

City of
**EL RENO,
OKLAHOMA**

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

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



THE CITY OF EL RENO, OKLAHOMA

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

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

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

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of El Reno, Oklahoma

Opinions

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 El Reno, Oklahoma (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension plan and other post-employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

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 schedules, schedule of state awards, and debt service coverage schedule, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 and individual nonmajor fund financial statements 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 March 1, 2024, 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 solely 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'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's internal control over financial reporting and compliance.

Arledge & Associates PC

Edmond, Oklahoma
March 1, 2024



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MANAGEMENT DISCUSSION AND ANALYSIS

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Our discussion and analysis of the City of El Reno's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2023, the City's total net position increased by \$3,582,993 or 4% from the prior year.
- During the year, the City's expenses for governmental activities were \$19 million and were funded by program revenues of \$3.7 million and further funded with taxes and other general revenues that totaled \$20 million.
- In the City's business-type activities, such as utilities, hospital, airport, park and golf programs, expenses exceeded revenues excluding transfers by a total of \$4,728,790.
- At June 30, 2023, the General Fund reported an unassigned fund balance of \$4.8 million, which is a decrease of \$5.8 million or 55% from the prior year.
- For budgetary reporting purposes, the General Fund reported revenues under estimates of \$625,915 or 4.8%, while expenditures were under the final appropriations by approximately \$817,867 or 6.1%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of El Reno (the "City") and its component units using the integrated approach as prescribed by GASB Statements No. 14, 34, and 39 and 61. Included in this report are governmental-wide statements for each of two categories of activities – governmental and business-type. 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 El Reno is a municipality with a population of approximately 16,749 located in central Oklahoma. The City is a Council-Manager form of government that provides for three branches of government:

- Legislative – the City Council is the governing body elected by the citizens
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Manager

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

(Unaudited. See accompanying auditor's report.)

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The City's Financial Reporting Entity

This annual report includes all activities for which the City of El Reno 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 El Reno), four blended component units and one discretely presented component unit (currently inactive) as follows:

- **The City of El Reno** – that operates the public safety, streets, culture, parks and recreation, and administrative activities
- **The El Reno Municipal Trust Authority** – that operates the water, sewer, and sanitation services of the City (blended component unit)
- **The City of El Reno Hospital Authority** – that operates the hospital which serves the citizens of El Reno and the surrounding communities (blended component unit)
- **The El Reno Airpark Authority** – that operates the local non-commercial airport activities (blended component unit)
- **The El Reno Recreation Authority** – that was established to construct and operate the municipal golf course and now includes some of park and recreation activities (blended component unit)
- **The El Reno Economic Development Authority** – that promotes and subsidizes efforts to create economic development within the City (discretely presented component unit), currently inactive.

Using This Annual Report

This annual report is presented in a format that substantially meets 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 in accordance with generally accepted accounting principles 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)

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.

(Unaudited. See accompanying auditor's report.)

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These two government-wide statements report the City's net position and changes in it from the prior year. You can think of the City's net position – the 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 are 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 three 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 water, wastewater, sanitation, hospital, airport and recreation activities are reported here.
- **Discretely-presented component unit** – This accounts for activities of the City's reporting entity that does not meet the criteria for blending, specifically the El Reno Economic Development Authority, when active.

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.

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.

(Unaudited. See accompanying auditor's report.)

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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 approximately \$92 million at the close of the most recent fiscal year.

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Current assets	\$ 30,693	\$ 27,165	13%	\$ 35,000	\$ 33,340	5%	\$ 65,693	\$ 60,505	9%
Capital assets, net	39,128	39,129	0%	62,621	58,340	7%	101,749	97,469	4%
Other non-current assets	912	4,085	-78%	439	672	-35%	1,351	4,757	-72%
Total assets	<u>70,733</u>	<u>70,379</u>	1%	<u>98,060</u>	<u>92,352</u>	6%	<u>168,793</u>	<u>162,731</u>	4%
Deferred outflow of resources	<u>5,310</u>	<u>3,554</u>	49%	<u>436</u>	<u>222</u>	96%	<u>5,746</u>	<u>3,776</u>	52%
Current liabilities	2,657	2,502	6%	4,107	2,080	97%	6,764	4,582	48%
Non-current liabilities	30,261	26,719	13%	42,534	37,137	15%	72,795	63,856	14%
Total liabilities	<u>32,918</u>	<u>29,221</u>	13%	<u>46,641</u>	<u>39,217</u>	19%	<u>79,559</u>	<u>68,438</u>	16%
Deferred inflow of resources	<u>2,373</u>	<u>8,773</u>	-73%	<u>845</u>	<u>1,117</u>	-24%	<u>3,218</u>	<u>9,890</u>	-67%
Net position									
Net investment in capital assets	21,631	22,220	-3%	24,976	27,508	-9%	46,607	49,728	-6%
Restricted	11,192	4,060	176%	522	477	9%	11,714	4,537	158%
Unrestricted	7,929	9,659	-18%	25,512	24,255	5%	33,441	33,914	-1%
Total net position	<u>\$ 40,752</u>	<u>\$ 35,939</u>	13%	<u>\$ 51,010</u>	<u>\$ 52,240</u>	-2%	<u>\$ 91,762</u>	<u>\$ 88,179</u>	4%

The largest portion of the City’s net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). For 2023, this net investment in capital assets amounted to \$46.6 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. The increase/decrease in deferred outflows, deferred inflows and other liabilities relates mostly to differences in actual investment earnings versus projected investment earnings in all three defined benefit retirement plans.

(Unaudited. See accompanying auditor’s report.)

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The increase/decrease in deferred outflows, deferred inflows and other liabilities relates primarily to differences 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 for governmental activities. This also contributes to the large increase in public safety expenditures of 35%.

The decrease in other non-current assets for governmental activities is due to the City having a net pension asset for police in the amount of \$3.7 million in the prior year. The current year net pension asset is \$513,258.

The increase in governmental activities restricted net position is due to the city correctly recording restricted sales tax in accordance to ordinance 5022 in the current year.

The increase in business-type current liabilities is due to accounts payable increasing by approximately \$640,000 and the unearned ARPA revenue of \$1.3 million. The \$1.3 million of unearned ARPA revenue in the current year also decreases the business-type intergovernmental revenue.

Changes in Net Position

For the year ended June 30, 2023, net position of the primary government changed as follows:

TABLE 2 CHANGES IN NET POSITION (In Thousands)									
	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2023	2022		2023	2022		2023	2022	
Revenues									
Charges for service	\$ 1,131	\$ 1,436	-21%	\$ 10,713	\$ 9,644	11%	\$ 11,844	\$ 11,080	7%
Operating grants and contributions	2,220	906	145%	-	37	-100%	2,220	943	135%
Capital grants and contributions	311	304	2%	40	-	100%	351	304	15%
Taxes	15,918	15,657	2%	-	-	-	15,918	15,657	2%
Intergovernmental revenue	230	237	-3%	468	1,745	-73%	698	1,982	-65%
Investment income	628	27	2,226%	1,054	11	9,482%	1,682	38	4326%
Royalties	3,828	3,661	5%	708	1,038	-32%	4,536	4,699	-3%
Miscellaneous	686	454	51%	242	34	612%	928	488	90%
Total revenues	24,952	22,682	10%	13,225	12,509	6%	38,177	35,191	8%
Expenses									
General government	3,374	2,419	39%	-	-	-	3,374	2,419	39%
Public safety	10,926	8,108	35%	-	-	-	10,926	8,108	35%
Streets	2,928	2,630	11%	-	-	-	2,928	2,630	11%
Culture, parks and recreation	1,364	1,318	3%	-	-	-	1,364	1,318	3%
Interest on long-term debt	520	572	-9%	-	-	-	520	572	-9%
Water	-	-	-	5,092	4,434	15%	5,092	4,434	15%
Wastewater	-	-	-	3,192	2,977	7%	3,192	2,977	7%
Sanitation	-	-	-	1,107	859	29%	1,107	859	29%
Broadband	-	-	-	201	-	100%	201	-	100%
Golf	-	-	-	1,234	1,005	23%	1,234	1,005	23%
Park	-	-	-	639	539	19%	639	539	19%
Airport	-	-	-	1,091	1,236	-12%	1,091	1,236	-12%
Hospital	-	-	-	2,926	706	314%	2,926	706	314%
Total expenses	19,112	15,047	27%	15,482	11,756	32%	34,594	26,803	29%
Excess (deficiency) before transfers	5,840	7,635	-24%	(2,257)	753	-400%	3,583	8,388	-57%
Transfers	(1,027)	(3,007)	-66%	1,027	3,007	-66%	-	-	-
Increase in net position	\$ 4,813	\$ 4,628	4%	\$ (1,230)	\$ 3,760	-133%	\$ 3,583	\$ 8,388	-57%

(Unaudited. See accompanying auditor's report.)

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Operating grants and contributions increased in the governmental activities due to the City receiving FEMA Disaster assistance for the 2020 storms debris removal and two CDBG grants in the current year.

Investment income increased due to interest rates continuing to go up this last year.

The increase in the hospital expense is due to the loss on disposal for the demolition of the old hospital building.

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 or if it is self-financing through fees and grants or contributions. All other governmental 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 Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
General government	\$ 3,374	\$ 2,419	39%	\$ (1,611)	\$ (1,499)	7%
Public safety	10,926	8,108	35%	(9,685)	(7,057)	37%
Streets	2,928	2,630	11%	(2,761)	(2,157)	28%
Culture, parks and recreation	1,364	1,318	3%	(873)	(1,116)	-22%
Interest on long-term debt	520	572	-9%	(520)	(572)	-9%
Total	<u>\$ 19,112</u>	<u>\$ 15,047</u>	27%	<u>\$ (15,450)</u>	<u>\$ (12,401)</u>	25%

For the year ended June 30, 2023, total expenses for governmental activities amounted to approximately \$19 million which is an increase of \$4.1 million from the prior year.

(Unaudited. See accompanying auditor's report.)

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Business-type Activities

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Water	\$ 5,092	\$ 4,434	15%	\$ 225	\$ 369	-39%
Wastewater	3,192	2,977	7%	(667)	(715)	-7%
Sanitation	1,107	859	29%	119	284	-58%
Broadband	201	-	100%	(201)	-	100%
Golf	1,234	1,005	23%	(517)	(395)	31%
Park	639	539	19%	(468)	(351)	33%
Airport	1,091	1,236	-12%	(294)	(570)	-48%
Hospital	2,926	706	314%	(2,926)	(697)	320%
Total	\$ 15,482	\$ 11,756	32%	\$ (4,729)	\$ (2,075)	128%

The City's business-type activities include utility services for water, wastewater, and sanitation. It also includes the Hospital Authority, Airpark Authority and Recreation Authority which now includes the park department.

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

- Total business-type activities reported net expense excluding transfers of (\$4.7) million for the year ended June 30, 2023.
- Water and sanitation activities reported net revenue for the year ended June 30, 2023, and the wastewater, broadband golf, park, airport and hospital activities reported net expense.
- The net expense for the business-type activities is primarily due to the loss on disposal of the old hospital building of approximately \$1.7 million.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2023 fiscal year, the governmental funds reported a combined fund balance of \$28 million or an 11% increase from the prior year. This increase is due to revenues staying steady and expenditures decreasing by \$9.6 million. The enterprise funds reported combined net position of \$51 million or a -2.35% decrease from 2022.

Other fund highlights include:

- General Fund total fund balance increased by \$1.7 million or 12%.
- Capital Improvement Fund increased total fund balance by \$2 million due to the city correctly recording restricted sales tax in accordance to ordinance 5022.

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 of 1% or \$92,145 and an increase in appropriations of 4.3% or \$560,401. Actual revenues were under estimates by \$625,915 or 4.8%, while expenditures were under final appropriations by \$817,867 or 6.1%.

(Unaudited. See accompanying auditor's report.)

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the City had approximately \$101.8 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, streets, water lines, sewer lines and the hospital assets. (See Table 5).

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

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 1,872	\$ 1,872	\$ 2,025	\$ 2,030	\$ 3,897	\$ 3,902
Buildings	13,517	14,085	25,917	29,067	39,434	43,152
Imp. other than buildings	3,001	2,857	2,734	3,005	5,735	5,862
Machinery, furniture and equipment	3,780	2,350	2,710	2,381	6,490	4,731
Infrastructure	16,566	15,567	-	-	16,566	15,567
Intangible water rights	-	-	123	127	123	127
Utility property	-	-	17,993	19,011	17,993	19,011
Construction in progress	393	2,398	11,119	2,719	11,512	5,117
Totals	\$ 39,129	\$ 39,129	\$ 62,621	\$ 58,340	\$ 101,750	\$ 97,469

This year's more significant capital asset additions included:

- Lake El Reno trail project
- Fire truck
- Fiber Construction
- High consumption meter telemetry
- Water plant claricone replacement
- Various street overlays across the city

See Note 7 to the financial statements for more detailed information on the City's capital assets and changes therein.

(Unaudited. See accompanying auditor's report.)

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

Long- Term Debt

At year-end, the City had approximately \$64 million in long-term debt outstanding which represents a \$3.7 million or 6% increase from the prior year. The City's changes in long-term debt by type of debt are as follows:

TABLE 6
Primary Government Long-Term Debt
(In Thousands)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2022-2023</u>
Accrued absences	\$ 1,937	\$ 1,566	\$ 71	\$ 65	\$ 2,008	\$ 1,631	23%
Insurance claims liability	183	140	-	-	183	140	31%
Revenue bonds	19,903	21,458	6,720	7,627	26,623	29,085	-8%
Notes payable	-	-	34,864	29,148	34,864	29,148	20%
Deposits subject to refund	-	-	484	468	484	468	3%
Totals	\$ 22,023	\$ 23,164	\$ 42,139	\$ 37,308	\$ 64,162	\$ 60,472	6%

See Note 7 to the financial statements for more detailed information on the City's long-term debt and changes therein.

The Upcoming Year

- The City of El Reno will continue to work on various street overlays.
- We will continue making improvements to water lines and other water system improvements.
- We will also continue with the broadband expansion.

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's Finance Director at 101 North Choctaw, El Reno, Oklahoma 73036-0700 or telephone at 405-262-4070.

(Unaudited. See accompanying auditor's report.)

