



**CITY OF
SKIATOOK,
OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

**THE CITY OF SKIATOOK,
OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

**CITY OF SKIATOOK, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Skiatook, Oklahoma

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Skiatook, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Skiatook, Oklahoma, as of June 30, 2020, and the respective changes in modified cash basis financial position and cash flows where applicable in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Skiatook, Oklahoma's basic financial statements. The management's discussion and analysis (pages 7-13), the budgetary comparison information (page 41), the combining and non-major fund financial statement-modified cash basis (pages 42-47) and the schedule of federal and state awards information (page 48) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements—modified cash basis and the federal and state awards information 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 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 and individual nonmajor fund financial statements—modified cash basis and the federal and state awards information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The management's discussion and analysis and the budgetary comparison information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2021, on our consideration of the City of Skiatook, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Skiatook, Oklahoma's 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 City of Skiatook, Oklahoma's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma
January 7, 2021

**CITY OF SKIATOOK, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

The management of the City of Skiatook is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the year ended June 30, 2020. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City's total net position decreased by \$1,216,884, and the assets of the City exceed its liabilities at June 30, 2020, by \$5,766,153 (net position). Of this amount, \$4,331,636 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2020, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$2,762,351.
- For the fiscal year ended June 30, 2020, unassigned fund balance on a modified cash basis for the General Fund was \$1,038,114 or 16.5% of General Fund revenues.

ABOUT THE CITY

The City of Skiatook is a Statutory Council-Manager form of City government with a population of 7,397 located in Osage and Tulsa County in Northeastern Oklahoma. The City is governed by a seven-member City Council and operates under state law and City ordinances through the three branches of democratic government:

- Legislative – the City Council is a seven-member governing body elected by the citizens, consisting of one council member from each of the six wards and one council member at large. The Mayor is one of the seven council members and is appointed by the City Council.
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is appointed by the City Council

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

This annual report includes all activities for which the City of Skiatook governing body 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 and another separate legal entity that is included as a discretely-presented component unit.

**CITY OF SKIATOOK, OKLAHOMA
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The City's Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of Skiatook), a blended component unit, and a discretely presented component unit as follows:

- **The City of Skiatook** – that operates the public safety, health and welfare, streets and highways, parks and recreation, economic and community development, airport, cemetery and administrative activities
- **The Skiatook Public Works Authority** – that operates the electric, water, wastewater, and sanitation and activities of the City (blended)
- **The Skiatook Economic Development Authority** – that promotes economic development for the City (discretely presented, and although active, has no financial activity).

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements of the primary government presented herein include all of the activities of the City of Skiatook (the "City"), the Skiatook Public Works Authority (the "Authority") and the Skiatook Economic Development Authority (SEDA). Included in this report are government-wide statements for each of the two categories of activities - governmental and business-type.

The government-wide financial statements present the complete financial picture of the City as applicable to the modified cash basis of accounting. These statements include all assets of the City as well as all liabilities, resulting from modified cash basis transactions. They present governmental and business-type activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most important questions to ask about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. You will need to consider other non-financial factors, however, such as changes in the City's sales tax base, the condition of the City's roads, and quality of service to assess the overall health of the City. You will also need to keep in mind that these government-wide statements are prepared in accordance with the modified cash basis of accounting and include only those City assets and liabilities resulting from cash transactions with selected modifications.

**CITY OF SKIATOOK, OKLAHOMA
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As of and for the Year Ended June 30, 2020**

In the Statement of Net Position and the Statement of Activities, we divide the City's primary government into two kinds of activities: *Governmental activities* - Most of the City's basic services are reported here, including the police, fire, administration, and streets. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities; and *Business-type activities* - Activities where the City typically charges a fee to customers to help cover all or most of the cost of certain services it provides are reported here. The City's electric, water, wastewater, and sanitation utilities are reported as business-type activities.

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

Fund Financial Statements

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 25-39 of this report.

CITY OF SKIATOOK, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Other Information

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

THE CITY AS A WHOLE

Net Position

For the year ended June 30, 2020, net position on a modified cash basis for the governmental and business-type activities decreased \$1,216,884.

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

Net Position (Modified Cash Basis)
June 30, 2020
(In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2020	2019		2020	2019		2020	2019	
Assets	\$ 2,789	\$ 4,322	-35%	\$ 3,647	\$ 3,311	10%	\$ 6,436	\$ 7,633	-16%
Total assets	<u>2,789</u>	<u>4,322</u>	-35%	<u>3,647</u>	<u>3,311</u>	10%	<u>6,436</u>	<u>7,633</u>	-16%
Liabilities	27	38	-29%	643	612	5%	670	650	3%
Total liabilities	<u>27</u>	<u>38</u>	-29%	<u>643</u>	<u>612</u>	5%	<u>670</u>	<u>650</u>	3%
Net position									
Restricted	902	2,963	-70%	533	629	-15%	1,435	3,592	-60%
Unrestricted	1,860	1,321	41%	2,471	2,070	19%	4,331	3,391	28%
Total net position	<u>\$ 2,762</u>	<u>\$ 4,284</u>	-36%	<u>\$ 3,004</u>	<u>\$ 2,699</u>	11%	<u>\$ 5,766</u>	<u>\$ 6,983</u>	-17%

Governmental and Business-type assets and restricted net position decreased in the current year due to prior year loan proceeds being spent on current year capital projects.

A portion of the City's net position, approximately \$1.4 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, approximately \$4.3 million, may be used to meet the government's ongoing needs.

CITY OF SKIATOOK, OKLAHOMA
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Changes in Net Position

For the year ended June 30, 2020, net position of the primary government changed as follows:

Changes in Net Position (Modified Cash Basis)
June 30, 2020
(In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2020	2019		2020	2019		2020	2019	
Revenues:									
Program revenues:									
Charges for Services	\$ 1,768	\$ 1,743	1%	\$ 10,496	\$ 10,422	1%	\$ 12,264	\$ 12,165	1%
Grants & Contributions	102	75	35%	-	-	-	102	75	35%
Capital Grants, Debt Proceeds & Contributions	213	281	-24%	1,741	4,399	-60%	1,954	4,680	-58%
General Revenues:									
Sales Tax	4,250	3,885	9%	-	-	-	4,250	3,885	9%
Intergovernmental	57	62	-7%	-	-	-	57	62	-7%
Other General Revenues	293	299	-2%	238	184	29%	531	483	10%
Total Revenues	<u>6,683</u>	<u>6,345</u>	5%	<u>12,475</u>	<u>15,005</u>	-17%	<u>19,157</u>	<u>21,350</u>	-10%
Program Expenses:									
Town clerk	\$ 5	\$ 5	0%	-	-	-	5	5	0%
Judge	23	23	-	-	-	-	23	23	-
Police	1,730	1,975	-12%	-	-	-	1,730	1,975	-12%
Fire	2,192	1,988	10%	-	-	-	2,192	1,988	10%
Community development	86	81	6%	-	-	-	86	81	6%
Streets	2,905	2,600	12%	-	-	-	2,905	2,600	12%
Parks	427	636	-33%	-	-	-	427	636	-33%
General government	1,607	1,566	3%	-	-	-	1,607	1,566	3%
Senior Citizens	86	192	-55%	-	-	-	86	192	-55%
Economic development	77	32	140%	-	-	-	77	32	140%
Vehicle maintenance	204	239	-15%	-	-	-	204	239	-15%
Cemetery	80	76	5%	-	-	-	80	76	5%
Airport	468	272	72%	-	-	-	468	272	72%
Electric	-	-	-	5,403	5,505	-2%	5,403	5,505	-2%
Water	-	-	-	2,338	2,636	-11%	2,338	2,636	-11%
Wastewater	-	-	-	2,380	4,856	-51%	2,380	4,856	-51%
Sanitation	-	-	-	363	373	-3%	363	373	-3%
Total Expenses	<u>9,890</u>	<u>9,685</u>	2%	<u>10,484</u>	<u>13,370</u>	-22%	<u>20,374</u>	<u>23,055</u>	-12%
Excess (Deficiency)	(3,207)	(3,340)	-4%	1,990	1,635	22%	(1,217)	(1,705)	-29%
Net Transfers	1,685	1,691	-	(1,685)	(1,691)	-	-	-	-
Change in Net Position	\$ (1,522)	\$ (1,649)	-8%	\$ 305	\$ (56)	-645%	\$ (1,217)	\$ (1,705)	-29%
Beginning Net Position	4,284	5,933	-28%	2,699	2,755	-2%	6,983	8,688	-20%
Ending Net Position	<u>\$ 2,762</u>	<u>\$ 4,284</u>	-36%	<u>\$ 3,004</u>	<u>\$ 2,699</u>	11%	<u>\$ 5,766</u>	<u>\$ 6,983</u>	-17%

