### **Compliance and Other Matters**

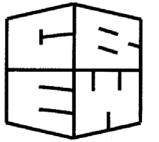
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

#### Purpose of this Report

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

# CBEW Professional Group, LLP

CBEW Professional Group, LLP Certified Public Accountants



# **CBEW Professional Group, LLP**

Certified Public Accountants P.O. Box 790 Cushing, OK 74023 918-225-4216 FAX 918-225-4315

Charles E. Crooks, Jr., CPA - Trisha J. Rieman, CPA - Gabrielle Conchola, CPA

#### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

February 25, 2022

The Honorable Governance Board City of Kingfisher Kingfisher, Oklahoma

#### Report on Compliance for Each Major Federal Program

We have audited the City of Kingfisher, Oklahoma (City)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance

> Members of American Institute and Oklahoma Society of CPA's Serving Our Clients Since 1960

#### **Opinion on Each Major Federal Program**

In our opinion, the City of Kingfisher, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

#### **Report on Internal Control Over Compliance**

Management of City of Kingfisher, Oklahoma, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CBEW Professional Group, LLP

CBEW PROFESSIONAL GROUP, LLP Certified Public Accountants

### CITY OF KINGFISHER Kingfisher, Oklahoma

#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Fiscal Year Ended June 30, 2021

Federal Grantor/ Federal Grantor/Pass Through Grantor/Program Title	Federal Assistance Listing		Program or Award Amount	Revenue Collected	Federal Expenditures
U.S. Department of Treasury:					
Coronavirus Relief Fund - CARES Act, & CARES OMES	21.019	_	405,056	405,056	405,056
U.S. Department of Homeland Security:					
Staffing for Adequate Fire & Emergency Hazard Mitigation Grant - FEMA-1883-DR-OK Sub-total U.S. Department of Homeland Secur	97.083 97.039 rity		360,802 6,749,421 7,110,223	212,073 2,469 214,542	212,073 2,469 214,542
U.S. Land and Water Conservation Fund					
Passed through the Oklahoma Department of Tou	rism & Recreation:				
Newfield Community Park	15.916		872,781	200,498	200,498
Total Expenditures of Federal Awards		\$	8,388,060 \$	820,096	820,096

Note A - Basis of Presentation - The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2021. 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 selected portion of the operations of the City, it is not intended and does not present the financial position, changes in net assets, or cash flows of the City.

**Note B - Summary of Significant Accounting Policies** - Expenditures reported on the Schedule are reported using accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

#### CITY OF KINGFISHER Kingfisher, Oklahoma

#### SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2021

#### SUMMARY OF AUDITOR'S RESULTS

*Financial Statements:* Type of Auditor's Report Issued: An unmodified opinion on the basic financial statements.

Internal Control Over Financial Reporting: Material Weakness(es) identified? <u>Yes X</u> No

Significant Deficiencies identified not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? \_Yes X No

#### Federal Awards:

Type of auditors report issued on compliance for major programs: Unmodified

Internal Control Over Major Programs: Material Weakness(es) identified? <u>Yes X</u> No

Significant Deficiencies identified not considered to be material weaknesses? None reported

Audit findings disclosed that are required to be reported in accordance with Uniform Guidance? \_ Yes  $\underline{X}$  No

Dollar threshold used to distinguish Type A and Type B programs \$750,000

Auditee Qualified as low-risk auditee? X Yes No

Identification of Major Programs:

#### CFDA#

21.019 Coronavirus Relief Fund - CARES Act and CARES OMES

#### **FINDINGS - FINANCIAL STATEMENT AUDIT**

1. None

#### FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. None

#### CITY OF KINGFISHER Kingfisher, Oklahoma

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended June 30, 2021

There were no prior year audit findings.