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

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

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

Statement of Net Position— June 30, 2023

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 28,265,100	\$ 25,319,446	\$ 53,584,546
Investments	-	7,270,466	7,270,466
Interest receivable	-	-	-
Accounts receivable, net of allowance	131,366	1,484,758	1,616,124
Franchise tax receivable	108,058	-	108,058
Court fine receivable, net of allowance	547,470	-	547,470
Internal balances	(730,055)	730,055	-
Due from other governments	2,371,124	73,644	2,444,768
Inventory	-	75,380	75,380
Restricted investments	-	45,875	45,875
Leases receivable	398,806	438,535	837,341
Net pension asset	513,258	-	513,258
Capital assets:			
Land and construction in progress	2,264,460	13,143,372	15,407,832
Other capital assets, net of depreciation	36,863,958	49,477,403	86,341,361
Total Capital Assets	<u>39,128,418</u>	<u>62,620,775</u>	<u>101,749,193</u>
Total Assets	<u>70,733,545</u>	<u>98,058,934</u>	<u>168,792,479</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	4,455,285	304,686	4,759,971
Deferred amounts related to OPEB	423,430	79,506	502,936
Deferred amounts related to refunding	431,498	52,034	483,532
Total deferred outflows of resources	<u>5,310,213</u>	<u>436,226</u>	<u>5,746,439</u>
LIABILITIES			
Accounts payable	253,353	1,287,523	1,540,876
Accrued payroll liabilities	237,846	39,335	277,181
Accrued interest payable	179,660	294,822	474,482
Due to other governments	1,690	-	1,690
Refundable court bonds	1,535	-	1,535
Unearned revenue	3,430	1,335,150	1,338,580
Long-term liabilities:			
Due within one year	1,979,214	1,149,736	3,128,950
Due in more than one year	20,044,376	42,024,983	62,069,359
Total OPEB liability	1,272,860	194,825	1,467,685
Net pension liability	8,944,041	314,075	9,258,116
Total liabilities	<u>32,918,005</u>	<u>46,640,449</u>	<u>79,558,454</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	1,195,811	195,180	1,390,991
Deferred amounts related to leases	391,252	433,934	825,186
Deferred amounts related to OPEB	786,133	216,079	1,002,212
Total deferred outflows of resources	<u>2,373,196</u>	<u>845,193</u>	<u>3,218,389</u>
NET POSITION			
Net investment in capital assets	21,631,165	24,975,601	46,606,766
Restricted for:			
Public Safety	277,199	-	277,199
Capital Outlay	2,314,285	-	2,314,285
Debt Service	838,891	521,861	1,360,752
Disaster Relief	4,888,749	-	4,888,749
Recreation, Public Safety and Public Works	725,128	-	725,128
Other	1,943,067	-	1,943,067
Permanent Fund Purposes:			
Permanent fund - nonexpendable	182,939	-	182,939
Permanent fund - expendable	21,794	-	21,794
Unrestricted	7,929,340	25,512,056	33,441,396
Total net position	<u>\$ 40,752,557</u>	<u>\$ 51,009,518</u>	<u>\$ 91,762,075</u>

See accompanying notes to the financial statements.

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

Statement of Activities –Year Ended June 30, 2023

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General Government	\$ 3,373,628	\$ 683,138	\$ 1,079,405	\$ 233	\$ (1,610,852)	\$ -	\$ (1,610,852)
Public Safety	10,926,189	318,598	915,256	7,536	(9,684,799)	-	(9,684,799)
Streets	2,928,618	6,825	161,151	-	(2,760,642)	-	(2,760,642)
Culture, parks and recreation	1,363,859	122,497	64,550	303,365	(873,447)	-	(873,447)
Interest on long-term debt	519,956	-	-	-	(519,956)	-	(519,956)
Total governmental activities	19,112,250	1,131,058	2,220,362	311,134	(15,449,696)	-	(15,449,696)
Business-type activities							
Water	5,092,217	5,317,459	-	-	-	225,242	225,242
Wastewater	3,191,721	2,484,374	-	40,000	-	(667,347)	(667,347)
Sanitation	1,106,667	1,225,754	-	-	-	119,087	119,087
Broadband	201,415	-	-	-	-	(201,415)	(201,415)
Golf	1,233,539	716,723	-	-	-	(516,816)	(516,816)
Park	638,677	171,151	-	-	-	(467,526)	(467,526)
Airport	1,091,431	797,522	-	-	-	(293,909)	(293,909)
Hospital	2,926,106	-	-	-	-	(2,926,106)	(2,926,106)
Total business-type activities	15,481,773	10,712,983	-	40,000	-	(4,728,790)	(4,728,790)
Total primary government	\$ 34,594,023	\$ 11,844,041	\$ 2,220,362	\$ 351,134	\$ (15,449,696)	(4,728,790)	(20,178,486)
Component Unit							
El Reno Economic Development Authority	-	-	-	-	-	-	-
Total component units	-	-	-	-	-	-	-
General revenues:							
Taxes:							
Sales and use taxes					14,273,612	-	14,273,612
Property taxes					119,691	-	119,691
Franchise and public service taxes					1,124,785	-	1,124,785
Hotel/motel taxes					399,188	-	399,188
Intergovernmental revenue not restricted to specific programs					230,356	467,898	698,254
Investment income					627,674	1,053,805	1,681,479
Miscellaneous					686,468	242,272	928,740
Miscellaneous- Royalties					3,828,163	707,567	4,535,730
Transfers - Internal activity					(1,027,110)	1,027,110	-
Total general revenues and transfers					20,262,827	3,498,652	23,761,479
Change in net position					4,813,131	(1,230,138)	3,582,993
Net position - beginning					35,939,426	52,239,656	88,179,082
Net position - ending					\$ 40,752,557	\$ 51,009,518	\$ 91,762,075

See accompanying notes to the financial statements.

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

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

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

Governmental Funds Balance Sheet - June 30, 2023

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 16,135,308	\$ 1,599,199	\$ 9,858,381	\$ 27,592,888
Interest receivable	-	-	131,366	131,366
Due from other funds	237,175	-	-	237,175
Due from other governments	1,081,909	-	373,049	1,454,958
Franchise tax receivable	102,783	916,166	5,275	1,024,224
Court fine receivable, net	547,470	-	-	547,470
Leases receivable	398,806	-	-	398,806
Total assets	<u>\$ 18,503,451</u>	<u>2,515,365</u>	<u>\$ 10,368,071</u>	<u>\$ 31,386,887</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 71,658	82,519	\$ 35,442	\$ 189,619
Accrued payroll payable	302,260	-	-	302,260
Due to other funds	766,024	-	201,206	967,230
Due to other governments	1,010	-	-	1,010
Refundable court bonds	1,535	-	-	1,535
Total liabilities	<u>1,142,487</u>	<u>82,519</u>	<u>236,648</u>	<u>1,461,654</u>
Deferred Inflows of resources:				
Deferred inflow leases	391,252	-	-	391,252
Unavailable revenue	529,701	279,334	332,572	1,141,607
Total deferred inflows	<u>920,953</u>	<u>279,334</u>	<u>332,572</u>	<u>1,532,859</u>
Fund balances:				
Nonspendable	-	-	182,939	182,939
Restricted	2,061,857	2,153,512	9,451,685	13,667,054
Committed	81,519	-	65,302	146,821
Assigned	9,519,955	-	300,131	9,820,086
Unassigned	4,776,680	-	(201,206)	4,575,474
Total fund balance	<u>16,440,011</u>	<u>2,153,512</u>	<u>9,798,851</u>	<u>28,392,374</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 18,503,451</u>	<u>\$ 2,515,365</u>	<u>\$ 10,368,071</u>	<u>\$ 31,386,887</u>

See accompanying notes to the financial statements.

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

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance – Year Ended June 30, 2023

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 9,263,788	4,781,372	\$ 1,872,116	\$ 15,917,276
Intergovernmental	1,470,338	20,666	930,634	2,421,638
Licenses and permits	580,105	-	6,825	586,930
Charges for services	103,802	26,831	55,113	185,746
Fines and forfeitures	198,473	-	49,188	247,661
Investment income	308,066	91,468	200,113	599,647
Royalties	3,828,163	-	-	3,828,163
Miscellaneous	335,213	150,000	170,233	655,446
Total revenues	<u>16,087,948</u>	<u>5,070,337</u>	<u>3,284,222</u>	<u>24,442,507</u>
EXPENDITURES				
Current:				
General government	2,086,134	-	726,285	2,812,419
Public safety	9,741,235	9,135	505,904	10,256,274
Streets	1,058,107	-	77,859	1,135,966
Culture, parks, and recreation	817,499	-	21,872	839,371
Capital outlay	218,421	905,543	2,079,857	3,203,821
Debt service:				
Principal	1,555,110	-	-	1,555,110
Interest	454,512	-	-	454,512
Total Expenditures	<u>15,931,018</u>	<u>914,678</u>	<u>3,411,777</u>	<u>20,257,473</u>
Excess (deficiency) of revenues over expenditures	<u>156,930</u>	<u>4,155,659</u>	<u>(127,555)</u>	<u>4,185,034</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,198,064	2,621,247	81,801	5,901,112
Transfers out	(1,629,431)	(4,721,749)	(865,042)	(7,216,222)
Total other financing sources and uses	<u>1,568,633</u>	<u>(2,100,502)</u>	<u>(783,241)</u>	<u>(1,315,110)</u>
Net change in fund balance	1,725,563	2,055,157	(910,796)	2,869,924
Fund balance - beginning	14,714,448	98,355	10,709,647	25,522,450
Fund balance - ending	<u>\$ 16,440,011</u>	<u>\$ 2,153,512</u>	<u>\$ 9,798,851</u>	<u>\$ 28,392,374</u>

See accompanying notes to the financial statements.

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

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance - Net Position Reconciliation: \$ 28,392,374

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 the funds, net of accumulated depreciation of \$37,703,361 39,128,418

Certain long-term assets are not available to pay current fund liabilities and therefore they, along with deferred outflows, are either deferred or not reported in the funds:

OPEB related deferred outflows	423,430
Net pension asset	513,258
Pension related deferred outflows	4,455,285
Deferred outflow related to long-term debt refunding	431,498
Unavailable revenue	1,006,811

Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance costs, to individual funds. The assets and liabilities of these internal service funds are reported in the governmental activities of the Statement of Net Position:

Internal service funds' net position	488,950
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Certain long-term liabilities are not due and payable from current financial resources and therefore they, along with deferred inflows, are not reported in the funds:

Net pension liability	(8,944,041)
Total OPEB liability	(1,272,860)
Opioid settlement deferred inflow	131,366
Pension related deferred inflows	(1,195,811)
Accrued interest payable	(179,660)
OPEB related deferred inflows	(786,133)
Revenue bond obligations	(19,903,140)
Accrued compensated absences	(1,937,188)
	<u>(34,087,467)</u>

Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 40,752,557</u>
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See accompanying notes to the financial statements.

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

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

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

Proprietary Funds Statement of Net Position - June 30, 2023

ENTERPRISE FUNDS						
	<u>El Reno Municipal Trust Authority</u>	<u>The City of El Reno Hospital Authority</u>	<u>The City of El Reno Airpark Authority</u>	<u>The City of El Reno Recreational Authority</u>	<u>Totals</u>	<u>Internal Service Funds</u>
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 12,435,228	\$ 1,706,022	\$ 3,711,918	\$ 448,698	\$ 18,301,866	\$ 672,212
Restricted cash and cash equivalents	6,838,613	-	-	-	6,838,613	-
Investments	7,449,433	-	-	-	7,449,433	-
Due from other funds	875,371	-	-	-	875,371	-
Due from other governments	14,250	-	59,394	-	73,644	-
Inventory	5,668	-	55,892	13,820	75,380	-
Accounts receivable, net	1,441,902	-	15,723	27,133	1,484,758	-
Total current assets	29,060,465	1,706,022	3,842,927	489,651	35,099,065	672,212
Non-current assets:						
Restricted investments	45,875	-	-	-	45,875	-
Leases receivable	207,773	-	-	230,762	438,535	-
Capital assets:						
Land and construction in progress	11,318,774	1,130,221	217,488	476,889	13,143,372	-
Other capital assets, net of accumulated depreciation	34,843,093	8,331,939	3,949,812	2,352,559	49,477,403	-
Total non-current assets	46,415,515	9,462,160	4,167,300	3,060,210	63,105,185	-
Total assets	75,475,980	11,168,182	8,010,227	3,549,861	98,204,250	672,212
DEFERRED OUTFLOW OF RESOURCES:						
Deferred amounts related to pensions	165,687	-	-	138,999	304,686	-
Deferred amounts related to OPEB	23,809	-	5,895	49,802	79,506	-
Deferred amount on refunding	52,034	-	-	-	52,034	-
Total deferred outflow of resources	241,530	-	5,895	188,801	436,226	-
LIABILITIES						
Current liabilities:						
Accounts payable	1,191,456	149	40,967	54,593	1,287,165	-
Accrued payroll payable	20,514	-	2,605	16,574	39,693	-
Accrued interest payable	239,540	55,282	-	-	294,822	-
Unearned revenue	1,334,414	-	736	-	1,335,150	-
Due to other funds	111,347	-	-	33,969	145,316	-
Current portion of:						
Claims liability	-	-	-	-	-	119,645
Notes payable	190,375	-	-	-	190,375	-
Revenue bonds payable, net	290,150	662,000	-	-	952,150	-
Accrued compensated absences	5,030	-	477	1,704	7,211	-
Total current liabilities	3,382,826	717,431	44,785	106,840	4,251,882	119,645
Non-current liabilities:						
Claims liability	-	-	-	-	-	63,617
Deposits subject to refund	483,804	-	-	-	483,804	-
Notes payable	35,760,431	-	-	-	35,760,431	-
Revenue bonds payable	1,463,849	4,252,000	-	-	5,715,849	-
Accrued compensated absences	45,269	-	4,296	15,334	64,899	-
Total OPEB liability	77,930	-	12,988	103,907	194,825	-
Net pension liability	174,207	-	-	139,868	314,075	-
Total non-current liabilities	38,005,490	4,252,000	17,284	259,109	42,533,883	63,617
Total liabilities	41,388,316	4,969,431	62,069	365,949	46,785,765	183,262
DEFERRED INFLOW OF RESOURCES:						
Deferred amounts related to pension	121,707	-	-	73,473	195,180	-
Deferred amounts related to leases	205,380	-	-	228,554	433,934	-
Deferred amounts related to OPEB	95,958	-	11,768	108,353	216,079	-
Total deferred inflow of resources	423,045	-	11,768	410,380	845,193	-
NET POSITION						
Net Investment in capital assets	13,422,058	4,556,795	4,167,300	2,829,448	24,975,601	-
Restricted for debt service	188,216	333,645	-	-	521,861	-
Unrestricted	20,295,875	1,308,311	3,774,985	132,885	25,512,056	488,950
Total net position	\$ 33,906,149	\$ 6,198,751	\$ 7,942,285	\$ 2,962,333	\$ 51,009,518	\$ 488,950

See accompanying notes to the financial statements.

