

**CITY OF WEATHERFORD, OKLAHOMA
WEATHERFORD, OKLAHOMA**

**FINANCIAL STATEMENTS AND
AUDITOR'S REPORTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Weatherford, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Weatherford, Oklahoma, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Weatherford, Oklahoma's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Weatherford, Oklahoma, as of December 31, 2023, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

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 of Weatherford, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

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 of Weatherford, Oklahoma'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 of Weatherford, Oklahoma'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 of Weatherford, Oklahoma'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Weatherford, Oklahoma's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2025, on our consideration of the City of Weatherford, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Weatherford, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Weatherford, Oklahoma's internal control over financial reporting and compliance.



Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
July 22, 2025

City of Weatherford, Oklahoma
Statement of Net Position (Modified Cash Basis)
December 31, 2023

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash, including time deposits	\$ 556,099	\$ 4,224,013	\$ 4,780,112
Investments	7,538,292	487,022	8,025,314
Taxes receivable	19,400	-	19,400
Accounts receivable (net)	24,943	224,456	249,399
Notes receivable	-	159,076	159,076
Total current assets	<u>8,138,734</u>	<u>5,094,567</u>	<u>13,233,301</u>
Restricted assets:			
Cash	4,366,112	712,961	5,079,073
Investments	52,458	152,544	205,002
Total restricted assets	<u>4,418,570</u>	<u>865,505</u>	<u>5,284,075</u>
Total assets	<u>\$ 12,557,304</u>	<u>\$ 5,960,072</u>	<u>\$ 18,517,376</u>
LIABILITIES			
Liabilities payable from restricted assets:			
Deposits payable	<u>\$ 7,462</u>	<u>\$ 179,454</u>	<u>\$ 186,916</u>
Total liabilities payable from restricted assets	<u>7,462</u>	<u>179,454</u>	<u>186,916</u>
Total liabilities	<u>\$ 7,462</u>	<u>\$ 179,454</u>	<u>\$ 186,916</u>
NET POSITION			
Restricted	\$ 1,675,290	\$ 686,051	\$ 2,361,341
Unrestricted	10,874,552	5,094,567	15,969,119
Total net position	<u>\$ 12,549,842</u>	<u>\$ 5,780,618</u>	<u>\$ 18,330,460</u>

City of Weatherford, Oklahoma
Statement of Activities (Modified Cash Basis)
Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 2,235,825	\$ 574,369	\$ 334,195	\$ 6,911	\$ (1,320,350)
Public safety and judiciary	4,694,352	80,559	86,389	-	(4,527,404)
Public works	139,934	102,164	1,845	-	(35,925)
Transportation	2,147,207	492,877	-	45,000	(1,609,330)
Cultural, parks and recreation	829,489	-	-	-	(829,489)
Economic development	2,222,279	371,773	-	1,748,021	(102,485)
Total governmental activities	<u>12,269,086</u>	<u>1,621,742</u>	<u>422,429</u>	<u>1,799,932</u>	<u>(8,424,983)</u>
Business-type activities:					
Water	1,774,964	2,136,469	-	-	361,505
Sewer	764,711	1,526,143	-	-	761,432
Sanitation	1,392,133	2,148,829	-	-	756,696
Ambulance	360,000	361,014	-	-	1,014
Museum	1,093,509	525,810	-	-	(567,699)
Customer service	8,222,343	54,678	477,928	-	(7,689,737)
Total business-type activities	<u>13,607,660</u>	<u>6,752,943</u>	<u>477,928</u>	<u>-</u>	<u>(6,376,789)</u>
Total primary government	<u>\$ 25,876,746</u>	<u>\$ 8,374,685</u>	<u>\$ 900,357</u>	<u>\$ 1,799,932</u>	<u>\$ (14,801,772)</u>

(Continued)

City of Weatherford, Oklahoma
Statement of Activities (Modified Cash Basis), continued
Year Ended December 31, 2023

Changes in Net Assets:

	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (8,424,983)	\$ (6,376,789)	\$ (14,801,772)
General revenues:			
Taxes:			
Sales tax	13,285,526	-	13,285,526
Use tax	1,973,206	-	1,973,206
Franchise taxes	925,501	-	925,501
Alcoholic beverage tax	129,314	-	129,314
Other taxes	191,040	-	191,040
Investment income	393,203	311,314	704,517
Miscellaneous	472,515	243,147	715,662
Capital outlay	(5,651,824)	-	(5,651,824)
Transfers-Internal activity	(2,429,988)	2,429,988	-
Transfer to other governments	(1,414,817)	-	(1,414,817)
Total general revenues and transfers	<u>7,873,676</u>	<u>2,984,449</u>	<u>10,858,125</u>
Change in net position	(551,307)	(3,392,340)	(3,943,647)
Net position-beginning	13,443,857	(8,862,304)	4,581,553
Prior period adjustment	(342,708)	18,035,262	17,692,554
Net position-ending	<u>\$ 12,549,842</u>	<u>\$ 5,780,618</u>	<u>\$ 18,330,460</u>