Governmental activities capital grants, as well as parks and senior citizens expenses decreased due to the capital grants received and spent for senior citizens and capital improvement monies used for parks projects in the prior year. Airport expenses increased due to improvements at the airport using FAA grant funds. Economic development expenses increased as the services provided continue to grow from previous years.

Business-type activities capital grants, debt proceeds and contributions revenue and wastewater expenses decreased due to a large amount of loan proceeds received in the prior year.

CITY OF SKIATOOK, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Governmental Activities

The City's governmental activities had a decrease in net position of approximately \$1.5 million mostly due to capital projects in the current year. This is a 35.5% decrease from beginning net position.

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

	Total Expense		% Inc.	Net Revenue		% Inc.
	of Services			(Expense)		
	<u>2020</u>	<u>2019</u>	<u>(Dec.)</u>	<u>2020</u>	<u>2019</u>	<u>(Dec.)</u>
General government	\$ 1,607	\$ 1,566	3%	\$ (1,437)	\$ (1,540)	-7%
Town clerk	5	5	-	(5)	(5)	-
Judge	23	23	-	(23)	(22)	4%
Police	1,730	1,975	-12%	(1,456)	(1,347)	8%
Fire	2,192	1,988	10%	(1,192)	(1,157)	3%
Community development	86	81	6%	(41)	(30)	35%
Streets	2,905	2,600	12%	(2,835)	(3,047)	-7%
Parks	427	636	-33%	(427)	(293)	46%
Senior citizens	86	192	-55%	(80)	(78)	3%
Economic development	77	32	138%	46	93	-51%
Vehicle maintenance	204	239	-15%	(204)	(142)	44%
Cemetery	80	76	6%	(18)	(15)	20%
Airport	468	272	72%	(134)	13	-1133%
Total	<u>\$ 9,890</u>	<u>\$ 9,685</u>	<u>2%</u>	<u>\$ (7,807)</u>	<u>\$ (7,570)</u>	<u>3%</u>

Business-type Activities

The business-type activities had an increase in net position of approximately \$305 thousand. This is a 11.3% increase from beginning net position.

Net Revenue (Expense) of Business-Type Activities

	Total Expense		% Inc.	Net Revenue		% Inc.
	of Services			(Expense)		
	<u>2020</u>	<u>2019</u>	<u>(Dec.)</u>	<u>2020</u>	<u>2019</u>	<u>(Dec.)</u>
Water	\$ 2,338	\$ 2,636	-11%	\$ 1,276	\$ 3,607	-65%
Wastewater	2,380	4,855	-51%	(1,517)	(3,977)	-62%
Sanitation	363	373	-3%	205	163	26%
Electric	5,403	5,505	-2%	1,789	1,659	8%
Total	<u>\$ 10,484</u>	<u>\$ 13,369</u>	<u>-22%</u>	<u>\$ 1,752</u>	<u>\$ 1,452</u>	<u>21%</u>

**CITY OF SKIATOOK, OKLAHOMA
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A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2020 fiscal year, the governmental funds reported a combined fund balance of \$2,762,351. For the year ended June 30, 2020, the General Fund's total fund balance increased by \$562,660 to \$1,794,052 which is the equivalent of 28.4% of annual revenues.

Budgetary Highlights

For the year ended June 30, 2020, the General Fund reported actual budgetary basis revenues over final estimates by \$464,471 or a 5.8% positive variance. General Fund actual expenditures were under final appropriations by \$160,338 or a 2.0% positive variance.

Economic Factors and Next Year's Budget and Rates

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

- For the upcoming fiscal year ending June 30, 2021, the City budgeted an increase in sales tax revenue of approximately 6.5% due to increasing projections of sales tax. With the projected sales tax increase, the City is able to reduce the transfer from the Public Works Authority. The City also budgeted an increase of approximately 2.4% in expenditures related to employee raises and other operating costs. Overall, the City anticipates to see continued growth due to increases in population and commercial activity.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office at 110 N. Broadway, Skiatook, Oklahoma 74070 or telephone at 918-396-2797.

**CITY OF SKIATOOK, OKLAHOMA
ANNUAL FINANCIAL REPORT
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BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF SKIATOOK, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Statement of Net Position (Modified Cash Basis) – June 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Skiatook Economic Development Authority</u>
ASSETS				
Cash and equivalents	\$ 1,311,974	\$ 1,977,123	\$ 3,289,097	\$ -
Investments	1,477,544	1,669,823	3,147,367	-
Total Assets	<u>2,789,518</u>	<u>3,646,946</u>	<u>6,436,464</u>	<u>-</u>
LIABILITIES				
Due to other governments	293	-	293	-
Due to bond holders	6,350	-	6,350	-
Unearned revenue	20,524	-	20,524	-
Due to depositors	-	643,144	643,144	-
Total liabilities	<u>27,167</u>	<u>643,144</u>	<u>670,311</u>	<u>-</u>
NET POSITION				
Restricted for:				
Cemetery	29,889	-	29,889	-
Police	76,171	-	76,171	-
Capital projects	763,877	-	763,877	-
Airport	31,940	-	31,940	-
Debt service	-	532,640	532,640	-
Unrestricted	1,860,474	2,471,162	4,331,636	-
Total net position	<u>\$ 2,762,351</u>	<u>\$ 3,003,802</u>	<u>\$ 5,766,153</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

CITY OF SKIATOOK, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Statement of Activities (Modified Cash Basis)–Year Ended June 30, 2020