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

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2023

	ENTERPRISE FUNDS				Totals	Internal Service Funds
	<u>El Reno Municipal Trust Authority</u>	<u>The City of El Reno Hospital Authority</u>	<u>The City of El Reno Airport Authority</u>	<u>The City of El Reno Recreational Authority</u>		
OPERATING REVENUES						
Water charges	\$ 5,104,168	\$ -	\$ -	\$ -	\$ 5,104,168	\$ -
Sewer charges	2,354,665	-	-	-	2,354,665	-
Sanitation charges	1,199,605	-	-	-	1,199,605	-
Airport charges	-	-	773,522	-	773,522	-
Golf Course charges	-	-	-	635,997	635,997	-
Hook and Slice Restaurant charges	-	-	-	78,598	78,598	-
Water and sewer taps	194,558	-	-	-	194,558	-
Transfer fees	2,275	-	-	-	2,275	-
Returned check charges	550	-	-	-	550	-
Cut off charges	9,612	-	-	-	9,612	-
Penalties and interest	129,009	-	-	-	129,009	-
Miscellaneous	33,145	-	731,567	2,128	766,840	-
Rental	-	-	-	67,097	67,097	-
Permits	-	-	-	104,054	104,054	-
Self-insurance charges	-	-	-	-	-	288,000
Total operating revenues	<u>9,027,587</u>	<u>-</u>	<u>1,505,089</u>	<u>887,874</u>	<u>11,420,550</u>	<u>288,000</u>
OPERATING EXPENSES						
Managerial	237,584	-	-	-	237,584	-
Administration	398,427	-	-	-	398,427	-
Billing	258,846	-	-	-	258,846	-
Water Plant	3,175,730	-	-	-	3,175,730	-
Wastewater	1,209,482	-	-	-	1,209,482	-
Sanitation	804,300	-	-	-	804,300	-
Broadband	183,354	-	-	-	183,354	-
Hospital	-	490,804	-	-	490,804	-
Airport	-	-	627,640	-	627,640	-
Golf	-	-	-	826,567	826,567	-
Parks	-	-	-	638,677	638,677	-
Claims Expense	-	-	-	-	-	165,224
Depreciation expense	2,411,003	529,557	463,791	406,972	3,811,323	-
Total Operating Expenses	<u>8,678,726</u>	<u>1,020,361</u>	<u>1,091,431</u>	<u>1,872,216</u>	<u>12,662,734</u>	<u>165,224</u>
Operating income (loss)	<u>348,861</u>	<u>(1,020,361)</u>	<u>413,658</u>	<u>(984,342)</u>	<u>(1,242,184)</u>	<u>122,776</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment income	821,908	82,058	143,274	6,565	1,053,805	28,027
Loss on disposal of capital asset	-	(1,789,024)	-	-	(1,789,024)	-
Grant revenue	467,898	-	-	-	467,898	-
Miscellaneous revenue	232,063	42	1,101	9,066	242,272	5,842
Interest expense and fiscal charges	(913,294)	(116,721)	-	-	(1,030,015)	-
Total non-operating revenue (expenses)	<u>608,575</u>	<u>(1,823,645)</u>	<u>144,375</u>	<u>15,631</u>	<u>(1,055,064)</u>	<u>33,869</u>
Income (loss) before contributions and transfers	<u>957,436</u>	<u>(2,844,006)</u>	<u>558,033</u>	<u>(968,711)</u>	<u>(2,297,248)</u>	<u>156,645</u>
Capital contributions	40,000	-	-	634,174	674,174	-
Transfers in	4,254,000	768,721	-	566,000	5,588,721	-
Transfers out	(5,195,785)	-	-	-	(5,195,785)	-
Change in net position	<u>55,651</u>	<u>(2,075,285)</u>	<u>558,033</u>	<u>231,463</u>	<u>(1,230,138)</u>	<u>156,645</u>
Total net position - beginning	<u>33,850,498</u>	<u>8,274,036</u>	<u>7,384,252</u>	<u>2,730,870</u>	<u>52,239,656</u>	<u>332,305</u>
Total net position - ending	<u>\$ 33,906,149</u>	<u>\$ 6,198,751</u>	<u>\$ 7,942,285</u>	<u>\$ 2,962,333</u>	<u>\$ 51,009,518</u>	<u>\$ 488,950</u>

See accompanying notes to the financial statements.

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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2023

	ENTERPRISE FUNDS					Internal Service Funds
	<u>El Reno Municipal Trust Authority</u>	<u>The City of El Reno Hospital Authority</u>	<u>The City of El Reno Airport Authority</u>	<u>The City of El Reno Recreational Authority</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 10,491,102	\$ 42	\$ 1,512,075	\$ 877,881	\$ 12,881,100	\$ -
Payments to suppliers	(4,716,593)	(495,221)	(474,750)	(713,977)	(6,400,541)	(121,923)
Payments to employees	(941,744)	-	(124,994)	(699,587)	(1,766,325)	-
Receipts of customer meter deposits	70,225	-	-	-	70,225	-
Refunds of customer meter deposits	(54,080)	-	-	-	(54,080)	-
Other income	-	-	-	-	-	293,842
Net cash provided by (used in) operating activities	4,848,910	(495,179)	912,331	(535,683)	4,730,379	171,919
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	4,254,000	768,721	-	566,000	5,588,721	-
Transfers to other funds	(5,195,785)	-	-	-	(5,195,785)	-
Noncapital grants and contribution	467,898	-	-	-	467,898	-
Net cash provided by (used in) noncapital financing activities	(473,887)	768,721	-	566,000	860,834	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	(9,134,338)	(5,446)	(37,594)	(29,514)	(9,206,892)	-
Principal paid on capital debt	(112,315)	(646,000)	-	-	(758,315)	-
Proceeds from capital debt	5,942,964	-	-	-	5,942,964	-
Proceeds from lease receivable	(1,234)	-	-	(1,032)	(2,266)	-
Interest and fiscal agent fees paid on capital debt	(959,078)	(123,989)	-	-	(1,083,067)	-
Net cash provided by (used in) capital and related financing activities	(4,264,001)	(775,435)	(37,594)	(30,546)	(5,107,576)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Sale (purchase) of investments	152,647	-	-	-	152,647	-
Interest and dividends	821,908	82,058	143,274	6,565	1,053,805	28,027
Net cash provided by (used in) investing activities	974,555	82,058	143,274	6,565	1,206,452	28,027
Net increase (decrease) in cash and cash equivalents	1,085,577	(419,835)	1,018,011	6,336	1,690,089	199,946
Balances - beginning of year	18,188,264	2,125,857	2,693,907	442,362	23,450,390	472,266
Balances - end of year	\$ 19,273,841	\$ 1,706,022	\$ 3,711,918	\$ 448,698	\$ 25,140,479	\$ 672,212
Reconciliation to Statement of Net Position:						
Cash and cash equivalents	\$ 12,435,228	\$ 1,706,022	\$ 3,711,918	\$ 448,698	\$ 18,301,866	\$ 672,212
Restricted cash and cash equivalents - current	6,838,613	-	-	-	6,838,613	-
Total cash and cash equivalents, end of year	\$ 19,273,841	\$ 1,706,022	\$ 3,711,918	\$ 448,698	\$ 25,140,479	\$ 672,212

(Continued)

See accompanying notes to the financial statements

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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2023, (continued)

	<u>El Reno Municipal Trust Authority</u>	<u>The City of El Reno Hospital Authority</u>	<u>The City of El Reno Airport Authority</u>	<u>The City of El Reno Recreational Authority</u>	<u>Total</u>	<u>Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 348,861	\$ (1,020,361)	\$ 413,658	\$ (984,342)	\$ (1,242,184)	\$ 122,776
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	2,411,003	529,557	463,791	406,972	3,811,323	-
Miscellaneous revenue	232,063	42	1,101	9,066	242,272	5,842
Change in assets and liabilities:						
Due from other funds	(111,347)	-	-	-	(111,347)	-
Due from other governments	(12,286)	-	-	-	(12,286)	-
Accounts receivable	(90,676)	-	5,885	(19,058)	(103,849)	-
Inventory	(311)	-	(6,553)	1,109	(5,755)	-
Net pension asset	109,093	-	-	71,554	180,647	-
Accounts payable	574,907	(4,417)	35,711	32,537	638,738	-
Due to other funds	111,347	-	-	-	111,347	-
Unearned revenue	1,334,414	-	-	-	1,334,414	-
Accrued payroll payable	7,937	-	487	4,197	12,621	-
Net pension liability	(82,754)	-	-	(29,411)	(112,165)	-
Total OPEB liability	(3,558)	-	(5,321)	(27,218)	(36,097)	-
Claims liability	-	-	-	-	-	43,301
Deposits subject to refund	16,145	-	-	-	16,145	-
Accrued compensated absences	4,072	-	3,572	(1,089)	6,555	-
Net cash provided by (used in) operating activities	\$ 4,848,910	\$ (495,179)	\$ 912,331	\$ (535,683)	\$ 4,730,379	\$ 171,919
Noncash activities:						
Contributed capital	\$ 40,000	\$ -	\$ -	\$ 634,174	\$ 674,174	\$ -

See accompanying notes to the financial statements.

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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of El Reno), four blended component units, and one discretely presented component unit (when active) as noted below. This annual report includes all activities for which the City of El Reno City Council/Manager is 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 El Reno – that provides the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities.

The City of El Reno has a population of approximately 16,749 located in central Oklahoma. The City is a Council/Manager form of government that provides for three branches of government:

- Legislative – the City Council is the governing body elected by the citizens
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Manager

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

Blended Component Units:

The El Reno Municipal Trust Authority – that operates the water, sewer, sanitation and broadband services of the City – City Council serves as Authority trustees.

The City of El Reno Hospital Authority – that operates the hospital which serves the citizens of El Reno and the surrounding communities. City Council serves as Authority trustees.

The El Reno Airpark Authority – that operates the local non-commercial airport activities. City Council serves as Authority trustees.

The El Reno Recreation Authority – that was established to stimulate economic growth and development through the promotion, financing and development of recreational, sports, cultural, tourism and entertainment projects and facilities. City Council serves as Authority trustees.

Discretely Presented Component Unit:

The El Reno Economic Development Authority – that promotes and subsidizes efforts to create economic development within the City. City Council appoints trustees. There is currently no financial activity for this trust, and this trust is considered inactive.

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

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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.

2. 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:

- Public Safety – Fire, Police, Ambulance – fines and forfeitures, restricted operating grants, and restricted capital grants
- Streets – Commercial vehicle and gasoline excise tax shared by the State and other restricted operating grants.
- Culture, parks, and recreation – cemetery revenues, pool fees, operating and capital grants
- General Government – license and permits, plat and abatement fees, demolition fees, and restricted operating grants
- Water – water service charges
- Wastewater – wastewater service charges
- Sanitation – sanitation service charges
- Golf – golf course fees, restaurant services fees
- Parks – park rental revenue and permits
- Airport – hangar rental income, fuel sales, and royalties
- Hospital – reimbursement revenue

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

The funds of the financial reporting entity are described below.

Governmental Funds:

The City's governmental funds include:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds. For financial statement reporting purposes the General Fund contains the following combining accounts:
 - Gift and Contribution Account (previously Park Improvement Account)
 - Sales Tax ¼ cent Account

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- Cemetery Everlasting Care Account
 - Royalties Fund
- Capital Improvement Fund– accounts for restricted sales tax and an increase in Municipal Court fines. Funds are to be used for capital improvements.

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

Special Revenue Funds:

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

- Police Fund (Previously 911 Emergency Fund) – accounts for the following restricted revenues for public safety: 911 admin fee, police forfeitures, juvenile fee, drug and alcohol fees, impound fee, and any miscellaneous restricted fees.
- Opioid Settlement Fund– accounts for opioid settlement
- CDGB Fund – accounts for CDGB grant activity.
- Hotel Motel Occupancy Surcharge Fund – accounts for the Hotel/Motel tax collections and related expenditures; this was removed from the General Fund after the January 2008 election which restricts these funds to 40% for tourism and 60% for capital.
- Safety Sales Tax ¼ Cent Fund – accounts for the New Public Safety Sales Tax which was approved by voters in January 2008.
- Police Evidence Fund– accounts for seized cash.
- Tax Increment Fund– accounts for the TIF money received and remitted to the TIF district.
- Emergency Reserve Fund– accounts for restricted sales tax dedicated for unexpected natural disasters. Previously this was just an account of the General Fund that was used to have reserve money for emergencies.

Capital Project Funds:

- Drainage Improvement Fund – accounts for revenues and expenses for the purpose of creating and/or improving drainage basins.
- Capital Improvement Fund – accounts for an increase in Municipal Court fines. Funds are to be used for capital improvements in general.
- Infrastructure Fund - accounts for various construction projects funded through interfund transfers.
- Cemetery Care Fund – accounts for cemetery fees restricted for cemetery care.
- Sidewalk Fund– accounts for sidewalk fees to construct new sidewalks.
- 2020 Series Sales Tax Revenue Note Construction Fund – accounts for the bond proceeds from the 2020 Sales Tax Revenue Note and expenditures associated with it.

Permanent Funds:

- Library Endowment Fund – accounts for funds which are restricted for library purposes.

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- Cemetery Perpetual Care Fund – accounts for funds restricted for the maintenance or improvement of graves, lots, or perpetual care of the cemetery.

The governmental funds are reported on the modified accrual basis of accounting. On the modified accrual basis of accounting 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 fund and is therefore displayed in a separate column. All other governmental funds are considered non-major funds and are aggregated under the column Other Governmental Funds. The fund balances, reported on the modified accrual basis for these aggregated non-major funds changed as follows for the year ended June 30, 2023.

Fund	Fund Balance 7/1/2022	Changes in Fund Balance	Fund Balance 6/30/2023
Special Revenue Funds:			
Police Fund	\$ 256,831	\$ 9,255	\$ 266,086
Opioid Settlement Fund	-	42,785	42,785
CDBG Fund	(42,545)	(158,661)	(201,206)
Police Evidence Fund	48,926	(15,017)	33,909
Cemetery Care	237,305	42,505	279,810
Hotel/Motel Occupancy Surcharge	896,971	162,964	1,059,935
Safety Sales Tax 1/4 Cent	444,919	83,314	528,233
Tax Increment Fund	51,714	62,587	114,301
Emergency Reserve Fund	4,240,151	648,598	4,888,749
Capital Project Funds:			
Drainage Improvement	3,082	-	3,082
2020 Sales Tax Revenue Note Construction	4,286,658	(1,803,777)	2,482,881
Sidewalk Fund	88,728	6,825	95,553
Permanent Funds:			
Library Endowment	32,251	571	32,822
Cemetery Perpetual Care	164,656	7,255	171,911
Total	<u>\$ 10,709,647</u>	<u>\$ (910,796)</u>	<u>\$ 9,798,851</u>

Proprietary Funds:

The City's proprietary funds include:

Enterprise Funds

- El Reno Municipal Trust Authority Fund that accounts for the activities of the public trust in providing water, sewer, sanitation and broadband services to the public.
- City of El Reno Hospital Authority Fund that accounts for the activities of the public trust which operates the hospital that serves the citizens of El Reno and the surrounding communities.
- El Reno Airpark Authority Fund that operates the local non-commercial airport activities.
- El Reno Recreation Authority that was established to construct and operate the municipal golf course.

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Internal Service Funds

- Self-Insurance Workers' Comp

For purposes of the statement of revenues, expenses and changes in 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.

Pensions

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), Oklahoma Police Pension & Retirement System (OPPRS), and Oklahoma Municipal Retirement Fund (OkMRF) and additions to/deductions from FPRS's, OPPRS's, and OkMRF's fiduciary net position have been determined on the same basis as they are reported by FPRS, OPPRS, and OkMRF. 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.