City of Weatherford, Oklahoma
Balance Sheet (Modified Cash Basis)
December 31, 2023

	General Fund	Restricted Sales Tax Fund	Restricted Half Penny 2018 Fund	ARPA Fund	Federal & State Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash, including time deposits	\$ (360,027)	\$ -	\$ -	\$ -	\$ -	\$ 916,126	\$ 556,099
Cash, restricted	-	2,634,868	1,027,269	1,049,417	(873,252)	527,810	4,366,112
Investments	7,538,292	-	-	-	-	-	7,538,292
Investments, restricted	-	-	-	-	-	52,458	52,458
Taxes receivable	19,400	-	-	-	-	-	19,400
Accounts receivable, net	14,750	-	-	-	-	10,193	24,943
Total assets	<u>\$ 7,212,415</u>	<u>\$ 2,634,868</u>	<u>\$ 1,027,269</u>	<u>\$ 1,049,417</u>	<u>\$ (873,252)</u>	<u>\$ 1,506,587</u>	<u>\$ 12,557,304</u>
LIABILITIES							
Court bonds payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,462	\$ 7,462
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,462</u>	<u>7,462</u>
FUND BALANCES							
Restricted	-	-	-	1,049,417	(873,252)	1,499,125	1,675,290
Unassigned	7,212,415	2,634,868	1,027,269	-	-	-	10,874,552
Total fund balances	<u>7,212,415</u>	<u>2,634,868</u>	<u>1,027,269</u>	<u>1,049,417</u>	<u>(873,252)</u>	<u>1,499,125</u>	<u>12,549,842</u>
Total liabilities and fund balances	<u>\$ 7,212,415</u>	<u>\$ 2,634,868</u>	<u>\$ 1,027,269</u>	<u>\$ 1,049,417</u>	<u>\$ (873,252)</u>	<u>\$ 1,506,587</u>	<u>\$ 12,557,304</u>
Total fund balance - total governmental funds							<u>12,549,842</u>
Net position of governmental activities							<u>\$ 12,549,842</u>

City of Weatherford, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances (Modified Cash Basis)
Year Ended December 31, 2023

	General Fund	Restricted Sales Tax Fund	Restricted Half Penny 2018 Fund	ARPA Fund	Federal & State Grant Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES							
Sales tax	\$ 13,285,526	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,285,526
Use taxes	1,973,206	-	-	-	-	-	1,973,206
Franchise taxes	925,501	-	-	-	-	-	925,501
Alcoholic beverage tax	129,314	-	-	-	-	-	129,314
Other taxes	191,040	-	-	-	-	349,890	540,930
Licenses and permits	92,639	-	-	-	-	-	92,639
Investment income	392,797	-	-	-	-	406	393,203
Charges for services	83,955	-	-	-	-	621,414	705,369
Fines	6,210	-	-	-	-	22,464	28,674
Rents and royalties	71,138	-	-	-	-	108,449	179,587
Intergovernmental	6,911	-	-	-	2,134,981	2,894	2,144,786
Donations	163	-	-	-	-	42,995	43,158
Sale of assets	-	-	-	-	-	300,000	300,000
Miscellaneous	356,494	-	-	-	-	116,021	472,515
Total revenues	17,514,894	-	-	-	2,134,981	1,564,533	21,214,408
EXPENDITURES							
General government:							
General government	337,149	-	-	-	18,020	24,700	379,869
Mayor & commission	105,013	-	-	-	-	-	105,013
Administration	287,489	-	-	-	-	-	287,489
Communications	686,319	-	-	-	-	-	686,319
Central garage maintenance	411,008	-	-	-	-	-	411,008
Inspection	126,593	-	-	-	-	-	126,593
Data processing	165,249	-	-	-	-	-	165,249
Building maintenance	74,285	-	-	-	-	-	74,285
Total general government	2,193,105	-	-	-	18,020	24,700	2,235,825
Public safety and judiciary:							
Fire	1,721,942	-	-	-	20,000	78,478	1,820,420
Police	2,561,689	-	-	-	-	58,700	2,620,389
Attorney	77,348	-	-	-	-	-	77,348
Court	176,195	-	-	-	-	-	176,195
Total public safety and judiciary	4,537,174	-	-	-	20,000	137,178	4,694,352
Public works:							
Recycling	-	-	-	-	-	27,793	27,793
Cemetery	112,141	-	-	-	-	-	112,141
Total public works	112,141	-	-	-	-	27,793	139,934
Transportation:							
Airport	-	-	-	-	193,860	587,915	781,775
Street	1,365,432	-	-	-	-	-	1,365,432
Total transportation	1,365,432	-	-	-	193,860	587,915	2,147,207
Cultural, parks and recreation:							
Parks	746,708	-	-	-	46,238	-	792,946
Community center	-	-	-	-	-	19,611	19,611
Pool	12,184	-	-	-	-	-	12,184
Library	4,748	-	-	-	-	-	4,748
Total cultural, parks and recreation	763,640	-	-	-	46,238	19,611	829,489
Economic Development:							
Tourism	-	-	-	-	-	6,210	6,210
Economic development	118,272	-	-	-	1,617,661	-	1,735,933
Pioneer center	125,530	-	-	-	-	-	125,530
Community development	-	-	-	-	-	354,606	354,606
Total economic development	243,802	-	-	-	1,617,661	360,816	2,222,279
Capital outlay	4,372,179	5,900	-	1,059,365	-	214,380	5,651,824
Total expenditures	13,587,473	5,900	-	1,059,365	1,895,779	1,372,393	17,920,910
Excess (deficiency) of revenues over expenditures	3,927,421	(5,900)	-	(1,059,365)	239,202	192,140	3,293,498
OTHER FINANCING SOURCES (USES)							
Transfers in/(out)	(4,549,157)	1,594,839	349,128	-	286,250	(111,048)	(2,429,988)
Transfer to other governments	-	(1,414,817)	-	-	-	-	(1,414,817)
Total other financing sources and uses	(4,549,157)	180,022	349,128	-	286,250	(111,048)	(3,844,805)
Net change in fund balances	(621,736)	174,122	349,128	(1,059,365)	525,452	81,092	(551,307)
Fund balances - beginning	11,985,486	-	-	2,108,782	(633,806)	482,325	13,942,787
Prior period adjustment	(4,151,335)	2,460,746	678,141	-	(764,898)	935,708	(841,638)
Fund balances - ending	\$ 7,212,415	\$ 2,634,868	\$ 1,027,269	\$ 1,049,417	\$ (873,252)	\$ 1,499,125	\$ 12,549,842