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Skiatook Economic Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants, Debt Proceeds and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental Activities:								
General government	\$ 1,607,282	\$ 142,460	\$ 27,383	\$ -	\$ (1,437,439)	\$ -	\$ (1,437,439)	\$ -
Town clerk	5,190	-	-	-	(5,190)	-	(5,190)	-
Judge	22,960	-	-	-	(22,960)	-	(22,960)	-
Police	1,729,456	273,738	-	-	(1,455,718)	-	(1,455,718)	-
Fire	2,192,301	995,168	4,642	-	(1,192,491)	-	(1,192,491)	-
Community development	85,879	45,307	-	-	(40,572)	-	(40,572)	-
Streets	2,904,719	-	69,559	-	(2,835,160)	-	(2,835,160)	-
Parks	427,003	-	-	-	(427,003)	-	(427,003)	-
Senior citizens	86,339	-	-	5,947	(80,392)	-	(80,392)	-
Economic development	76,802	122,560	-	-	45,758	-	45,758	-
Vehicle maintenance	203,925	-	-	-	(203,925)	-	(203,925)	-
Cemetery	80,062	62,016	-	-	(18,046)	-	(18,046)	-
Airport	468,070	126,757	-	207,034	(134,279)	-	(134,279)	-
Total governmental activities	9,889,988	1,768,006	101,584	212,981	(7,807,417)	-	(7,807,417)	-
Business-type activities								
Water	2,337,872	1,873,167	-	1,740,652	-	1,275,947	1,275,947	-
Wastewater	2,379,785	862,656	-	-	-	(1,517,129)	(1,517,129)	-
Sanitation	362,953	567,812	-	-	-	204,859	204,859	-
Electric	5,403,630	7,192,444	-	-	-	1,788,814	1,788,814	-
Total business-type activities	10,484,240	10,496,079	-	1,740,652	-	1,752,491	1,752,491	-
Total primary government	\$ 20,374,228	\$ 12,264,085	\$ 101,584	\$ 1,953,633	(7,807,417)	1,752,491	(6,054,926)	-
General revenues:								
Taxes:								
Sales tax and use tax					4,249,730	-	4,249,730	-
Franchise and public service taxes					34,919	-	34,919	-
Intergovernmental revenue not restricted to specific programs					57,444	-	57,444	-
Investment income					65,970	34,606	100,576	-
Miscellaneous					192,201	203,172	395,373	-
Transfers - internal activity					1,685,236	(1,685,236)	-	-
Total general revenues and transfers					6,285,500	(1,447,458)	4,838,042	-
Change in net position					(1,521,917)	305,033	(1,216,884)	-
Net position - beginning					4,284,268	2,698,769	6,983,037	-
Net position - ending					\$ 2,762,351	\$ 3,003,802	\$ 5,766,153	\$ -

See accompanying notes to the basic financial statements.

**CITY OF SKIATOOK, OKLAHOMA
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BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF SKIATOOK, OKLAHOMA
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Governmental Funds Balance Sheet (Modified Cash Basis) - June 30, 2020

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 320,389	\$ 837,163	\$ 154,422	\$ 1,311,974
Investments	1,427,544	-	50,000	1,477,544
Due from other funds	137,277	-	-	137,277
Total assets	<u>\$ 1,885,210</u>	<u>837,163</u>	<u>\$ 204,422</u>	<u>\$ 2,926,795</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ 63,991	\$ 73,286	\$ -	\$ 137,277
Due to bondholders	6,350	-	-	6,350
Due to other governments	293	-	-	293
Unearned revenue	20,524	-	-	20,524
Total liabilities	<u>91,158</u>	<u>73,286</u>	<u>-</u>	<u>164,444</u>
Fund balances:				
Restricted:				
For capital outlay	-	763,877	-	763,877
For police	76,171	-	-	76,171
For airport	-	-	31,940	31,940
For cemetery care	-	-	29,889	29,889
Committed for cemetery care	-	-	142,593	142,593
Assigned to economic development	679,767	-	-	679,767
Unassigned	1,038,114	-	-	1,038,114
Total fund balances	<u>1,794,052</u>	<u>763,877</u>	<u>204,422</u>	<u>2,762,351</u>
Total liabilities and fund balances	<u>\$ 1,885,210</u>	<u>\$ 837,163</u>	<u>\$ 204,422</u>	<u>\$ 2,926,795</u>

See accompanying notes to the basic financial statements.

CITY OF SKIATOOK, OKLAHOMA
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Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances
(Modified Cash Basis) – Year Ended June 30, 2020

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 4,284,649	\$ -	\$ -	\$ 4,284,649
Intergovernmental	164,975	-	207,034	372,009
Licenses and permits	42,192	-	-	42,192
Charges for services	1,513,824	-	142,261	1,656,085
Fines and forfeitures	70,704	-	-	70,704
Investment income	40,741	23,904	1,325	65,970
Miscellaneous	191,169	-	57	191,226
Total Revenues	6,308,254	23,904	350,677	6,682,835
EXPENDITURES				
Current:				
Town clerk	5,190	-	-	5,190
General government	1,063,857	-	-	1,063,857
Judge	22,960	-	-	22,960
Police	1,572,845	-	-	1,572,845
Fire	1,997,990	-	-	1,997,990
Community development	85,879	-	-	85,879
Senior citizens	83,334	-	-	83,334
Swimming pool/park	121,857	-	-	121,857
Street	645,582	-	-	645,582
Vehicle maintenance	197,657	-	-	197,657
Economic development	76,802	-	-	76,802
Airport	-	-	97,014	97,014
Cemetery	80,062	-	-	80,062
Capital Outlay	179,384	1,989,735	371,056	2,540,175
Debt Service:				
Principal	-	415,000	-	415,000
Interest and other charges	-	183,751	-	183,751
Total Expenditures	6,133,399	2,588,486	468,070	9,189,955
Excess (deficiency) of revenues over expenditures	174,855	(2,564,582)	(117,393)	(2,507,120)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,180,000	597,398	-	2,777,398
Transfers out	(1,792,195)	-	-	(1,792,195)
Total other financing sources and uses	387,805	597,398	-	985,203
Net change in fund balances	562,660	(1,967,184)	(117,393)	(1,521,917)
Fund balances - beginning	1,231,392	2,731,061	321,815	4,284,268
Fund balances - ending	\$ 1,794,052	\$ 763,877	\$ 204,422	\$ 2,762,351

See accompanying notes to the basic financial statements.

**CITY OF SKIATOOK, OKLAHOMA
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BASIC FINANCIAL STATEMENTS - PROPRIETARY FUND

**CITY OF SKIATOOK, OKLAHOMA
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Proprietary Fund Statement of Net Position (Modified Cash Basis) - June 30, 2020

	SPWA ENTERPRISE FUND
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,253,365
Investments	1,196,496
Restricted:	
Cash and cash equivalents	723,758
Investments	473,327
Total assets	3,646,946
 LIABILITIES	
Due to depositors	643,144
Total liabilities	643,144
 NET POSITION	
Restricted for debt service	532,640
Unrestricted	2,471,162
Total net position	\$ 3,003,802

See accompanying notes to the basic financial statements.

CITY OF SKIATOOK, OKLAHOMA
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Proprietary Fund Statement of Revenues, Expenses, and Changes in Net Position (Modified Cash Basis) - Year Ended June 30, 2020

	SPWA ENTERPRISE FUND
REVENUES	
Charges for Services:	
Electric	\$ 6,875,649
Water	1,858,117
Sewer	859,106
Sanitation	567,812
Sales tax on utility sales	316,795
Water taps	15,050
Sewer taps	3,550
Other	201,463
Total operating revenues	10,697,542
OPERATING EXPENSES	
Electric	5,396,548
Water	1,377,379
Sewer	2,024,771
Sanitation	355,871
Other	425,847
Total Operating Expenses	9,580,416
Operating income	1,117,126
NON-OPERATING REVENUES (EXPENSES)	
Interest income	34,606
Loan proceeds	1,740,652
Debt service:	
Principal retirement	(1,089,773)
Interest expense and fiscal agent fees	(514,084)
Other	1,709
Total non-operating revenue (expenses)	173,110
Income before transfers	1,290,236
Transfers in	1,194,797
Transfers out	(2,180,000)
Net transfers	(985,203)
Change in net position	305,033
Total net position - beginning	2,698,769
Total net position - ending	\$ 3,003,802

See accompanying notes to the basic financial statements.