3. 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. Trust account investments in open-ended mutual fund shares are also considered cash equivalents for reporting purposes.

At June 30, 2023, the reporting entity held the following deposits and investments:

Primary Government:

Type	Maturities	Credit Rating	Carrying Value
Deposits:			
Demand deposits			\$ 43,101,646
Cash on hand			7,080
Time deposits			7,495,308
			<u>50,604,034</u>
Investments:			
Trustee money market accounts		AAA-m	10,296,853
Total deposits and investments			<u><u>\$ 60,900,887</u></u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents			\$ 53,584,546
Investments			7,270,466
Restricted investments			45,875
			<u><u>\$ 60,900,887</u></u>

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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, 2023, the City was not exposed to custodial credit risk as defined 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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk - The City is currently working with the City Attorney to revise the investment policy for adaptation during the new re-codification. The City has limited its investment choices to state law as follows:

- 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 with certain limitations.
- 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.

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 places no limit on the amount it may invest in any one issuer. The City has the following concentration of credit risk: 100% (or \$10,296,853 market value) invested in Federated Treasury Obligations money market accounts at Bancfirst.

Restricted cash and Investments – The amounts reported as restricted assets of the Statement of Net Position are comprised of amounts restricted for utility deposits, debt service, debt reserve, or construction purposes. The restricted assets as of June 30, 2023 are as follows:

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	Current Cash and cash Equivalents	Noncurrent Investments
2014 OWRB Note Debt Service Fund	\$ 156,337	\$ -
2022 ERMA Note Project Fund	319	-
2023 OWRB FAP Project Fund	4,583,399	-
2010 Drinking Water SRF Debt Service	43,020	-
2022 OWRB SLP Debt Service Fund	65,087	-
2022 OWRB SLP Project Fund	1,380,249	-
2022A Sales Tax Revenue Fund	138,069	-
2022B Sales Tax Revenue Fund	25,243	-
Utility Deposits	446,890	45,875
Total	<u>\$ 6,838,613</u>	<u>\$ 45,875</u>

4. Accounts Receivable

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 fines receivables.

Primary Government

	Court Fines Receivable	Opioid Receivable	Utilities Receivable	Airpark Receivable	The City of El Reno Recreation Authority
Accounts receivable	\$ 1,824,899	\$ 131,366	\$ 2,874,100	\$ 15,723	\$ 27,133
Less: allowance for uncollectible accounts	(1,277,429)	-	(1,432,198)	-	-
Accounts receivable, net of allowance	<u>\$ 547,470</u>	<u>\$ 131,366</u>	<u>\$ 1,441,902</u>	<u>\$ 15,723</u>	<u>\$ 27,133</u>

Opioid Settlement Funds – In June 2022, drug manufacturer distributors reached a \$308 billion-dollar nationwide settlement related to opioid lawsuit(s). These funds will be disbursed to each litigating party over an 18-year period according to an allocation agreement reached with all participating states.

Oklahoma's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocated the funds as follows:

- 25% of Net Opioid Funds to Litigating Political Subdivisions.
- 10% of allocation to establish an appeal fund.
- 75% go the State of Oklahoma

5. Leases

The City is a party as lessor for various non-cancellable long-term leases of cell towers and land. The corresponding lease receivables, are recorded in an amount equal to the present value of the expected future minimum lease payments received, respectively, discounted by an applicable interest rate. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$95,747.

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6. Inventories

The inventories for the blended component units – El Reno Recreation Authority and the El Reno Airpark Authority – are valued at lower of cost or net realizable value using first-in, first-out or market.

7. 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 acquisition value at the date of donation. For the year ended June 30, 2023, capital assets balances changed as follows:

	Balance at July 1, 2022	Additions	Disposals	Transfers	Balance at June 30, 2023
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,871,585	\$ -	\$ -	\$ -	\$ 1,871,585
Construction in progress	2,398,179	1,748,229	3,753,533	-	392,875
Total capital assets not being depreciated	4,269,764	1,748,229	3,753,533	-	2,264,460
Other capital assets:					
Buildings	21,191,387	54,111	-	-	21,245,498
Improvements	6,216,573	419,430	-	-	6,636,003
Machinery, furniture and equipment	9,042,425	2,156,665	-	-	11,199,090
Infrastructure	32,907,815	2,578,914	-	-	35,486,729
Total other capital assets at historical cost	69,358,200	5,209,120	-	-	74,567,320
Less accumulated depreciation for:					
Buildings	7,106,071	621,977	-	-	7,728,048
Improvements	3,359,553	275,242	-	-	3,634,795
Machinery, furniture and equipment	6,692,580	726,946	-	-	7,419,526
Infrastructure	17,340,418	1,580,574	-	-	18,920,993
Total accumulated depreciation	34,498,622	3,204,739	-	-	37,703,362
Other capital assets, net	34,859,578	2,004,381	-	-	36,863,958
Governmental activities capital assets, net	\$ 39,129,342	\$ 3,752,610	\$ 3,753,533	\$ -	\$ 39,128,418
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 2,029,643	\$ -	\$ 5,000	\$ -	\$ 2,024,643
Construction in progress	2,719,208	9,274,430	874,909	-	11,118,729
Total capital assets not being depreciated	4,748,851	9,274,430	879,909	-	13,143,372
Other capital assets:					
Buildings	39,514,543	30,396	7,147,582	-	32,397,357
Improvements	12,694,539	85,062	693,772	-	12,085,829
Machinery, furniture and equipment	13,442,309	867,317	7,577,376	-	6,732,250
Intangible water rights	207,657	-	-	-	207,657
Utility property improvements	41,914,476	498,774	-	-	42,413,250
Total other capital assets at historical cost	107,773,524	1,481,549	15,418,730	-	93,836,344
Less accumulated depreciation for:					
Buildings	10,448,010	1,494,634	5,463,340	-	6,479,305
Improvements	9,689,090	343,611	680,810	-	9,351,891
Machinery, furniture and equipment	11,060,893	452,140	7,490,555	-	4,022,477
Intangible water rights	80,759	3,909	-	-	84,668
Utility property improvements	22,903,571	1,517,029	-	-	24,420,600
Total accumulated depreciation	54,182,323	3,811,323	13,634,705	-	44,358,941
Other capital assets, net	53,591,201	(2,329,774)	1,784,025	-	49,477,403
Business-type activities capital assets, net	\$ 58,340,052	\$ 6,944,655	\$ 2,663,934	\$ -	\$ 62,620,775

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Depreciation:

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

Category	Threshold	Lives in Years
Buildings	\$100,000	20 - 50
Improvements Other than Buildings	100,000	20 - 50
Machinery and Equipment	5,000	3 - 20
Infrastructure	500,000	20 - 50

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:

General Government	\$ 316,739
Public Safety	630,570
Highways and Streets	1,764,957
Culture & Recreation	492,473
	<u>\$ 3,204,739</u>

Business-Type Activities:

Water	1,207,456
Wastewater	1,203,547
Hospital	529,557
Airpark	463,791
Recreation	406,972
	<u>\$ 3,811,323</u>

8. Long-Term Debt and Debt Service Requirements

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

Type of Debt	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Amounts Due Within One Year
Governmental Activities:					
Revenue bonds payable (direct placements)	\$ 21,458,250	\$ -	\$ 1,555,110	\$ 19,903,140	\$ 1,665,850
Insurance claims liability	139,961	102,129	58,828	183,262	119,645
Accrued compensated absences	1,566,050	13,791,052	13,419,914	1,937,188	193,719
Total Governmental Activities	<u>\$ 23,164,261</u>	<u>\$ 13,893,181</u>	<u>\$ 15,033,852</u>	<u>\$ 22,023,590</u>	<u>\$ 1,979,214</u>
Business-Type Activities:					
Notes payable (direct borrowing)	\$ 29,147,855	\$ 5,942,964	\$ 226,886	\$ 34,863,933	\$ 190,375
Revenue bonds payable (direct placements)	7,626,750	-	906,890	6,719,860	952,150
Deposits subject to refund	467,659	32,290	16,145	483,804	-
Accrued compensated absences	65,555	513,357	506,802	72,110	7,211
Total Business-Type Activities	<u>\$ 37,307,819</u>	<u>\$ 6,488,611</u>	<u>\$ 1,656,723</u>	<u>\$ 42,139,707</u>	<u>\$ 1,149,736</u>

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

Revenue Bonds Payable (Direct Placements):

Series 2020 Sales Tax Revenue Bonds. Original amount of \$10,000,000 issued by the El Reno Municipal Authority, 100% of the proceeds was used in governmental activities, due in annual installments of \$20,000 to \$780,000 through 2030, interest at 2.20%. This is secured by sales tax revenue. In the event of default, the lender may accelerate the payment of principal and interest accrued on the bond. BancFirst may also require that the sales tax revenue be deposited directly with them. \$ 9,950,000

Series 2022A Sales Tax Revenue Bonds. Original amount of \$3,635,000 issued by the El Reno Municipal Authority, 58% or \$2,108,300 of the proceeds was used for governmental activities, due in annual installments of \$243,000 to \$322,000 through 2028, interest at 1.75%. This is secured by sales tax revenue. In the event of default, the lender may accelerate the payment of principal and interest accrued on the bond. BancFirst may also require that the sales tax revenue be deposited directly with them. \$ 1,796,260

Series 2022B Sales Tax Revenue Bonds. Original amount of \$7,715,000 issued by the El Reno Municipal Authority, 93% or \$7,174,950 of the proceeds was used for governmental activities, due in annual installments of \$225,000 to \$353,000 through 2035, interest at 2.20%. This is secured by sales tax revenue. In the event of default, the lender may accelerate the payment of principal and interest accrued on the bond. BancFirst may also require that the sales tax revenue be deposited directly with them. 6,710,880

Series 2019A Sales Tax Revenue Bonds. Original amount of \$4,195,000 issued by the El Reno Municipal Authority, 100% of the proceeds was used in governmental activities, due in annual installments of \$179,000 to \$398,000 through 2025, interest at 2.51%. This is secured by sales tax revenue. In the event of default, the lender may accelerate the payment of principal and interest accrued on the bond. BancFirst may also require that the sales tax revenue be deposited directly with them. 1,446,000

Total Revenue Bonds Payable \$ 19,903,140

Current portion	\$ 1,665,850
Non-current portion	<u>18,237,290</u>
Total	<u>\$ 19,903,140</u>

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

Revenue Bonds Payable (Direct Placements):

El Reno Municipal Authority:

Series 2022A Sales Tax Revenue Bonds. Original amount of \$3,635,000 issued by the El Reno Municipal Authority, 42% or \$1,526,700 of the proceeds was used for business-type activities, due in annual installments of \$243,000 to \$322,000 through 2028, interest at 1.75%. This is secured by sales tax revenue. In the event of default, the lender may accelerate the payment of principal and interest accrued on the bond. BancFirst may also require that the sales tax revenue be deposited directly with them. \$ 1,300,740

Series 2022B Sales Tax Revenue Bonds. Original amount of \$7,715,000 issued by the El Reno Municipal Authority, 7% or \$540,050 of the proceeds was used for business-type activities, due in annual installments of \$225,000 to \$353,000 through 2035, interest at 2.20%. This is secured by sales tax revenue. In the event of default, the lender may accelerate the payment of principal and interest accrued on the bond. BancFirst may also require that the sales tax revenue be deposited directly with them. 505,120

Total Revenue Bonds Payable	\$ 1,805,860
Less Unamortized Bond Discount	(51,861)
Net Revenue Bonds Payable	<u>\$ 1,753,999</u>

Current portion	\$ 290,150
Non-current portion	1,463,849
Total	<u>\$ 1,753,999</u>

Hospital Authority:

Series 2020B Sales Tax Revenue Bonds. Original amount of \$6,240,000 issued by the El Reno Municipal Authority, 100% of this will be used to construct a new hospital, due in annual installments of \$112,000 to \$375,000 through 2031, interest at 2.25%. This is secured by sales tax revenue. In the event of default, the lender may accelerate the payment of principal and interest accrued on the bond. BancFirst may also require that the sales tax revenue be deposited directly with them. \$ 4,914,000

Current portion	662,000
non-current portion	4,252,000
Total	<u>\$ 4,914,000</u>

Total Revenue Bonds Payable	\$ 6,719,860
Less Unamortized Bond Discount	(51,861)
Net Revenue Bonds Payable	<u>\$ 6,667,999</u>

Current portion	\$ 952,150
non-current portion	5,715,849
Total	<u>\$ 6,667,999</u>

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Notes Payable (Direct Borrowings):

El Reno Municipal Authority:

Series 2022 OWRB SRF Promissory Note dated March 1, 2022, original amount of \$6,485,000, issued by the El Reno Municipal Authority due in semi-annual installments each March 15 and September 15, beginning September 2022, final installment due September 15, 2051, with an administrative fee of .2% an interest rate between 3.2% and 4.2%. The OWRB loan is collateralized by the pledge of revenues. In the event default, the lender may: 1) increase the interest rate to 14% per annum from the date of default; 2) accelerate the payment of principal and interest accrued on the note; or 3) appoint the temporary trustees to take over, operate and maintain the System on a profitable basis;

6,485,000

Series 2003A OWRB SRF Promissory Note dated December 22, 2003, original amount of \$643,154, issued by the El Reno Municipal Authority due in semi-annual installments each March 15 and September 15, beginning March 2010, final installment due September 15, 2023, with an administrative fee of .5% and 0% interest. 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.

16,079

2023 Promissory Note to OWRB, dated June 1, 2023, original amount of \$4,385,000 issued by the El Reno Municipal Authority due in semi-annual installments each March 15 and September 15, beginning September 2023, final installment due September 15, 2042 with an interest rate between 4.237% and 5.2%. The OWRB loan is collateralized by the pledge of revenues and sales tax. In the event of default, the lender may: 1) increase the interest rate to 14%; 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.

4,385,000

Series 2014 OWRB Clean Water SRF Promissory Note dated August 26, 2014, original amount of \$21,530,000, issued by the El Reno Municipal Authority due in semi-annual installments each March 15 and September 15, beginning March 2015, final installment due September 15, 2039 with an administrative fee of .5% and 2.20% interest, 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.

21,390,000

Promissory Note, Series 2022 with BancFirst dated November 15, 2022 issued in the principal amount of \$3,620,000, issued by the El Reno Municipal Authority due in monthly installments with the first installment due December 15, 2022 with an interest rate of 5.25%. In the event of default, the lender may: 1) accelerate the payment of the principal and interest accrued on the note; 2) take possession of the mortgaged property and collect any rents due; 3) pursue and exhaust any security pledged on the debt.

1,517,964

with an administrative fee of .5% and 3.09% interest. 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.

1,069,890

Total Municipal Authority Notes Payable \$ 34,863,933

Plus Bond Premium 1,086,873

Net Revenue Bonds Payable \$ 35,950,806

Current portion	\$ 190,375
Non-current portion	<u>35,760,431</u>
Total	<u>\$ 35,950,806</u>

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Debt Service Requirements to Maturity:

GOVERNMENTAL ACTIVITY DEBT					
Year Ending June 30,	Revenue Bonds Payable (direct placements)				
	Principal		Interest		
2024	\$	1,665,850	\$	424,943	
2025		2,599,250		381,822	
2026		2,301,210		326,874	
2027		2,349,680		277,606	
2028		2,403,150		227,241	
2029-2033		7,610,290		471,121	
2034-2035		973,710		21,503	
Totals	\$	19,903,140	\$	2,131,110	

BUSINESS-TYPE ACTIVITY DEBT					
Year Ending June 30,	Revenue Bonds Payable (direct placements)		Notes Payable (direct borrowings)		
	Principal		Interest		
2024	\$	952,150	\$	139,431	190,375
2025		973,750		119,169	483,567
2026		992,790		98,457	503,294
2027		1,014,320		77,323	583,764
2028		1,035,850		55,731	689,845
2029-2033		1,677,710		66,108	10,585,124
2034-2038		73,290		1,619	14,390,000
2039-2043	-	-		-	6,680,000
2044-2048	-	-		-	1,460,000
2049-2052	-	-		-	1,400,000
Totals	\$	6,719,860	\$	557,838	\$ 36,965,969
					(2,102,036)
				left to draw	\$ 34,863,933

Pledge of Future Revenues

Sales Tax Pledge - The City has pledged two and ½ cents (or 63%) of future sales tax revenues to repay \$25,545,000 of Series 2019A, 2020, 2020B, 2022A and 2022B Sales Tax Revenue Bonds. Proceeds from the bonds provided financing for utility and governmental capital assets. The bonds are payable through 2025, 2031, 2031, 2028 and 2034 respectively. The total principal and interest payable for the remainder of the life of these notes is \$29,311,947. Total pledged sales taxes received in the current fiscal year were \$7,648,501. Debt service payments for the current fiscal year of \$3,065,222 were 40% of the pledged sales taxes.

Utility Net Revenues Pledge - The City has also pledged future water and sewer net revenues to repay \$35,448,154 of 2003A, 2010, 2014, 2022 and 2023 Series Oklahoma Water Resources Board Notes Payable. Proceeds from the bonds and notes provided financing for utility system capital assets. The bonds are payable through 2023, 2030, 2039, 2051 and 2042. The total principal and interest payable for the remainder of the life of these notes is \$47,653,443. The notes are payable from the above-mentioned utility net revenues. The debt service payments on the notes this year were \$1,066,608 which was 28% of pledged net utility revenues of \$3,877,935.

9. Net Position and Fund Balances

Fund Statements:

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

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

It is the City’s policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance 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. The only exception to this policy is for assigned interest income in governmental funds other than the General Fund. In those funds, interest income is used first before other revenues.

The following tables show the fund balance classifications as shown on the Governmental Funds Balance Sheet:

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	General Fund	Major Capital Project Fund Capital Improvement Fund	Other Governmental Funds	TOTAL
Fund Balances:				
Nonspendable:				
Library Endowment	\$ -	\$ -	\$ 31,050	\$ 31,050
Cemetery Perpetual Care	-	-	151,889	151,889
Sub-total Nonspendable	-	-	182,939	182,939
Restricted for:				
Capital outlay	-	2,153,512	2,482,881	4,636,393
Debt Service	1,018,551	-	-	1,018,551
Watershed construction	-	-	3,082	3,082
Sidewalks	-	-	95,553	95,553
Opioid Settlement	-	-	42,785	42,785
Skateboard Park	181	-	-	181
Police	500	-	276,699	277,199
Library	69,131	-	202	69,333
Cemetery	189,137	-	82,160	271,297
Public Health and Safety	-	-	528,233	528,233
El Reno NOW	2,219	-	-	2,219
Care and Share Program	380	-	-	380
Mercy Sidewalk	2,500	-	-	2,500
Recreation facilities, public health and safety facilities, public works infrastructure capital outlay or debt service for said capital outlay	725,128	-	-	725,128
Disaster relief	460	-	4,888,749	4,889,209
Animal Shelter	6,334	-	-	6,334
Fire Department	44,963	-	-	44,963
Legion Park Lights	278	-	-	278
Tennis Court Improvements	95	-	-	95
Parks/ ASHB Ballfield	2,000	-	-	2,000
Tourism	-	-	278,196	278,196
Economic development and capital	-	-	658,844	658,844
Ad valorem tax levies, constructing public buildings or other permanent improvements	-	-	114,301	114,301
Sub-total Restricted	2,061,857	2,153,512	9,451,685	13,667,054
Committed to:				
Cemetery	43,410	-	65,302	108,712
Park	38,109	-	-	38,109
Sub-total Committed	81,519	-	65,302	146,821
Assigned to:				
Fiscal Year 24 budget	172,300	-	-	172,300
Lake	7,808,403	-	-	7,808,403
Library	-	-	1,570	1,570
Cemetery	547,680	-	152,370	700,050
Police	-	-	23,296	23,296
Tourism	-	-	119,778	119,778
Economic development and capital	-	-	3,117	3,117
Capital outlay	991,572	-	-	991,572
Sub-total Assigned	9,519,955	-	300,131	9,820,086
Unassigned:	4,776,680	-	(201,206)	4,575,474
TOTAL FUND BALANCES	\$ 16,440,011	\$ 2,153,512	\$ 9,798,851	\$ 28,392,374

Equity is classified as net position and displayed in three components:

- f. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- g. *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

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governments, or 2) law through constitutional provisions or enabling legislation.

The restrictions are as follows:

Governmental Activities

Other Purposes:	
Cemetery Everlasting Care	\$ 189,137
Drainage Improvement	3,082
Opioid Settlement	42,785
Library Endowment	32,822
Cemetery Perpetual Care	171,911
Sales Tax Reserve/Emergency	531,263
Sidewalk	95,553
Capital Improvement	2,153,512
Tax Increment	114,301
Safety Sales Tax 1/4 Cent	4,888,749
Sales Tax 1/4 Cent	725,128
Gifts and Contributions	122,884
Cemetery Care	62,138
Hotel Motel Occupancy Surcharge	937,040
General Fund (Library Donations)	5,657
Police Evidence Fund	33,909
General Fund (Police Donation)	500
	<u>10,110,371</u>

Enabling legislation:	
Police	<u>242,790</u>

Debt Service:	
Trustee money market accounts	1,018,551
Less: Accrued Interest Payable	<u>(179,660)</u>
	<u>838,891</u>

Total Governmental Activities restricted	<u>\$ 11,192,052</u>
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Reconciliation to Statement of Net Position:

Restricted for:	
Public Safety	\$ 277,199
Capital Outlay	2,314,285
Debt Service	838,891
Disaster Relief	4,888,749
Recreation, Public Safety and Public Works	725,128
Other	1,943,067
Permanent fund - nonexpendable	182,939
Permanent fund - expendable	21,794
Total Governmental Activities restricted	<u>\$ 11,192,052</u>

BTA| El Reno Municipal Authority

Contractual agreements:	
Cash and investments	\$ 816,683
Less: Accrued Interest Payable	<u>(294,822)</u>
	<u>\$ 521,861</u>

- h. *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.

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10. 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, 2023 were as follows:

Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	Capital Improvement	\$ 641,912	Sales tax accrual transfer
General Fund	City of El Reno Recreation Authority	8,313	One-sided transfer of assets
General Fund	Capital Improvement	798,000	Operating subsidy
2020 Sales Tax Revenue Construction Fund	City of El Reno Recreation Authority	97,891	One-sided transfer of assets
2020 Sales Tax Revenue Construction Fund	CDBG	6,911	retainage
General Fund	ERMA Sales Tax	3,195,000	Sales tax transfer
ERMA Sales Tax	General Fund	2,093,064	Debt service transfer
El Reno Municipal Trust Authority	General Fund	923,000	Operating subsidy
El Reno Municipal Trust Authority	City of El Reno Recreation Authority	504,000	Operating subsidy
ERMA Sales Tax	Capital Improvement	859,000	Operating subsidy
Reserve Emergency Fund	Capital Improvement	290,240	Operating subsidy
Public Safety 1/4 Sales Tax	General Fund	470,000	Operations and to cover dispatch
General Fund	Capital Improvement	32,095	Sales tax transfer
General Fund	City of El Reno Recreation Authority	60,221	One-sided transfer of assets
General Fund	City of El Reno Recreation Authority	14,000	Operating subsidy
General Fund	Reserve Emergency Fund	74,890	Sales tax transfer
Capital Improvement	City of El Reno Recreation Authority	467,749	One-sided transfer of assets
Capital Improvement	El Reno Municipal Trust Authority	1,059,000	Operating subsidy
ERMA Sales Tax	City of El Reno Recreation Authority	48,000	Operating subsidy
ERMA Sales Tax	City of El Reno Hospital Authority	768,721	Debt service transfer
Total		<u>\$ 12,412,007</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 5,901,112	\$ (7,216,222)	\$ (1,315,110)
Proprietary Funds	5,588,721	(5,195,785)	392,936
	<u>\$ 11,489,833</u>	<u>\$ (12,412,007)</u>	<u>\$ (922,174)</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ 392,936
Capital assets from governmental funds- (one-sided at fund level)	634,174
Transfers - internal activity	<u>\$ 1,027,110</u>

Balances:

Interfund receivable and payables at June 30, 2023 were comprised of the following:

Payable Fund	Receivable Fund	Amount	Nature of Interfund Balance
General Fund	ERMA Sales Tax	\$ 764,024	Sales tax transfer receivable
CDBG	General Fund	201,206	Cover negative cash
Gifts and Contributions	General Fund	2,000	Grant revenue
OWRB Capital	El Reno Municipal Trust Authority	111,347	cash correction
Recreation Authority	General Fund	33,969	Loan to Recreation Authority
		<u>\$ 1,112,546</u>	

Reconciliation to Fund Financial Statements:

	Due to	Due From	Net Interfund Balances
Governmental Funds	\$ (967,230)	\$ 237,175	\$ (730,055)
Proprietary Funds	(145,316)	875,371	730,055
	<u>\$ (1,112,546)</u>	<u>\$ 1,112,546</u>	<u>\$ -</u>

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11. Sales Tax

Sales tax revenue represents a 4 cents tax on each dollar of taxable sales of which is recorded as follows:

- 2 cents is recorded in the General Fund.
- 1.575 cents is recorded in City Capital Improvement Fund per ordinance 5022.
- .175 cents is recorded in the Reserve/Emergency Fund per ordinance 5022.
- .25 cents is recorded in the Safety Sales Tax ¼ Cent Fund to pay for costs pertaining to the provision of emergency services.

12. 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.
- Workers' Compensation – Self-insured within limits of Oklahoma worker's compensation laws. 100% risk of loss retained.
- Employee's Group Medical – Covered through participation in Blue Cross and Blue Shield of Oklahoma.

The City's risk is transferred to the risk entity pool except for claim deductible amounts. The risk pool maintains deposits for claims reserves and other purposes for the benefit of the City. The portion of the reserves to which the City has access is reported as Deposits with Insurance Pool. 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.

For the internal service self-insurance funds, changes in the worker's comp claims liability for the City from July 1, 2022, to June 30, 2023, are as follows:

	<u>Workers'</u> <u>Compensation</u>
Claim liability, June 30, 2021	146,240
Claims and changes in estimates	(131,370)
Claims payments	<u>125,091</u>
Claim liability, June 30, 2022	139,961
Claims and changes in estimates	(58,828)
Claims payments	<u>102,129</u>
Claim liability, June 30, 2023	<u><u>\$ 183,262</u></u>
Reconciliation to Statement of Net Position:	
Current portion	\$ 119,645
Noncurrent portion	<u>63,617</u>
Total	<u><u>\$ 183,262</u></u>

13. Commitments and Contingencies

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 El Reno participates in various federal or 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. 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.

Construction Commitments:

At June 30, 2023 the City had awarded construction contracts totaling approximately \$9,658,522 and of this amount \$1,815,006 was still outstanding.

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, 2023, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs, if any, and obtaining an estimate of those costs in a subsequent fiscal year.

14. Pension Plan Participation

The City of El Reno participates in three pension or retirement plans:

- Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Oklahoma Municipal Retirement Fund – an agent multiple-employer defined benefit plan

Firefighters’ Plan:

Plan description - The City of El Reno, as the employer, participates in the Firefighters Pension & Retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the

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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 www.ok.gov/fprs

Benefits provided - 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 highest 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-the-line-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-.

Contributions - The contributions requirements of the Plan are at an established rate determined 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 \$290,821. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$714,760 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 on-behalf contributions on an accrual basis of \$640,655. These on-behalf payments did not meet the criteria of a special funding situation.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the City reported a liability of \$8,178,353 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2022. Based upon this information, the City's proportion was 0.62538 percent.

For the year ended June 30, 2023, the City recognized pension expense of \$1,077,694. At June 30, 2023, 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	\$ 1,049,880	\$ 41,286
Changes of assumptions	-	52,144
Net difference between projected and actual earnings on pension plan investments	950,413	-
Changes in proportion and differences between City contributions and proportionate share of contributions	345,491	591,528
City contributions during measurement	7,448	301
City contributions subsequent to the measurement date	290,821	-
Total	<u>\$ 2,644,053</u>	<u>\$ 685,259</u>

The \$290,821 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, 2024. 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:

2024	\$ 456,804
2025	273,487
2026	53,656
2027	884,026
Total	<u>\$ 1,667,973</u>

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2022, 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

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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 scale MP-2018 for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2022, valuation was 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, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	3.62%
Domestic equity	47%	5.66%
International equity	15%	8.34%
Real estate	10%	7.64%
Other assets	8%	5.08%

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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate- 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:

	<u>1% Decrease 6.5%</u>	<u>Current Discount Rate 7.5%</u>	<u>1% Increase 8.5%</u>
Employers' net pension liability	\$ 10,538,438	\$ 8,178,353	\$ 6,204,256

Pension plan fiduciary net position - 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 www.ok.gov/FPRS.

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Police Plan:

Plan description - The City of El Reno 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 www.ok.gov/OPPRS

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.

Contributions - 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 \$290,821. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$261,229 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 on-behalf contributions on an accrual basis of \$255,042. These on-behalf payments did not meet the criteria of a special funding situation.

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Net Pension Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the City reported an asset of \$513,258 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension asset 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, 2022. Based upon this information, the City's proportion was 0.64004 percent.

For the year ended June 30, 2023, the City recognized pension expense of \$119,743. At June 30, 2023 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	\$ 251,759	\$ 55,907
Changes of assumptions	17,869	-
Net difference between projected and actual earnings on pension plan investments	500,836	-
Changes in proportion and differences between City contributions and proportionate share of contributions	9,832	10,987
City contributions subsequent to the measurement date	5,057	2,589
City contributions subsequent to the measurement date	290,821	-
Total	<u>\$ 1,076,174</u>	<u>\$ 69,483</u>

The \$290,821 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 or addition to the net pension liability (asset) in the year ended June 30, 2024. 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 December 31:

2023	\$ 158,069
2024	40,241
2025	(134,644)
2026	618,348
2027	33,856
	<u>\$ 715,870</u>

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2022, 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

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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
Mortality rates:	<p>Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.</p> <p>Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using scale AA.</p> <p>Disabled pensioners: Blue Collar Healthy Combined table with age set forward 4 years.</p>

The actuarial assumptions used in the July 1, 2022, valuation was 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, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.34%
Domestic equity	4.69%
International equity	8.34%
Real estate	7.64%
Private equity	9.66%

The current allocation policy is that approximately 65% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 20% 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.