CITY OF SKIATOOK, OKLAHOMA
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Proprietary Fund Statement of Cash Flows (Modified Cash Basis) - Year Ended June 30, 2020

	SPWA ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 10,697,542
Payments to suppliers and employees	(7,973,862)
Payments to employees	(1,606,554)
Receipts of customer utility deposits	123,725
Refunds of customer utility deposits	(92,530)
Interfund receipts/payments	272,769
Other income	1,709
Net cash provided by operating activities	1,422,799
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	1,194,797
Transfers to other funds	(2,180,000)
Net cash provided by (used in) noncapital financing activities	(985,203)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt	(1,077,773)
Interest and fiscal agent fees paid on debt	(526,084)
Proceeds from loan	1,740,652
Net cash provided by capital and related financing activities	136,795
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	34,606
Sale (purchase) of investments	(10,522)
Net cash provided by investing activities	24,084
Net increase in cash and cash equivalents	598,475
Balances - beginning of year	1,378,648
Balances - end of year	\$ 1,977,123
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 1,253,365
Restricted cash and cash equivalents	723,758
Total cash and cash equivalents, end of year	<u>\$ 1,977,123</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,117,126
Adjustments to reconcile operating income to net cash provided by operating activities:	
Other income	1,709
Change in assets and liabilities:	
Due from other funds	272,769
Customer deposits	31,195
Net cash provided by operating activities	\$ 1,422,799

See accompanying notes to the basic financial statements.

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

Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Skiatook, Oklahoma (the “City”) financial reporting entity includes the primary government, a blended component unit, and a discretely-presented component unit as follows.

- **The City of Skiatook** – that operates the public safety, health and welfare, streets and highways, parks and recreation, economic and community development, airport, cemetery and administrative activities
- **The Skiatook Public Works Authority (SPWA)** – that operates the electric, water, wastewater and sanitation services and activities of the City (blended)
- **The Skiatook Economic Development Authority** – that promotes economic development for the City (discretely presented, and although active, has no financial activity).

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Council Statement No. 14, “*The Financial Reporting Entity*” as amended by GASB Statement No. 61, “*The Financial Reporting Entity: Omnibus*” that requires the primary government and all component units for which the primary government is financially accountable be included in the financial report.

The 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. In addition, the City has leased certain existing assets at the creation for the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved. The City Council either serves as the governing body of the trust or appoints the trustees. In addition, as required by state law, all debt obligations incurred by the trusts must be approved by two-thirds vote of the City Council. This is considered sufficient imposition of will to include the trusts within the City’s financial reporting entity. The public trusts do not issue separate annual financial statements.

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statement of net position and statement of activities display information about the reporting of the government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

**CITY OF SKIATOOK, OKLAHOMA
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The statement of net position and statement of activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles.

These modifications include adjustments for the following balances arising from cash transactions:

- cash-based interfund receivables and payables
- assets that normally convert to cash or cash equivalents (certificates of deposit, marketable investments, and receivables resulting from cash)
- liabilities for cash (or cash equivalents) held on behalf of others, held in escrow, or received in advance of being earned

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

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

- General Government - penalties on utilities
- Police - traffic fines and fees, 911 fees, and operating grants
- Fire - ambulance fees, fire run fees, operating grants and capital grants
- Cemetery - cemetery openings and closings and other charges for services
- Economic development - refuse economic development charges
- Community development - licenses and permits
- Street - commercial vehicle and gas excise tax and operating grants
- Airport - user fees, capital grants and contributions
- Senior citizens - capital grants and contributions
- Park - pool receipts and capital grants and contributions

Governmental Funds:

The City's governmental funds are comprised of the following:

Major Funds:

- General Fund - accounts for all activities not accounted for in other special-purpose funds. The Cemetery Maintenance account is combined with the General Fund for reporting purposes.
- Capital Improvement Fund – accounts for resources restricted for the acquisition or construction of specific projects or items.

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

- Cemetery Care – accounts for 25% of all cemetery revenue of which 12.5% is legally restricted by State law for cemetery capital improvements
- Airport Fund – accounts for hanger rent and grant revenues and expenditures of the municipal airport in a separate fund required by State law

The governmental funds are reported on a modified cash basis of accounting. Only current financial assets and liabilities resulting from cash transactions are included on the fund balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period.

Proprietary Funds:

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

Enterprise Fund:

- Skiatook Public Works Authority – accounts for the operation of the electric, water, wastewater and sanitation services of the City

The proprietary fund is reported on a modified cash basis, as defined above.

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

C. Cash, Cash Equivalents, and Investments

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, and money market accounts. Investments consist of long-term certificates of deposits and are reported at cost.

D. Compensated Absences

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid compensatory time that would be due employees upon termination is reported as a commitment in Note 8.

E. Fund Balances and Net Position

Fund Balances:

Governmental fund equity is classified as fund balance. Fund balance can be 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 – include 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. The City’s highest level of decision-making authority is made by ordinance.
- d. Assigned – include 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.

Net Position:

Net position is displayed in two components:

- a. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- b. *Unrestricted net position* - All other net position that does not meet the definition of “restricted.”

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

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F. Internal and Interfund Balances and Transfers

The City’s policy is to eliminate interfund transfers and balances in the statement of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances then offset in the total column in the government-wide statements. Internal transfers and balances between funds are not eliminated in the fund financial statements.

2. Deposits and Investments

For the year ended June 30, 2020, the City recognized \$100,576 of investment income. Due to the minimal rates of return on allowable investments in the current environment, most of the City’s deposits are in demand and short-term time deposits.

At June 30, 2020, the primary government held the following deposits and investments:

Type of Deposits and Investments	Credit Rating	Carrying Value
Deposits:		
Petty cash		\$ 2,490
Demand deposits		1,916,804
Time deposits		3,147,367
		5,066,661
Investments:		
Invesco Treasury - Cash Mngmt and Premier Funds	AAAm	1,369,803
		1,369,803
Total deposits and investments		\$ 6,436,464
 Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 3,289,097
Investments		3,147,367
		\$ 6,436,464

Custody Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. The City is governed by the State Public Deposit Act which requires that the City obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered in the name of the government, and if held by either a counterparty or a counterparty’s trust, department or agent, but not in the government’s name.

As of June 30, 2020, the City had no bank deposits exposed to credit risk.

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Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no investment policy that limits investments based on maturity. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments, where applicable. The City's only investments with maturity dates are non-negotiable certificates of deposit with maturities no later than June 2020.

Investment Credit Risk

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

Concentration of Investment Credit Risk

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

At June 30, 2020, the City had no concentration of credit risk as defined above.

Restricted Cash and Investments – The amounts reported as restricted assets on the proprietary fund statement of net position are comprised of amounts held for utility deposits, restricted for debt service, debt reserve, or construction purposes. The restricted assets as of June 30, 2020 are as follows:

	<u>Current Cash and cash equivalents</u>	<u>Investments</u>
Utility deposits	\$ 191,118	\$ 473,327
Trustee accounts:		
Debt service:		
2010 series	95,385	-
2012 series	111,764	-
2013 series	193,323	-
2014 series	132,168	-
 Total	 <u>\$ 723,758</u>	 <u>\$ 473,327</u>

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3. Sales Tax Revenue

Sales tax revenue represents a 3.5 cent local tax on each dollar of taxable sales within the City in accordance with City Code Section 7 as amended by Ordinance 98-12. The sales tax received is recorded as sales tax revenue within the General Fund. The City is required to transfer one cent of its three and a half cents sales tax to the SPWA for debt retirement as required by the sales tax agreement in the bond indenture and Ordinance 98-12. Any remaining sales tax monies left after debt payments are made are required to be transferred back to the General Fund for operations. Ordinance 2015-14 requires the City to transfer half a cent sales tax to the Capital Improvement fund for constructing, improving, repairing and maintaining streets, roads, alleys, bridges and sidewalks.