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Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate- 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:

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability (asset)	\$ 1,487,062	\$ (513,258)	\$ (2,204,019)

Pension plan fiduciary net position - 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 www.ok.gov/OPPRS.

Employee Plan:

Plan Description-The City contributes to the OkMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: www.okmrf.org/reports.html. Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

Summary of Significant Accounting Policies- For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans' fiduciary net position is available in the separately issued OkMRF financial report.

Eligibility Factors and Benefit Provisions

<u>Provision</u>	As of 07/01/22 <u>OkMRF Plan</u>
a. Eligible to participate	-Full-time employees except police, firefighters and other employees who are covered under an approved system.
b. Period Required to Vest	-7 years of credited service
c. Eligibility for Distribution	-Normal retirement at age 65 with 7 years of service -Early retirement at age 55 with 7 years of service -Disability retirement upon disability with 7 years of service -Death benefit with 7 years of service for married employees
d. Benefit Determination Base	-Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service

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e. Benefit Determination Methods:

Normal Retirement	-2.25% of final average salary multiplied by credited years of service; if a retiree is a participant in the group annuity contract plan, OkMRF is only responsible for the portion of this benefit in excess of the group annuity contract benefit.
Early Retirement	-Actuarially reduced benefit based upon age, final average salary, and years of service at termination
Disability Retirement	-Same as normal retirement
Death Benefit	-50% of employees accrued benefit, but terminates upon spouse re-marriage
Prior to 7 Years of Service	-No benefits
f. Benefit Authorization	-Benefits are established and amended by City Council adoption of an ordinance in accordance with O.S. Title, 11, Section 48-101-102
g. Form of Benefit Payments	-Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, option form based on actuarial equivalent.

Employees Covered by Benefit Terms

Active Employees	40
Deferred Vested Former Employees	3
Retirees or Retiree Beneficiaries	<u>21</u>
Total	<u>64</u>

Contribution Requirements-The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 5.33% of covered payroll as of July 1, 2022. For the year ended June 30, 2023 the City recognized \$253,795 of employer contributions to the plan which is over the actuarially determined amount based on covered payroll of \$2,933,019. Employees' contribution is 4.5% of covered payroll as of July 1, 2022.

Actuarial Assumptions

<u>Date of Last Actuarial Valuation</u>	<u>July 1, 2022</u>
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.50%
c. Projected Salary Increase	Varies between 7.50% and 4.50% based on age

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d. Inflation Rate	2.75%
e. Mortality Table	PubG-2010 with projected mortality improvement
f. Percent of married employees	100%
g. Spouse age difference	3 years (female spouses younger)
h. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are added during the first 5 years: Year 1: 225 Year 2: 140 Year 3: 100 Year 4: 70 Year 5: 40
i. Date of last experience study	September 2017 for fiscal years 2012 thru 2017

Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.50% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments.

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

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 (2.75%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of July 1, 2022 are summarized in the following table:

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	Target Allocation	Real Return	Weighted Return
Large cap stocks S&P 500	25%	5.80%	1.45%
Small/mid cap stocks Russell 2500	10%	6.40%	0.64%
Long/short equity MSCI ACWI	10%	5.00%	0.50%
International stocks MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds Barclay's Capital Aggregate	30%	2.30%	0.69%
Real estate NCREIF	5%	4.60%	0.23%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
TOTAL	100%		4.75%

Changes in Net Pension Liability- The total pension liability was determined based on an actuarial valuation performed as of July 1, 2022 which is also the measurement date. The total pension liability and the plan net position does not include the fully funded liability of the group annuity contract. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2022 and the City's report ending date of June 30, 2023, that would have had a significant impact on the net pension liability (asset). The following table reports the components of changes in net pension liability (asset):

	SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances Beginning of Year	\$ 7,059,042	\$ 7,786,942	\$ (727,900)
Changes for the Year:			
Service cost	266,061	-	266,061
Interest expense	518,725	-	518,725
Difference between expected and actual experience	(147,793)	-	(147,793)
Changes of assumptions	66,493	-	66,493
Contributions--City	-	209,627	(209,627)
Contributions--members	-	133,052	(133,052)
Net investment income	-	(982,209)	982,209
Benefit changes due to plan amendments	448,675	-	448,675
Benefits paid	(290,665)	(290,665)	-
Plan administrative expenses	-	(15,972)	15,972
Net Changes	861,496	(946,167)	1,807,663
Balances End of Year	\$ 7,920,538	\$ 6,840,775	\$ 1,079,763

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Sensitivity of the net pension liability to changes in the discount rate- The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability (Asset)	\$ 2,200,777	\$ 1,079,763	\$ 181,014

The City reported \$504,392 in pension expense for the year ended June 30, 2023. At June 30, 2023, 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	\$ 45,570	\$ 484,063
Changes of assumptions	107,942	-
Net difference between projected and actual earnings on pension plan investments	600,967	-
Changes in proportion and differences between City contributions and proportionate share of contributions	31,471	152,187
City contributions subsequent to the measurement date	253,795	-
Total	<u>\$ 1,039,745</u>	<u>\$ 636,250</u>

Amortization of Pension Deferrals- The \$253,795 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 or addition to the net pension liability (asset) in the year ended June 30, 2024. Any 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:

2024	\$ (47,309)
2025	(66,370)
2026	(44,025)
2027	307,404
2028	-
	<u>\$ 149,700</u>

14. Other Postemployment Benefits

Plan description – The City’s defined benefit OPEB plan provides OPEB to eligible retirees and their dependents. The plan is a single employer defined benefit OPEB plan administered by the City. The City’s Council has the authority to establish and amend benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided – The Plan covers all current retirees of the City and provides for employee and dependent healthcare coverage from the date of retirement to life, provided the participant was covered by the Plan before retiring. The City provides postretirement medical benefits through the Plan if the retiree and spouse pay the full active premium. Participants can elect to medical, dental and vision.

Employees covered by benefit terms - At June 30, 2023 the following employees were covered by the benefit terms:

Active Employees	104
Inactives or beneficiaries currently receiving benefit payments	<u>15</u>
Total	<u>119</u>

Total OPEB Liability – The City’s total OPEB liability of \$1,467,686 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions- The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2022 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal Level Percentage of Pay
- Discount Rate – 4.09% and 2.16%, based on June 30, 2022 and June 30, 2021 published Bond Buyer 20-Bond General Obligation Index Rate
- Plan Participation – Assumed 25% of all civilian employees and 50% for police and firefighters. Spouse acceptance rate is assumed to be 50%.
- Retirement Age – Civilian rates range from 7% at age 55 to 100% at age 70. Rates for police range from 20% with 20 years of service to 100% with 30 years of service. Rates for firefighters range from 10% with 20 years of service to 100% with 35 years of service.
- Termination rates – rate of withdrawal is based on the assumption used in the Oklahoma Municipal Retirement fund
- Healthcare cost trend rates - Plan year dependent rates graded from 5.96% in 2020 to 4.87% in 2060
- Mortality Rates – Pub2010 Gen or Publics Safety projected.

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Changes in Total OPEB Liability –The following table reports the components of changes in total OPEB liability:

	Total OPEB Liability
Balances Beginning of Year	<u>\$ 1,482,747</u>
Change for the Year:	
Service cost	103,162
Interest Expense	32,027
Differences between expected and actual experien	316,567
Changes of assumptions	(410,687)
Benefits paid	<u>(56,131)</u>
Net Changes	<u>(15,062)</u>
Balances End of Year	<u>\$ 1,467,685</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate-The following presents the total OPEB liability of the employer calculated using the discount rate of 4.09%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage-point higher 5.09%) than the current rate:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
Employers' total OPEB liability	\$ 1,633,167	\$ 1,467,685	\$ 1,322,461

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate-The following presents the total OPEB liability of the employer calculated using the healthcare cost trend rate of 5.94% decreasing to 3.94%, as well as what the Plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (4.94% decreasing to 2.94%) or 1-percentage-point higher (6.94% decreasing to 4.94%) than the current rate:

	1% Decrease (4.94% decreasing to 3.94%)	Healthcare Cost Trend Rates (5.94% decreasing to 4.94%)	1% Increase (6.94% decreasing to 5.94%)
Employers' total OPEB liability	\$ 1,299,981	\$ 1,467,685	\$ 1,668,943

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City recognized OPEB expense of \$48,147. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 291,583	\$ 288,155
Changes of assumptions	12,274	597,357
Changes in City's proportionate share of contributions	106,043	106,038
Contributions during measurement date	1,101	10,662
Benefit payments subsequent to the measurement date	91,935	-
Total	<u>\$ 502,936</u>	<u>\$ 1,002,212</u>

The \$91,547 reported as deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ (94,105)
2023	(94,108)
2024	(94,108)
2025	(81,154)
2026	(72,575)
Thereafter	(155,161)
Total	<u>\$ (591,211)</u>

15. Use of Estimates

Certain estimates are made in the preparation of the financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management's best judgments and may vary from actual results.

16. Subsequent Event

In July of 2023, the City of El Reno signed an agreement with the Oklahoma Department of Transportation in the amount of \$760,465 for payment of utility relocation for the roundabout located at US-81 and SH-66.

The City of El Reno also obligated \$570,949 of grant match money for the 19166 CDBG23 grant in the amount of \$228,333 to address antiquated water mains within the system.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule – Year Ended June 30, 2023

	GENERAL FUND			
				Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
REVENUES				
Taxes	\$ 8,457,000	\$ 8,525,000	\$ 9,302,039	\$ 777,039
Fees and fines	203,500	203,500	201,521	(1,979)
Licenses and permits	524,000	524,000	580,105	56,105
Intergovernmental	437,500	437,500	470,253	32,753
Charges for services	124,500	124,500	94,672	(29,828)
Investment earnings	-	-	239,289	239,289
Miscellaneous	235,500	259,645	299,851	40,206
Transfers from Other Funds	2,844,500	2,844,500	1,105,000	(1,739,500)
Total revenues	12,826,500	12,918,645	12,292,730	(625,915)
EXPENDITURES				
Mayor and Council	90,000	90,000	82,750	7,250
Technology Services	-	18,500	6,936	11,564
Administration	354,150	373,750	376,746	(2,996)
Finance	1,072,600	1,084,000	1,047,499	36,501
Police	4,463,700	4,466,700	4,102,593	364,107
Dispatch/911	830,500	847,000	812,714	34,286
Fire	3,193,500	3,264,704	3,187,347	77,357
Library	342,100	369,256	365,971	3,285
Community Development	433,800	485,700	430,675	55,025
Senior Citizens	55,500	56,100	53,608	2,492
Municipal Garage	170,900	173,100	113,300	59,800
Streets	1,077,750	1,104,791	1,073,078	31,713
Municipal Court	223,900	227,000	196,487	30,513
Legal	81,000	301,000	232,521	68,479
Swimming Pool	52,000	70,600	68,909	1,691
Animal Control	133,300	184,300	182,429	1,871
Cemetery	313,000	317,600	282,671	34,929
Transfers to Other Funds	-	14,000	14,000	-
Total Expenditures	12,887,700	13,448,101	12,630,234	817,867
Excess (deficiency) of revenues over expenditures	(61,200)	(529,456)	(337,504)	191,952
Net change in fund balances	(61,200)	(529,456)	(337,504)	191,952
Fund balances - beginning	9,334,000	9,342,256	4,421,299	(4,920,957)
Fund balances - ending	\$ 9,272,800	\$ 8,812,800	\$ 4,083,795	\$ (4,729,005)

See accompanying footnotes to this schedule.

Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedule is reported on a non-GAAP budgetary basis that report revenues and expenditures on a modified cash basis. For budgetary purposes expenditures are recorded in the period the invoice is received, except for payroll expenditures that are recorded when paid.
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 Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.

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3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

	General Fund
	<hr/>
Total revenue- budgetary basis	\$ 12,292,730
Total expense- budgetary basis	(12,630,234)
	<hr/>
Change in fund balance-budgetary basis	(337,504)
Revenue accruals	(924,300)
Expenditures accruals	(1,838,823)
Debt service transfers in	2,093,064
	<hr/>
Change in fund balance-GAAP basis	\$ (1,007,563)
	<hr/>

4. Expenditures exceeded appropriations in the following:

- General Fund - Administration - \$2,996

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Proportionate Share of the Net Pension Liability

Oklahoma Firefighters Pension & Retirement System

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
City's proportion of the net pension liability	0.562385%	0.621821%	0.629184%	0.635185%	0.617556%	0.699132%	0.705363%	0.609469%	0.625383%
City's proportionate share of the net pension liability	\$ 5,783,577	\$6,600,066	\$7,686,823	\$7,988,870	\$ 6,951,483	\$ 7,387,488	\$8,689,463	\$4,013,762	\$8,178,353
City's covered-employee payroll	\$ 1,552,304	\$1,633,651	\$1,759,957	\$1,805,429	\$ 1,832,339	\$ 2,162,005	\$2,264,167	\$2,061,296	\$2,056,886
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	373%	404%	437%	442%	379%	342%	384%	195%	398%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68%	64.87%	66.81%	70.73%	72.85%	69.98%	84.24%	69.49%

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

Notes to Schedule:

Only nine 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	2022	2023
Statutorily required contribution	\$ 228,711	\$ 246,394	\$ 252,760	\$ 256,527	\$ 302,681	\$ 316,983	\$ 288,582	\$ 287,964	\$ 290,821
Contributions in relation to the statutorily required contribution	228,711	246,394	252,760	256,527	302,681	316,983	288,582	287,964	290,821
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,633,651	\$ 1,759,957	\$ 1,805,429	\$ 1,832,339	\$2,162,005	\$ 2,264,167	\$2,061,296	2,056,886	2,077,293
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Notes to Schedule:

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

CITY OF EL RENO, OKLAHOMA
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Proportionate Share of the Net Pension Liability (Asset)

Oklahoma Police Pension & Retirement System

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
City's proportion of the net pension liability (asset)	0.5397%	0.5796%	0.5958%	0.6119%	0.6162%	0.6672%	0.6789%	0.6488%	0.6400%
City's proportionate share of the net pension liability (asset)	\$ 181,708	\$ 23,633	\$ 912,472	\$ 47,067	\$ (293,537)	\$ (42,594)	\$ 779,730	\$ (3,112,230)	\$ (513,258)
City's covered-employee payroll	\$1,512,351	\$1,581,284	\$1,757,138	\$1,825,669	\$1,879,756	\$2,174,777	\$2,273,894	\$ 2,245,055	\$ 2,292,569
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-12.01%	1.49%	51.93%	2.58%	-15.62%	-1.96%	34.29%	-138.63%	-22.39%
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%	117.07%	102.74%