4. Property Tax Levy

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

5. Internal and Interfund Transfers

Internal balances between funds and activities for the year ended June 30, 2020, were as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>	<u>Nature of Internal Balances</u>
General Fund	Cemetery Maintenance Account	\$ 63,991	To cover negative cash
General Fund	Capital Improvement Fund	<u>73,286</u>	To cover negative cash
Total		<u>\$ 137,277</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 137,277	\$ (137,277)	\$ -
Proprietary Funds	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 137,277</u>	<u>\$ (137,277)</u>	<u>\$ -</u>

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Internal transfers between funds and activities for the year ended June 30, 2020, were as follows:

Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	SPWA	\$ 1,194,797	Required sales tax transfer
SPWA	General Fund	2,180,000	Transfer for operations and return of sales tax
General Fund	Capital Improvement Fund	597,398	To fund purchase of capital assets
Business-type activities	Governmental activities	700,033	Transfer of governmental activity expenses
Total		<u>\$ 4,672,228</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 2,777,398	\$ (1,792,195)	\$ 985,203
Proprietary Funds	1,194,797	(2,180,000)	(985,203)
Fund Totals	\$ 3,972,195	\$ (3,972,195)	-
Transfer of governmental activity expenses	700,033	(700,033)	-
Government-wide Totals	<u>\$ 4,672,228</u>	<u>\$ (4,672,228)</u>	<u>-</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ (985,203)
Transfer of expenses to governmental activity	(700,033)
Transfers - internal activity	<u>\$ (1,685,236)</u>

6. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss by securing commercial insurance for all risks, except for participation in the Oklahoma Municipal Assurance Group risk entity pool for certain coverage. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

7. Employee Retirement Plan Participation

The City of Skiatook participates in four pension or retirement plans:

1. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
2. Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
3. Oklahoma Municipal Retirement System (OkMRF-DCP) – an agent multiple-employer defined contribution plan
4. Oklahoma Municipal Retirement System (OkMRF-DBP) – an agent multiple-employer defined benefit plan

OFPRS:

Plan Summary Information. The City of Skiatook, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter's Pension and Retirement System (OFPRS). The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ full-time or volunteer firefighters.

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The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414.

Funding Policy. OFPRS plan members that are volunteer firefighters are not required to contribute to the plan. The City is required by state law to contribute \$60 per year for each volunteer firefighter. The OFPRS plan members are required to contribute 9% to the plan. The City is required by state law to contribute 14% per year of covered payroll per paid firefighter. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OFPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2018	\$132,138	\$132,138
2019	\$150,463	\$150,463
2020	\$174,357	\$174,357

OPPRS:

Plan Summary Information. The City of Skiatook, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Police Pension and Retirement System (OPPRS). The OPPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ a certain number of fulltime police officers.

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

OPPRS
1001 N.W. 63rd St., Suite 305
Oklahoma City, OK 73116-7335

Funding Policy. The City is required by state law to contribute 13% of covered payroll per year for each police officer. Employees contribute 8% of covered payroll. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OPPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2018	\$99,203	\$99,203
2019	\$108,162	\$108,162
2020	\$93,790	\$93,790

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OkMRF Defined Contribution Plan:

Plan Summary Information. The City has provided a defined contribution plan and trust known as the City of Skiatook Plan and Trust (the “Plan”) in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF). OkMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The plan is administered by JP Morgan Chase of Oklahoma City. The defined contribution plan is available to all full-time employees except those participating in the state fire or police programs. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after completion of three months of service to the City.

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

Funding Policy. Employees may voluntarily contribute to the maximum IRS limit.

OkMRF Defined Benefit Plan:

Plan Summary Information. The City has provided a defined benefit plan and trust known as the City of Skiatook Plan and Trust (the “Plan”) in the form of The Oklahoma Municipal Retirement System Master Defined Benefit Plan (OkMRF). OkMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The defined benefit plan is available to all full-time employees except those participating in the state fire or police programs. Benefits are based on the vested employees five highest consecutive years of salaries out of the last ten years of service and are eligible for full retirement benefits if retirement occurs at the age of 65 or older. Those that retire prior to the age of 65 are eligible for early retirement benefits if termination of employment occurs after the age of 55 and with seven years of vested service. Employees are eligible to participate on the Employee’s Employment Commencement date.

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

Funding Policy. Employees participating in the Plan are required to contribute 4.5%. By City ordinance, the City, as employer, is required to make contributions to the plan, based upon employee contributions under the pick-up option, at a current rate of 9.26% of covered payroll. The City’s contributions for each employee are vested after seven years of service. The authority to establish and amend the provisions of the plan rests with the City Council.

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2018	\$181,294	\$181,294
2019	\$191,048	\$191,048
2020	\$181,136	\$181,136

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8. Commitments and Contingencies

For the year ended June 30, 2020, the reporting entity's long-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance</u> <u>July 01, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Notes payable (direct borrowing)	\$ 7,230,000	\$ -	\$ 415,000	\$ 6,815,000	\$ 425,000
Total Governmental Activities	<u>\$ 7,230,000</u>	<u>\$ -</u>	<u>\$ 415,000</u>	<u>\$ 6,815,000</u>	<u>\$ 425,000</u>
Business-Type Activities:					
Notes payable (direct borrowing)	\$ 17,307,358	\$ 1,740,652	\$ 1,089,773	\$ 17,958,237	\$ 1,129,777
Total Business-Type Activities	<u>\$ 17,307,358</u>	<u>\$ 1,740,652</u>	<u>\$ 1,089,773</u>	<u>\$ 17,958,237</u>	<u>\$ 1,129,777</u>

Governmental activities long-term debt payable from direct borrowings and direct placements include the following:

2016 Sales Tax Revenue Note dated April 7, 2016, original amount \$8,100,000, due in semi-annual principal installments each April 1 and October 1, beginning April 2017, final installment due April 2031 with a 2.55% interest rate payable semi-annually based on principal outstanding. The collateral for this note is a pledge of revenues. In the event of default, the lender has all rights and remedies as allowed by law including: 1) suit for specific performance of any or all of the covenants of the borrower contained in the note indenture, the Sales Tax Agreement or the notes; 2) requiring the Sales Tax Revenue be deposited directly as received with the Bank; 3) acceleration of the payment of principal and of interest accrued on all notes; 4) suit at law or equity to enforce or enjoin the action or inaction of parties under the provisions of the note indenture or the Sales Tax Agreement.

	<u>\$ 6,815,000</u>
Current portion	425,000
Noncurrent portion	6,390,000
Total Revenue Bonds Payable	<u>\$ 6,815,000</u>

Business-type activities long-term debt payable from direct borrowings and direct placements include the following:

Notes Payable:

2014 OWRB CWSRF Promissory Note dated February 12, 2014, original amount \$520,000, due in semi-annual principal installments each March 15 and September 15, beginning September 2015, final installment due March 15, 2035 with an administration fee of 0.5% and interest a 2.13% payable semi-annually based on principal outstanding. The OWRB loan is collateralized by the pledge of revenues. In the event 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; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement.

\$ 402,148

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2013 Sales Tax Revenue Note dated December 13, 2013, original amount \$4,510,000, due in semi-annual principal installments each March 1 and September 1, beginning March 1, 2014, final installment due September 1, 2023 with interest at 2.62% payable semi-annually based on principal outstanding. The collateral for this note is a pledge of revenues. In the event of default, the lender has all rights and remedies as allowed by law including: 1) suit for specific performance of any or all of the covenants of the borrower contained in the note indenture, the Sales Tax Agreement or the notes; 2) requiring the Sales Tax Revenue be deposited directly as received with the Bank; 3) acceleration of the payment of principal and of interest accrued all notes; 4) suit at law or equity to enforce or enjoin the action or inaction of parties under the provisions of the note indenture or the Sales Tax Agreement.