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

Notes to Schedule:

Only nine 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	2022	2023
Statutorily required contribution	\$ 205,473	\$ 228,428	\$ 237,337	\$ 244,359	\$ 282,058	\$ 295,606	\$ 291,857	\$ 298,034	\$ 290,821
Contributions in relation to the statutorily required contribution	205,473	228,428	237,337	244,359	282,058	295,606	291,857	298,034	290,821
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,581,284	\$ 1,757,138	\$ 1,825,669	\$ 1,879,756	\$ 2,174,777	\$ 2,273,894	\$ 2,245,055	\$ 2,292,569	\$ 2,237,085
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Notes to Schedule:

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

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Oklahoma Municipal Retirement System

Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Last 9 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability									
Service cost	\$ 240,404	\$ 264,136	\$ 268,287	\$ 276,233	\$ 261,674	\$ 261,799	\$ 299,954	\$ 274,875	\$ 266,061
Interest	298,636	308,486	334,368	368,895	392,725	433,355	491,414	512,049	518,725
Changes of benefit terms	-	-	-	-	-	-	-	-	448,675
Differences between expected and actual experience	-	(36,585)	53,687	(98,009)	71,517	122,837	(272,338)	(424,501)	(147,793)
Changes of assumptions	-	-	-	154,546	-	193,929	-	-	66,493
Benefit payments, including refunds of member contributions	(150,337)	(193,559)	(210,870)	(210,812)	(240,119)	(243,865)	(231,491)	(256,765)	(290,665)
Benefit changes due to plan amendments	-	-	-	-	57,769	-	-	-	-
Net change in total pension liability	388,703	342,478	445,472	490,853	543,566	768,055	287,539	105,658	861,496
Total pension liability - beginning	3,686,718	4,075,421	4,417,899	4,863,371	5,354,224	5,897,790	6,665,845	6,953,384	7,059,042
Total pension liability - ending (a)	\$ 4,075,421	\$ 4,417,899	\$ 4,863,371	\$ 5,354,224	\$ 5,897,790	\$ 6,665,845	\$ 6,953,384	\$ 7,059,042	\$ 7,920,538
Plan fiduciary net position									
Contributions - employer	\$ 253,488	\$ 260,476	\$ 268,569	\$ 292,173	\$ 270,735	\$ 751,917	\$ 282,870	\$ 217,698	\$ 209,627
Contributions - member	131,503	135,201	139,395	151,647	140,360	154,313	162,075	139,079	133,052
Net investment income	395,694	86,612	33,605	443,792	307,167	330,547	240,956	1,679,166	(982,209)
Benefit payments, including refunds of member contributions	(150,337)	(193,559)	(210,870)	(210,812)	(240,119)	(243,865)	(231,491)	(256,765)	(290,665)
Administrative expense	(5,898)	(6,286)	(6,531)	(7,690)	(9,194)	(9,637)	(11,594)	(13,248)	(15,972)
Other	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	624,450	282,444	224,168	669,110	468,949	983,275	442,816	1,765,930	(946,167)
Plan fiduciary net position - beginning	2,325,800	2,950,250	3,232,694	3,456,862	4,125,972	4,594,921	5,578,196	6,021,012	7,786,942
Plan fiduciary net position - ending (b)	\$ 2,950,250	\$ 3,232,694	\$ 3,456,862	\$ 4,125,972	\$ 4,594,921	\$ 5,578,196	\$ 6,021,012	\$ 7,786,942	\$ 6,840,775
Net pension liability (asset) - ending (a) - (b)	\$ 1,125,171	\$ 1,185,205	\$ 1,406,509	\$ 1,228,252	\$ 1,302,869	\$ 1,087,649	\$ 932,372	\$ (727,900)	\$ 1,079,763
Plan fiduciary net position as a percentage of the total pension liability	72.39%	73.17%	71.08%	77.06%	77.91%	83.68%	86.59%	110.31%	86.37%
Covered employee payroll	\$ 2,924,835	\$ 3,022,811	\$ 3,095,346	\$ 3,247,280	\$ 3,127,307	\$ 3,409,889	\$ 3,615,611	\$ 3,090,283	\$ 3,086,017
Net pension liability (asset) as a percentage of covered-employee payroll	38.47%	39.21%	45.44%	37.82%	41.66%	31.90%	25.79%	-23.55%	34.99%

Notes to Schedule:

Only the nine most recent fiscal years are presented because 10-year data is not yet available.

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Oklahoma Municipal Retirement System

Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Employer Contributions	Last 9 Fiscal Years								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 256,939	\$ 268,366	\$ 266,602	\$ 247,370	\$ 269,722	\$ 285,995	\$ 222,500	\$ 217,873	\$ 156,330
Contributions in relation to the actuarially determined contribution	260,481	268,568	281,539	327,565	295,687	286,090	217,231	217,722	253,795
Contribution deficiency (excess)	<u>\$ (3,542)</u>	<u>\$ (202)</u>	<u>\$ (14,937)</u>	<u>\$ (80,195)</u>	<u>\$ (25,965)</u>	<u>\$ (95)</u>	<u>\$ 5,269</u>	<u>\$ 151</u>	<u>\$ (97,465)</u>
Covered employee payroll	\$ 3,022,811	\$ 3,095,346	\$ 3,247,280	\$ 3,127,307	\$ 3,409,889	\$ 3,615,611	\$ 3,090,283	\$ 3,086,017	\$ 2,933,019
Contributions as a percentage of covered-employee payroll	8.62%	8.68%	8.67%	10.47%	8.67%	7.91%	7.03%	7.06%	8.65%

Notes to Schedule:

- Only the nine most recent fiscal years are presented because 10-year data is not yet available.
- Latest Valuation Date: July 1, 2022
- Actuarially determined contribution rate is calculated as of July 1, 2022 through June 2023 contributions were at a rate of 5.33%. However, the City elected to contribute (average of 8.65%) 6.28% at June 30, 2023
- Methods and assumptions used to determine contribution rates:
 Actuarial cost method - Entry age normal
 Amortization method - Level percent of payroll, closed
 Remaining amortization period - 30 years
 Asset valuation method - Actuarial
 Smoothing period - 5 years
 Recognition method - Non-asymptotic
 Corridor - 30% - 30%
 Salary increases - 4.50% to 7.50% (varies by attained age)
 Investment rate of return - 7.25%

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Other Postemployment Benefits

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios

Last 6 Fiscal Years

	2018	2019	2020	2021	2022	2023
Total OPEB liability						
Service cost	\$ 132,556	\$ 117,070	\$ 118,295	\$ 129,121	\$ 146,111	\$ 103,162
Interest	41,380	57,992	60,311	57,191	40,234	32,027
Change in assumptions	(137,696)	(84,455)	1,495	16,412	(184,077)	(410,687)
Differences between expected and actual experience	-	(13,309)	(84,960)	13,621	(295,977)	316,567
Benefit payments, including refunds of member contributions	(28,694)	(21,682)	(19,552)	(29,835)	(44,079)	(56,131)
Net change in total OPEB liability	7,546	55,616	75,589	186,510	(337,788)	(15,062)
Total OPEB liability - beginning	1,495,274	1,502,820	1,558,436	1,634,025	1,820,535	1,482,747
Total OPEB liability - ending (a)	\$ 1,502,820	\$ 1,558,436	\$ 1,634,025	\$ 1,820,535	\$ 1,482,747	\$ 1,467,685
 Covered employee payroll	 \$ 6,890,000	 \$ 6,740,000	 \$ 8,382,000	 \$ 7,595,000	 \$ 6,458,000	 \$ 6,609,000
 Total OPEB liability as a percentage of covered-employee payroll	 21.81%	 23.12%	 19.49%	 23.97%	 22.96%	 22.21%

Notes to Schedule:

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

The discount rate used for June 30, 2023 is 4.09% which represents a change in assumption from the June 30, 2022 rate of 2.16%

The total OPEB liability for fiscal year 2023 was measured as of June 30, 2022 .

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OTHER SUPPLEMENTARY INFORMATION

CITY OF EL RENO, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2023

	Police Fund (204)	Opioid Settlement Fund	CDBG Fund (211)	Police Evidence Fund (202)	Cemetery Care Fund (208)	Hotel Motel Occupancy Surcharge Fund	Safety Sales Tax 1/4 Cent Fund (616)	Sidewalk fund (423)	Reserve Emergency Account (612)	Drainage Improvement Fund (422)	2020 Series Sales Tax Revenue Note Construction (419)	Tax Increment Fund (217)	Library Endowment (215)	Cemetery Perpetual (820)	Total Governmental Funds
ASSETS															
Cash and cash equivalents	\$ 270,802	\$ 42,785	\$ -	\$ 33,909	\$ 279,810	\$ 1,060,499	\$ 445,899	\$ 95,553	\$ 4,817,990	\$ 3,082	\$ 2,489,018	\$ 114,301	\$ 32,822	\$ 171,911	\$ 9,858,381
Other receivable	-	131,366	-	-	-	-	-	-	-	-	-	-	-	-	131,366
Due from other governments	-	-	201,206	-	-	-	101,084	-	70,759	-	-	-	-	-	373,049
Franchise tax receivable	5,275	-	-	-	-	-	-	-	-	-	-	-	-	-	5,275
Total assets	<u>276,077</u>	<u>174,151</u>	<u>201,206</u>	<u>33,909</u>	<u>279,810</u>	<u>1,060,499</u>	<u>546,983</u>	<u>95,553</u>	<u>4,888,749</u>	<u>3,082</u>	<u>2,489,018</u>	<u>114,301</u>	<u>32,822</u>	<u>171,911</u>	<u>10,368,071</u>
LIABILITIES AND FUND BALANCES															
Liabilities:															
Accounts payable	9,991	-	-	-	-	564	18,750	-	-	-	6,137	-	-	-	35,442
Due to other funds	-	-	201,206	-	-	-	-	-	-	-	-	-	-	-	201,206
Total liabilities	<u>9,991</u>	<u>-</u>	<u>201,206</u>	<u>-</u>	<u>-</u>	<u>564</u>	<u>18,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>236,648</u>
Deferred Inflows of resources:															
Unavailable revenue	-	131,366	201,206	-	-	-	-	-	-	-	-	-	-	-	332,572
Fund balances:															
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	31,050	151,889	182,939
Restricted	242,790	42,785	-	33,909	62,138	937,040	528,233	95,553	4,888,749	3,082	2,482,881	114,301	202	20,022	9,451,685
Committed	-	-	-	-	65,302	-	-	-	-	-	-	-	-	-	65,302
Assigned	23,296	-	-	-	152,370	122,895	-	-	-	-	-	-	1,570	-	300,131
Unassigned (deficit)	-	-	(201,206)	-	-	-	-	-	-	-	-	-	-	-	(201,206)
Total fund balance	<u>266,086</u>	<u>42,785</u>	<u>(201,206)</u>	<u>33,909</u>	<u>279,810</u>	<u>1,059,935</u>	<u>528,233</u>	<u>95,553</u>	<u>4,888,749</u>	<u>3,082</u>	<u>2,482,881</u>	<u>114,301</u>	<u>32,822</u>	<u>171,911</u>	<u>9,798,851</u>
Total liabilities and fund balance	<u>\$ 276,077</u>	<u>\$ 174,151</u>	<u>\$ 201,206</u>	<u>\$ 33,909</u>	<u>\$ 279,810</u>	<u>\$ 1,060,499</u>	<u>\$ 546,983</u>	<u>\$ 95,553</u>	<u>\$ 4,888,749</u>	<u>\$ 3,082</u>	<u>\$ 2,489,018</u>	<u>\$ 114,301</u>	<u>\$ 32,822</u>	<u>\$ 171,911</u>	<u>\$ 10,368,071</u>

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

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2023

	Police Fund (204)	Opioid Settlement Fund	CDBG Fund (211)	Police Evidence Fund (202)	Cemetery Care Fund (208)	Hotel Motel Occupancy Surcharge (203)	Safety Sales Tax 1/4 Cent Fund (616)	Sidewalk fund (423)	Reserve Emergency Account (612)	Drainage Improvement Fund (422)	2020 Series Sales Tax Revenue Note Construction (419)	Tax Increment Fund (217)	Library Endowment (215)	Cemetery Perpetual (820)	Total-Other Governmental Funds
REVENUES															
Taxes	\$ 63,026	\$ -	\$ -	\$ -	\$ -	\$ 399,188	\$ 758,948	\$ -	\$ 531,263	\$ -	\$ -	\$ 119,691	\$ -	\$ -	\$ 1,872,116
Intergovernmental	16,461	-	496,415	-	-	-	-	-	417,758	-	-	-	-	-	930,634
Licenses and permits	-	-	-	-	-	-	-	6,825	-	-	-	-	-	-	6,825
Charges for services	-	-	-	-	29,913	25,200	-	-	-	-	-	-	-	-	55,113
Fines and forfeitures	46,090	-	-	3,098	-	-	-	-	-	-	-	-	-	-	49,188
Investment income	12,410	-	-	-	12,592	48,346	19,366	-	-	-	95,815	3,758	571	7,255	200,113
Miscellaneous	-	42,785	-	-	-	-	-	-	127,448	-	-	-	-	-	170,233
Total revenues	137,987	42,785	496,415	3,098	42,505	472,734	778,314	6,825	1,076,469	-	95,815	123,449	571	7,255	3,284,222
EXPENDITURES															
Current:															
Airport	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Culture, parks, and recreation	-	-	-	-	-	-	-	-	11,601	-	10,271	-	-	-	21,872
Streets	-	-	-	-	-	-	-	-	76,785	-	1,074	-	-	-	77,859
Public Safety	122,232	-	-	18,115	-	-	225,000	-	74,590	-	65,967	-	-	-	505,904
General government	-	-	350,457	-	-	270,229	-	-	32,194	-	12,543	60,862	-	-	726,285
Capital Outlay	6,500	-	311,530	-	-	39,541	-	-	17,351	-	1,704,935	-	-	-	2,079,857
Debt Service:															
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	128,732	-	661,987	18,115	-	309,770	225,000	-	212,521	-	1,794,790	60,862	-	-	3,411,777
Excess (deficiency) of revenues over expenditures	9,255	42,785	(165,572)	(15,017)	42,505	162,964	553,314	6,825	863,948	-	(1,698,975)	62,587	571	7,255	(127,555)
OTHER FINANCING SOURCES (USES)															
Transfers in	-	-	6,911	-	-	-	-	-	74,890	-	-	-	-	-	81,801
Transfers out	-	-	-	-	-	-	(470,000)	-	(290,240)	-	(104,802)	-	-	-	(865,042)
Total other financing sources and uses	-	-	6,911	-	-	-	(470,000)	-	(215,350)	-	(104,802)	-	-	-	(783,241)
Net change in fund balance	9,255	42,785	(158,661)	(15,017)	42,505	162,964	83,314	6,825	648,598	-	(1,803,777)	62,587	571	7,255	(910,796)
Fund balance - beginning	256,831	-	(42,545)	48,926	237,305	896,971	444,919	88,728	4,240,151	3,082	4,286,658	51,714	32,251	164,656	10,709,647
Fund balance - ending	\$ 266,086	\$ 42,785	\$ (201,206)	\$ 33,909	\$ 279,810	\$ 1,059,935	\$ 528,233	\$ 95,553	\$ 4,888,749	\$ 3,082	\$ 2,482,881	\$ 114,301	\$ 32,822	\$ 171,911	\$ 9,798,851

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

Combining Balance Sheet – General Fund Accounts – June 30, 2023

	<u>General Fund</u>	<u>Royalties Fund (201)</u>	<u>Sales Tax 1/4 Cent Account (415)</u>	<u>Cemetery Everlasting Care Account (821)</u>	<u>Gifts and Contributions Account (210)</u>	<u>Total General Fund Accounts</u>
ASSETS						
Cash and cash equivalents	\$ 5,660,974	\$ 9,294,743	\$ 730,248	\$ 202,733	\$ 246,610	\$ 16,135,308
Investments	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-
Due from other funds	237,175	-	-	-	-	237,175
Due from other governments	1,081,909	-	-	-	-	1,081,909
Franchise tax receivable	102,783	-	-	-	-	102,783
Court fine receivable, net	547,470	-	-	-	-	547,470
Leases receivable	398,806	-	-	-	-	398,806
Total assets	<u>8,029,117</u>	<u>9,294,743</u>	<u>730,248</u>	<u>202,733</u>	<u>246,610</u>	<u>18,503,451</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE						
Liabilities:						
Accounts payable	65,647	611	5,120	-	280	71,658
Accrued payroll payable	302,260	-	-	-	-	302,260
Due to other funds	764,024	-	-	-	2,000	766,024
Due to other governments	1,010	-	-	-	-	1,010
Due to component unit	-	-	-	-	-	-
Refundable court bonds	1,535	-	-	-	-	1,535
Total liabilities	<u>1,134,476</u>	<u>611</u>	<u>5,120</u>	<u>-</u>	<u>2,280</u>	<u>1,142,487</u>
Deferred inflows of resources:						
Deferred inflow leases	391,252	-	-	-	-	391,252
Unavailable revenue	529,701	-	-	-	-	529,701
Total deferred inflows	<u>920,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>920,953</u>
Fund Balance:						
Restricted	1,024,708	-	725,128	189,137	122,884	2,061,857
Committed	-	-	-	-	81,519	81,519
Assigned	172,300	9,294,132	-	13,596	39,927	9,519,955
Unassigned	4,776,680	-	-	-	-	4,776,680
Total fund balance	<u>5,973,688</u>	<u>9,294,132</u>	<u>725,128</u>	<u>202,733</u>	<u>244,330</u>	<u>16,440,011</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 8,029,117</u>	<u>\$ 9,294,743</u>	<u>\$ 730,248</u>	<u>\$ 202,733</u>	<u>\$ 246,610</u>	<u>\$ 18,503,451</u>

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2023

	<u>General Fund</u>	<u>Royalties Fund (201)</u>	<u>Sales Tax 1/4 Cent Account (415)</u>	<u>Cemetery Everlasting Care Account (821)</u>	<u>Gifts and Contributions Account (210)</u>	<u>Total General Fund Accounts</u>
REVENUES						
Taxes	\$ 9,263,788	\$ -	\$ -	\$ -	\$ -	\$ 9,263,788
Intergovernmental	1,442,058	-	-	-	28,280	1,470,338
Licenses and permits	580,105	-	-	-	-	580,105
Charges for services	94,667	-	-	9,135	-	103,802
Fines and forfeitures	198,473	-	-	-	-	198,473
Investment income	255,372	-	34,755	6,455	11,484	308,066
Royalties	-	3,828,163	-	-	-	3,828,163
Miscellaneous	277,567	-	-	-	57,646	335,213
Total revenues	<u>12,112,030</u>	<u>3,828,163</u>	<u>34,755</u>	<u>15,590</u>	<u>97,410</u>	<u>16,087,948</u>
EXPENDITURES						
Current:						
General government	2,068,445	-	14,823	-	2,866	2,086,134
Public Safety	9,737,179	-	-	-	4,056	9,741,235
Streets	1,058,107	-	-	-	-	1,058,107
Culture, parks, and recreation	773,317	4,927	9,433	-	29,822	817,499
Capital outlay	15,075	-	-	-	203,346	218,421
Debt Service:						
Principal	1,555,110	-	-	-	-	1,555,110
Interest	454,512	-	-	-	-	454,512
Total Expenditures	<u>15,661,745</u>	<u>4,927</u>	<u>24,256</u>	<u>-</u>	<u>240,090</u>	<u>15,931,018</u>
Excess (deficiency) of revenues over expenditures	<u>(3,549,715)</u>	<u>3,823,236</u>	<u>10,499</u>	<u>15,590</u>	<u>(142,680)</u>	<u>156,930</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	3,198,064	-	-	-	-	3,198,064
Transfers out	(655,912)	(858,221)	(115,298)	-	-	(1,629,431)
Total other financing sources and uses	<u>2,542,152</u>	<u>(858,221)</u>	<u>(115,298)</u>	<u>-</u>	<u>-</u>	<u>1,568,633</u>
Net change in fund balances	(1,007,563)	2,965,015	(104,799)	15,590	(142,680)	1,725,563
Fund balances - beginning	6,981,251	6,329,117	829,927	187,143	387,010	14,714,448
Fund balances - ending	<u>\$ 5,973,688</u>	<u>\$ 9,294,132</u>	<u>\$ 725,128</u>	<u>\$ 202,733</u>	<u>\$ 244,330</u>	<u>\$ 16,440,011</u>

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

Combining Schedule of Net Position – El Reno Municipal Trust Authority (ERMA) – June 30, 2023

	EREF	ERMA Sales Tax	Utility Deposit	Waterline Loop RAD-Jenson- HWY 81	AMERICAN RESCUE PLAN (613)	OWRB Capital (614)	Total
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 8,046,254	\$ 3,141,109	\$ -	\$ 151,285	\$ 1,096,580	\$ -	\$ 12,435,228
Restricted cash and cash equivalents	1,827,659	-	427,555	-	-	4,583,399	6,838,613
Investments	-	7,449,433	-	-	-	-	7,449,433
Due from other funds	111,347	764,024	-	-	-	-	875,371
Due from other governments	14,250	-	-	-	-	-	14,250
Inventory	5,668	-	-	-	-	-	5,668
Accounts receivable, net	1,441,902	-	-	-	-	-	1,441,902
Total current assets	11,447,080	11,354,566	427,555	151,285	1,096,580	4,583,399	29,060,465
Non-current assets:							
Restricted investments	-	-	45,875	-	-	-	45,875
Lease receivable	207,773	-	-	-	-	-	207,773
Capital Assets:							
Land and construction in progress	11,318,774	-	-	-	-	-	11,318,774
Other capital assets, net of accumulated depreciation	34,843,093	-	-	-	-	-	34,843,093
Total non-current assets	46,369,640	-	45,875	-	-	-	46,415,515
Total assets	57,816,720	11,354,566	473,430	151,285	1,096,580	4,583,399	75,475,980
DEFERRED OUTFLOW OF RESOURCES							
Deferred amounts related to pensions	165,687	-	-	-	-	-	165,687
Deferred amounts related to OPEB	23,809	-	-	-	-	-	23,809
Deferred amount on refunding	52,034	-	-	-	-	-	52,034
Total deferred outflow of resources	241,530	-	-	-	-	-	241,530
LIABILITIES							
Current Liabilities:							
Accounts payable	1,163,553	-	-	-	27,903	-	1,191,456
Accrued payroll payable	20,514	-	-	-	-	-	20,514
Accrued interest payable	239,540	-	-	-	-	-	239,540
Unearned Revenue	-	-	-	-	1,334,414	-	1,334,414
Due to other funds	-	-	-	-	-	111,347	111,347
Current portion of:							
Notes payable	190,375	-	-	-	-	-	190,375
Revenue bonds payable	290,150	-	-	-	-	-	290,150
Accrued compensated absences	5,030	-	-	-	-	-	5,030
Total current liabilities	1,909,162	-	-	-	1,362,317	111,347	3,382,826
Non-current liabilities:							
Deposits subject to refund	29,709	-	454,095	-	-	-	483,804
Notes payable	35,760,431	-	-	-	-	-	35,760,431
Revenue bonds payable, net	1,463,849	-	-	-	-	-	1,463,849
Accrued compensated absences	45,269	-	-	-	-	-	45,269
Total OPEB liability	77,930	-	-	-	-	-	77,930
Net pension liability	174,207	-	-	-	-	-	174,207
Total non-current liabilities	37,551,395	-	454,095	-	-	-	38,005,490
Total liabilities	39,460,557	-	454,095	-	1,362,317	111,347	41,388,316
DEFERRED INFLOW OF RESOURCES							
Deferred amounts related to pension	121,707	-	-	-	-	-	121,707
Deferred amounts related to leases	205,380	-	-	-	-	-	205,380
Deferred amounts related to OPEB	95,958	-	-	-	-	-	95,958
Total deferred inflow of resources	423,045	-	-	-	-	-	423,045
NET POSITION							
Net investment in capital assets	13,422,058	-	-	-	-	-	13,422,058
Restricted for debt service	188,216	-	-	-	-	-	188,216
Unrestricted	4,564,374	11,354,566	19,335	151,285	(265,737)	4,472,052	20,295,875
Total net position	\$ 18,174,648	\$ 11,354,566	\$ 19,335	\$ 151,285	\$ (265,737)	\$ 4,472,052	\$ 33,906,149

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

Combining Schedule of Revenues, Expenses, and Changes in Net Position – El Reno Municipal Trust Authority - Year Ended June 30, 2023

	<u>EREF</u>	<u>ERMA Sales Tax</u>	<u>Utility Deposit</u>	<u>Waterline Loop RAD-Jenson-HWY</u>	<u>AMERICAN RESCUE PLAN</u>	<u>OWRB Capital (614)</u>	<u>Total</u>
OPERATING REVENUES							
Water charges	\$ 5,104,168	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,104,168
Sewer charges	2,354,665	-	-	-	-	-	2,354,665
Sanitation	1,199,605	-	-	-	-	-	1,199,605
Water and sewer taps	194,558	-	-	-	-	-	194,558
Transfer fees	2,275	-	-	-	-	-	2,275
Returned check charges	550	-	-	-	-	-	550
Cut off charges	9,612	-	-	-	-	-	9,612
Penalties	129,009	-	-	-	-	-	129,009
Miscellaneous	33,145	-	-	-	-	-	33,145
Total operating revenues	<u>9,027,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,027,587</u>
OPERATING EXPENSES							
Managerial	237,584	-	-	-	-	-	237,584
Administration	398,427	-	-	-	-	-	398,427
Billing	258,846	-	-	-	-	-	258,846
Water Plant	3,024,034	-	-	-	-	151,696	3,175,730
Wastewater	1,209,482	-	-	-	-	-	1,209,482
Sanitation	804,300	-	-	-	-	-	804,300
Broadband	183,354	-	-	-	-	-	183,354
Depreciation expense	2,411,003	-	-	-	-	-	2,411,003
Total Operating Expenses	<u>8,527,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,696</u>	<u>8,678,726</u>
Operating income	<u>500,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(151,696)</u>	<u>348,861</u>
NON-OPERATING REVENUES (EXPENSES)							
Investment income	508,266	295,178	18,464	-	-	-	821,908
Grant Revenue	44,250	-	-	-	423,648	-	467,898
Miscellaneous revenue	232,063	-	-	-	-	-	232,063
Interest expense and fiscal charges	(913,294)	-	-	-	-	-	(913,294)
Total non-operating revenue (expenses)	<u>(128,715)</u>	<u>295,178</u>	<u>18,464</u>	<u>-</u>	<u>423,648</u>	<u>-</u>	<u>608,575</u>
Income (loss) before contributions and transfers	<u>371,842</u>	<u>295,178</u>	<u>18,464</u>	<u>-</u>	<u>423,648</u>	<u>(151,696)</u>	<u>957,436</u>
Capital contributions from governmental funds	40,000	-	-	-	-	-	40,000
Transfers in	1,059,000	3,195,000	-	-	-	-	4,254,000
Transfers out	(1,427,000)	(3,768,785)	-	-	-	-	(5,195,785)
Intracount transfer	(3,611,596)	(322,767)	-	-	(689,385)	4,623,748	-
Change in net position	<u>(3,567,754)</u>	<u>(601,374)</u>	<u>18,464</u>	<u>-</u>	<u>(265,737)</u>	<u>4,472,052</u>	<u>55,651</u>
Total net position - beginning	<u>21,742,402</u>	<u>11,955,940</u>	<u>871</u>	<u>151,285</u>	<u>-</u>	<u>-</u>	<u>33,850,498</u>
Total net position - ending	<u>\$ 18,174,648</u>	<u>\$ 11,354,566</u>	<u>\$ 19,335</u>	<u>\$ 151,285</u>	<u>\$ (265,737)</u>	<u>\$ 4,472,052</u>	<u>\$ 33,906,149</u>

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

Schedule of Expenditures of State Awards – Year Ended June 30, 2023

State Grantor/Pass Thru Agency Grantor/Program Title	Project or Award Number	Award Amount	Awards Expended
STATE AWARDS:			
<u>OKLAHOMA DEPARTMENT OF LIBRARIES</u>			
Improving Acces to Archival Collections	-	3,000	3,000
Adult Online High School	-	14,065	14,065
State Aid	-	11,215	11,215
Total Oklahoma Department of Libraries		<u>28,280</u>	<u>28,280</u>
<u>OKLAHOMA DEPARTMENT OF COMMERCE</u>			
Connumity Expansion of Nutrition Assistance		<u>10,700</u>	<u>10,700</u>
Total State Awards		<u>\$ 38,980</u>	<u>\$ 38,980</u>

Footnotes to Schedule of Expenditures of State Awards:

1. The Schedule of Expenditures of State Awards is prepared on the accrual basis of accounting. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.
2. The City has not been notified of any noncompliance with 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.

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

Schedule of Debt Service Coverage Requirements – Year Ended June 30, 2023

GROSS REVENUE AVAILABLE:

Pledged operating revenues (water and sewer systems)	\$ 7,801,833
Investment income	<u>1,053,805</u>
Total Gross Revenue Available	<u>8,855,638</u>

OPERATING EXPENDITURES:

Total Operating Expenses (water and sewer systems, excluding depreciation and amortization)	<u>4,977,702</u>
Net Revenue Available for Debt Service	<u>\$ 3,877,936</u>

Maximum Annual Debt Service:

Series 2003A Drinking Water SRF Promissory Note	32,158
Series 2010 Drinking Water SRF Promissory Note	161,591
Series 2014 Clean Water SRF Promissory Note	605,963
Series 2022 FAP Promissory Note	<u>266,896</u>
Total Annual Debt Service on Revenues of the Systems	<u>\$ 1,066,608</u>

Computed Coverage	<u>364%</u>
Coverage Requirement	<u>140%</u>