1,875,000

Promissory Note dated January 1, 2001, original amount \$125,000, due in monthly installments of \$521 beginning February 1, 2001, final installment due January 1, 2021. The collateral for this note is a pledge of revenues. In the event of default, the lender has all rights and remedies as allowed by law including: 1) suit for specific performance of any or all of the covenants of the borrower contained in the note indenture, the Sales Tax Agreement or the notes; 2) requiring the Sales Tax Revenue be deposited directly as received with the Bank; 3) acceleration of the payment of principal and of interest accrued on all notes; 4) suit at law or equity to enforce or enjoin the action or inaction of parties under the provisions of the note indenture or the Sales Tax Agreement.

3,646

2010 Sales Tax Revenue Note dated March 31, 2010, original amount \$4,000,000, due in semi-annual principal installments each April 1 and October 1, beginning October 1, 2010, final installment due April 1, 2025 with interest at 4.85% payable semi-annually based on principal outstanding. The collateral for this note is a pledge of revenues. In the event of default, the lender has all rights and remedies as allowed by law including: 1) suit for specific performance of any or all of the covenants of the borrower contained in the note indenture, the Sales Tax Agreement or the notes; 2) requiring the Sales Tax Revenue be deposited directly as received with the Bank; 3) acceleration of the payment of principal and of interest accrued on all notes; 4) suit at law or equity to enforce or enjoin the action or inaction of parties under the provisions of the note indenture or the Sales Tax Agreement.

1,665,000

2014 Sales Tax Revenue Note dated February 1, 2014, original amount \$3,905,000, due in semi-annual principal installments each March 1 and September 1, beginning March 1, 2015, final installment due March 1, 2026 with interest at 2.90% payable semi-annually based on principal outstanding. The collateral for this note is a pledge of revenues. In the event of default, the lender has all rights and remedies as allowed by law including: 1) suit for specific performance of any or all of the covenants of the borrower contained in the note indenture, the Sales Tax Agreement or the notes; 2) requiring the Sales Tax Revenue be deposited directly as received with the Bank; 3) acceleration of the payment of principal and of interest accrued on all notes; 4) suit at law or equity to enforce or enjoin the action or inaction of parties under the provisions of the note indenture or the Sales Tax Agreement.

2,905,000

2016 OWRB Promissory Note dated December 20, 2016, original amount \$12,453,000, due in semi-annual principal installments each September 15 and March 15, beginning September 2017, final installment due March 15, 2038 with interest at 2.01% payable semi-annually based on principal outstanding. The OWRB loan is collateralized by the pledge of revenues. In the event 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; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement.

10,407,443

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2012 OWRB Promissory Note dated March 28, 2012, original amount \$975,000, due in semi-annual principal installments each September 15 and March 15, beginning September 2012, final installment due September 15, 2032 with interest at 3.44% payable semi-annually based on principal outstanding. The OWRB loan is collateralized by the pledge of revenues. In the event 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; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement.

	<u>700,000</u>
Total Notes Payable	<u>\$ 17,958,237</u>
Current portion	1,129,777
Noncurrent portion	<u>16,828,460</u>
Total Notes Payable	<u>\$ 17,958,237</u>

Long-term debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	Sales Tax Revenue Note (direct borrowings and direct placements)	
	<u>Principal</u>	<u>Interest</u>
2021	425,000	171,105
2022	440,000	160,140
2023	455,000	148,856
2024	470,000	137,126
2025	485,000	125,077
2026-2030	3,725,000	370,897
2031	<u>815,000</u>	<u>15,619</u>
Totals	<u>\$ 6,815,000</u>	<u>\$ 1,128,820</u>
	<u>SPWA</u>	
	Notes Payable (direct borrowings and direct placements)	
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	1,129,777	455,809
2022	1,161,724	407,720
2023	1,199,334	358,103
2024	1,237,937	306,879
2025	1,285,603	252,605
2026-2030	4,974,268	779,579
2031-2035	5,770,149	364,565
2036-2038	<u>3,233,002</u>	<u>37,400</u>
Totals	<u>\$ 19,991,794</u>	<u>\$ 2,962,660</u>
Less: Amount not yet drawn	<u>(2,033,557)</u>	
Outstanding balance	<u>\$ 17,958,237</u>	

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Pledge of Future Revenues

Sales Tax Revenues Pledge

The City has pledged one cent (or 28.6%) of future sales tax revenues to repay the 2012 OWRB Promissory Note of \$975,000, the 2013 Sales Tax Revenue Note of \$4,510,000, the 2014 OWRB Promissory Note of \$520,000, the 2014 Sales Tax Revenue Note of \$3,905,000, the 2016 OWRB Promissory Note of \$12,453,000, and the CDBG Loan #8679. Proceeds from the bonds and notes were used for capital assets. The bonds and notes are payable from pledged sales tax revenues transferred to the SPWA and are payable through 2033, 2024, 2035, 2026, 2037, and 2021 respectively. The total principal and interest payable for the remainder of the life of these bonds is \$21,059,806 including \$2,033,557 remaining to be drawn. Pledged sales taxes received in the current year were \$1,104,272. Debt service payments of \$1,226,179 for the current fiscal year were 111% of pledged sales taxes.

The City has pledged two cents (or 57.1%) of future sales tax revenues to repay the 2010 Sales Tax Revenue Note of \$4,000,000, and the 2016 Sales Tax Revenue Note of \$8,100,000. Proceeds from the bonds and notes were used for capital assets. The bonds and notes are payable from pledged sales tax revenues transferred to the SPWA and are payable through 2025, and 2031 respectively. The total principal and interest payable for the remainder of the life of these bonds is \$9,838,468. Pledged sales taxes received in the current year were \$2,208,543. Debt service payments of \$976,431 for the current fiscal year were 44.2% of pledged sales taxes.

Utility Net Revenues Pledge

The City has pledged future water and sewer net utility revenues to repay the Series 2012 OWRB Promissory Note of \$975,000, the 2013 Sales Tax Revenue Note of \$4,510,000, the 2014 OWRB Promissory Note of \$520,000 and the 2016 OWRB Promissory Note. The bonds and notes are payable from pledged water and sewer utility revenues of the SPWA and are payable through 2032, 2023, 2035 and 2038, respectively. The total principal and interest payable for the remainder of the life of these bonds is \$17,795,112. Pledged water and sewer utility net revenues for the current year were \$1,210,351. Debt service payments of \$934,407 for the current fiscal year were 77% of pledged water and sewer utility net revenues.

Contingent receivable and payable

The discretely presented component unit, the Skiatook Economic Development Authority, is the pass through entity on an Oklahoma Housing Financing Agency loan in the amount of \$300,000 to a developer in prior years. The loan has a 1% interest rate and is related to the HOME Grant from the Oklahoma Housing Financing Agency. In the terms of the agreement, if the developer does not make a profit they don't have to make payments for the term of the note which is 30 years. No payment toward this receivable has been made. When payments are received, the Skiatook Economic Development Authority will remit the payments to the City so that they may in turn remit such payments to Oklahoma Housing Financing Agency in accordance with the grant. No activity has occurred in FY 2020.

Compensated Absences:

As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation, sick and comp leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2020, is summarized as follows:

- City – accrued compensated absences \$525,132

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- SPWA – accrued compensated absences \$180,511

Litigation:

The City is 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. These statutory provisions do not apply to the City’s public trust Authorities. 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.

Federal and State Award Programs:

The City of Skiatook participates in various federal or state grant/loan programs from year to year. In 2020, the City’s involvement in federal and state award programs was not significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

Capital Assets Pledged for Debt:

At June 30, 2020, the roll forward schedule to report infrastructure assets pledged as collateral for the Oklahoma Water Resource Board Series 2012, 2014 and 2016 debts, and related accumulated depreciation is as follows:

<u>DEPARTMENT</u>	<u>BALANCE JUNE 30, 2019</u>	<u>ADDITIONS</u>	<u>DISPOSALS</u>	<u>BALANCE JUNE 30, 2020</u>
SPWA:				
Utility Property Improvements				
Water	\$ 5,251,544	\$ -	\$ -	\$ 5,251,544
Sewer	1,337,160	-	-	1,337,160
Subtotal	<u>6,588,704</u>	<u>-</u>	<u>-</u>	<u>6,588,704</u>
Total Property, Plant, Equip.	<u>6,588,704</u>	<u>-</u>	<u>-</u>	<u>6,588,704</u>
Accumulated Depreciation				
Utility Property Improvements				
Water	1,414,525	137,263	-	1,551,788
Sewer	496,938	67,258	-	564,196
	<u>1,911,463</u>	<u>204,521</u>	<u>-</u>	<u>2,115,984</u>
Net Property, Plant, Equip.	<u>4,677,241</u>	<u>(204,521)</u>	<u>-</u>	<u>4,472,720</u>
Water Construction in Progress	3,517,302	107,433	-	3,624,735
Sewer Construction in Progress	8,522,192	1,743,475	-	10,265,667
Total Construction in progress	<u>12,039,494</u>	<u>1,850,908</u>	<u>-</u>	<u>13,890,402</u>
Net PPE and CIP	<u>\$ 16,716,735</u>	<u>\$ 1,646,387</u>	<u>\$ -</u>	<u>\$ 18,363,122</u>

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SUPPLEMENTARY AND OTHER INFORMATION

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Budgetary Comparison Schedule (Budgetary Basis) – Year Ended June 30, 2020

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$1,231,392	\$1,231,392	\$1,231,392	-
Resources (Inflows):				
Taxes	3,911,250	3,911,250	4,284,649	373,399
Licenses and permits	46,000	46,000	42,192	(3,808)
Intergovernmental	127,000	127,000	164,975	37,975
Charges for services	1,314,500	1,314,500	1,466,337	151,837
Fines and forfeitures	155,000	155,000	70,704	(84,296)
Miscellaneous	195,546	195,546	191,169	(4,377)
Interest	12,000	12,000	40,741	28,741
Total Revenue	<u>5,761,296</u>	<u>5,761,296</u>	<u>6,260,767</u>	<u>499,471</u>
Other Financing Sources:				
Transfers from other funds	2,215,000	2,215,000	2,180,000	(35,000)
Total Other Financing Sources	<u>2,215,000</u>	<u>2,215,000</u>	<u>2,180,000</u>	<u>(35,000)</u>
Total Resources	<u>7,976,296</u>	<u>7,976,296</u>	<u>8,440,767</u>	<u>464,471</u>
Amounts available for appropriation	<u>9,207,688</u>	<u>9,207,688</u>	<u>9,672,159</u>	<u>464,471</u>
Charges to Appropriations (Outflows):				
Town Clerk	5,189	5,192	5,190	2
Judge	23,700	23,697	22,960	737
Police	1,915,834	1,824,148	1,675,207	148,941
Fire	2,036,836	2,072,008	2,072,007	1
Community development	88,854	88,747	85,879	2,868
Street	653,999	645,583	645,582	1
Vehicle maintenance	205,054	200,685	197,657	3,028
Park	108,966	121,858	121,857	1
General government	2,794,566	1,136,316	1,063,857	72,459
Senior citizen's	83,580	89,098	86,339	2,759
Economic development	52,907	76,803	76,802	1
Emergency management	2,000	2,000	-	2,000
Total Charges	<u>7,971,485</u>	<u>6,286,135</u>	<u>6,053,337</u>	<u>232,798</u>
Other Financing Uses:				
Transfers to other funds	1,658,250	1,719,735	1,792,195	(72,460)
Total Other Financing Uses	<u>1,658,250</u>	<u>1,719,735</u>	<u>1,792,195</u>	<u>(72,460)</u>
Total Charges to Appropriations	<u>9,629,735</u>	<u>8,005,870</u>	<u>7,845,532</u>	<u>160,338</u>
Ending Budgetary Fund Balance	<u>(\$422,047)</u>	<u>\$1,201,818</u>	<u>\$1,826,627</u>	<u>\$624,809</u>
Reconciliation to Statement of Changes in Revenues, Expenditures and Changes in Fund Balance:				
Cemetery Maintenance Account			<u>(32,575)</u>	
			<u>\$1,794,052</u>	

See accompanying notes to this schedule.

Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a department require the City Manager's approval without further City Council approval, while supplemental appropriations require City Council approval.

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Combining Balance Sheet – General Fund Accounts – June 30, 2020

	General Fund	Cemetery Maintenance Account	Total General Fund
ASSETS			
Cash and cash equivalents	\$ 320,389	\$ -	\$ 320,389
Investments	1,427,544	-	1,427,544
Due from other funds	137,277	-	137,277
Total assets	1,885,210	-	1,885,210
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	-	63,991	63,991
Payable to other governments	293	-	293
Due to bondholders	6,350	-	6,350
Unearned revenue	20,524	-	20,524
Total liabilities	27,167	63,991	91,158
 Fund balances:			
Restricted	76,171	-	76,171
Assigned to economic development	679,767	-	679,767
Unassigned (deficit)	1,102,105	(63,991)	1,038,114
Total fund balances	1,858,043	(63,991)	1,794,052
Total liabilities and fund balances	\$ 1,885,210	\$ -	\$ 1,885,210

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Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2020

	<u>General Fund</u>	<u>Cemetery Maintenance Account</u>	<u>Total</u>
REVENUES			
Taxes	\$ 4,284,649	\$ -	\$ 4,284,649
Licenses and permits	42,192	-	42,192
Intergovernmental	164,975	-	164,975
Charges for services	1,466,337	47,487	1,513,824
Fines and forfeitures	70,704	-	70,704
Investment income	40,741	-	40,741
Miscellaneous	191,169	-	191,169
Total Revenues	<u>6,260,767</u>	<u>47,487</u>	<u>6,308,254</u>
EXPENDITURES			
Current:			
Town clerk	5,190	-	5,190
General government	1,063,857	-	1,063,857
Judge	22,960	-	22,960
Police	1,572,845	-	1,572,845
Fire	1,997,990	-	1,997,990
Community development	85,879	-	85,879
Senior citizens	83,334	-	83,334
Swimming pool/park	121,857	-	121,857
Street	645,582	-	645,582
Vehicle Maintenance	197,657	-	197,657
Economic development	76,802	-	76,802
Cemetery	-	80,062	80,062
Capital Outlay	179,384	-	179,384
Total Expenditures	<u>6,053,337</u>	<u>80,062</u>	<u>6,133,399</u>
Excess (deficiency) of revenues over expenditures	<u>207,430</u>	<u>(32,575)</u>	<u>174,855</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,180,000	-	2,180,000
Transfers out	(1,792,195)	-	(1,792,195)
Total other financing sources and uses	<u>387,805</u>	<u>-</u>	<u>387,805</u>
Net change in fund balances	595,235	(32,575)	562,660
Fund balances - beginning	1,262,808	(31,416)	1,231,392
Fund balances - ending	<u>\$ 1,858,043</u>	<u>\$ (63,991)</u>	<u>\$ 1,794,052</u>

**CITY OF SKIATOOK, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2020

	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Total Other</u>
	<u>Airport Fund</u>	<u>Cemetery Care</u>	<u>Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 31,940	\$ 122,482	\$ 154,422
Investments	-	50,000	50,000
Total assets	31,940	172,482	204,422
 FUND BALANCES			
Liabilities			
Due to other funds	-	-	-
Total liabilities	-	-	-
Fund balances:			
Restricted:			
For airport	31,940	-	31,940
For cemetery care	-	29,889	29,889
Committed to cemetery care	-	142,593	142,593
Total fund balances	31,940	172,482	204,422
Total fund balances	\$ 31,940	\$ 172,482	\$ 204,422

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2020

	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Total Other</u>
	<u>Airport Fund</u>	<u>Cemetery Care</u>	<u>Governmental</u>
			<u>Funds</u>
REVENUES			
Intergovernmental	\$ 207,034	\$ -	\$ 207,034
Charges for services	126,757	15,504	142,261
Investment income	-	1,325	1,325
Miscellaneous	57	-	57
Total Revenues	<u>333,848</u>	<u>16,829</u>	<u>350,677</u>
EXPENDITURES			
Current:			
Airport	97,014	-	97,014
Capital Outlay	371,056	-	371,056
Total Expenditures	<u>468,070</u>	<u>-</u>	<u>468,070</u>
Excess (deficiency) of revenues over expenditures	<u>(134,222)</u>	<u>16,829</u>	<u>(117,393)</u>
Net change in fund balances	(134,222)	16,829	(117,393)
Fund balances - beginning	166,162	155,653	321,815
Fund balances - ending	<u>\$ 31,940</u>	<u>\$ 172,482</u>	<u>\$ 204,422</u>

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Combining Schedule of Net Position– SPWA Enterprise Fund Accounts – June 30, 2020

	<u>Enterprise Fund Accounts</u>			<u>Total</u>
	<u>SPWA</u>	<u>One Cent Capital Project</u>	<u>Meter Deposit</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 890,319	\$ 363,046	\$ -	\$ 1,253,365
Investments	1,196,496	-	-	1,196,496
Restricted:				
Cash and cash equivalents	532,640	-	191,118	723,758
Investments	-	-	473,327	473,327
Total assets	<u>2,619,455</u>	<u>363,046</u>	<u>664,445</u>	<u>3,646,946</u>
LIABILITIES				
Current Liabilities:				
Due to depositors	-	-	643,144	643,144
Total liabilities	<u>-</u>	<u>-</u>	<u>643,144</u>	<u>643,144</u>
NET POSITION				
Restricted for debt service	532,640	-	-	532,640
Unrestricted	2,086,815	363,046	21,301	2,471,162
Total net position	<u>\$ 2,619,455</u>	<u>\$ 363,046</u>	<u>\$ 21,301</u>	<u>\$ 3,003,802</u>

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Combining Schedule of Revenues, Expenses, and Changes in Net Position – SPWA Enterprise Fund Accounts – For the Year Ended June 30, 2020

	<u>SPWA</u>	<u>One Cent Capital Project</u>	<u>Meter Deposit</u>	<u>Total</u>
REVENUES				
Charges for services:				
Electric	\$ 6,875,649	\$ -	\$ -	\$ 6,875,649
Water	1,858,117	-	-	1,858,117
Sewer	859,106	-	-	859,106
Sanitation	567,812	-	-	567,812
Sales tax on utility sales	316,795	-	-	316,795
Water taps	15,050	-	-	15,050
Sewer taps	3,550	-	-	3,550
Other	190,505	10,958	-	201,463
Total operating revenues	<u>10,686,584</u>	<u>10,958</u>	<u>-</u>	<u>10,697,542</u>
OPERATING EXPENSES				
Electric	5,090,324	306,224	-	5,396,548
Water	1,351,610	25,769	-	1,377,379
Sewer	2,024,771	-	-	2,024,771
Sanitation	355,871	-	-	355,871
Other	-	425,847	-	425,847
Total Operating Expenses	<u>8,822,576</u>	<u>757,840</u>	<u>-</u>	<u>9,580,416</u>
Operating income (loss)	<u>1,864,008</u>	<u>(746,882)</u>	<u>-</u>	<u>1,117,126</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	30,907	-	3,699	34,606
Loan proceeds	1,740,652	-	-	1,740,652
Debt service:				
Principal retirement	(1,089,773)	-	-	(1,089,773)
Interest expense and fiscal agent fees	(514,084)	-	-	(514,084)
Other	1,709	-	-	1,709
Total non-operating revenue (expenses)	<u>169,411</u>	<u>-</u>	<u>3,699</u>	<u>173,110</u>
Income (loss) before transfers	<u>2,033,419</u>	<u>(746,882)</u>	<u>3,699</u>	<u>1,290,236</u>
Transfers in	384,000	810,797	-	1,194,797
Transfers out	(2,180,000)	-	-	(2,180,000)
Change in net position	237,419	63,915	3,699	305,033
Total net position - beginning	<u>2,382,036</u>	<u>299,131</u>	<u>17,602</u>	<u>2,698,769</u>
Total net position - ending	<u>\$ 2,619,455</u>	<u>\$ 363,046</u>	<u>\$ 21,301</u>	<u>\$ 3,003,802</u>

**CITY OF SKIATOOK, OKLAHOMA
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Schedule of Expenditures of Federal Awards – Year Ended June 30, 2020

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal CFDA Number	Project or Award Number	Award Amount	Federal Expenditures
FEDERAL AWARDS:				
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u>				
Pass through Oklahoma Department of Emergency Management Disaster Recovery Floods	97.039	FEMA-4438-DR-OK	\$ 15,303	\$ 15,303
			<u>15,303</u>	<u>15,303</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
Passed through Tulsa County CARES Act Relief	93.498	N/A	13,036	13,036
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Federal Aviation Administration	20.106	AIP 3-40-0089-013-2019	231,228	207,034
Federal Aviation Administration	20.106	AIP 3-40-0089-014-2020	2,014,006	139,700
Federal Aviation Administration	20.106	AIP 3-40-0089-015-2020	30,000	11,795
Subtotal 20.106			<u>2,275,234</u>	<u>358,529</u>
Total U.S. Department of Transportation			<u>2,275,234</u>	<u>358,529</u>
TOTAL FEDERAL AWARDS			<u>\$ 2,303,573</u>	<u>\$ 386,868</u>

Schedule of Expenditures of State Awards – Year Ended June 30, 2020

State Grantor/Pass through agency Grantor/Program Title	Project or Award Number	Award Amount	State Expenditures
<u>OKLAHOMA DEPARTMENT OF AGRICULTURE</u>			
Fire Grant	N/A	\$ 4,642	\$ 4,642
		<u>4,642</u>	<u>4,642</u>
<u>INCOG:</u>			
Community Expansion of Nutrition Assistance	N/A	3,050	3,005
Community Expansion of Nutrition Assistance	N/A	3,000	2,941
		<u>6,050</u>	<u>5,946</u>
TOTAL STATE AWARDS		<u>\$ 10,692</u>	<u>\$ 10,588</u>

**CITY OF SKIATOOK, OKLAHOMA
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INTERNAL CONTROL AND COMPLIANCE

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

To the City Council
City of Skiatook, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Skiatook, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Skiatook, Oklahoma's basic modified cash basis financial statements, and have issued our report thereon dated January 7, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Compliance and Other Matters

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

Purpose of this Report

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

Handwritten signature in black ink that reads "HBC CPAs & Advisors".

Oklahoma City, Oklahoma
January 7, 2021