(Continued)

City of Weatherford, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances (Modified Cash Basis)
Year Ended December 31, 2023

Reconciliation of the change in fund balances - total governmental funds
to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	<u>\$ (551,307)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (551,307)</u></u>
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City of Weatherford, Oklahoma
Statement of Fund Net Position (Modified Cash Basis)
December 31, 2023

	Public Works Authority	Stafford Museum	Total
ASSETS			
Current assets:			
Cash, including time deposits	\$ 4,533,139	\$ (309,126)	\$ 4,224,013
Investments	487,022	-	487,022
Accounts receivable (net)	224,456	-	224,456
Notes receivable	159,076	-	159,076
Total current assets	<u>5,403,693</u>	<u>(309,126)</u>	<u>5,094,567</u>
Restricted assets:			
Cash, including time deposits	712,961	-	712,961
Investments	152,544	-	152,544
Total restricted assets	<u>865,505</u>	<u>-</u>	<u>865,505</u>
Total assets	<u>\$ 6,269,198</u>	<u>\$ (309,126)</u>	<u>\$ 5,960,072</u>
LIABILITIES			
Liabilities payable from restricted assets:			
Customer deposits payable	\$ 179,454	\$ -	\$ 179,454
Total liabilities payable from restricted assets	<u>179,454</u>	<u>-</u>	<u>179,454</u>
Total liabilities	<u>179,454</u>	<u>-</u>	<u>179,454</u>
FUND NET POSITION			
Restricted	686,051	-	686,051.00
Unrestricted	<u>5,403,693</u>	<u>(309,126)</u>	<u>5,094,567</u>
Total fund net position	<u>\$ 6,089,744</u>	<u>\$ (309,126)</u>	<u>\$ 5,780,618</u>

City of Weatherford, Oklahoma
Statement of Revenues, Expenses and
Changes in Fund Net Position (Modified Cash Basis)
Year Ended December 31, 2023

	Public Works Authority	Stafford Museum	Total
<u>Operating revenues:</u>			
Charges for services:			
Water charges	\$ 2,136,469	\$ -	\$ 2,136,469
Sewer charges	1,526,143	-	1,526,143
Sanitation charges	2,148,829	-	2,148,829
Ambulance fees	361,014	-	361,014
Admission	-	110,328	110,328
Penalties	54,678	-	54,678
Total charges for services	6,227,133	110,328	6,337,461
Rental revenue	-	22,663	22,663
Reimbursement	465,928	-	465,928
Gift shop sales	-	111,799	111,799
Donations	12,000	217,527	229,527
Miscellaneous	140,149	63,493	203,642
Total operating revenues	6,845,210	525,810	7,371,020
<u>Operating expenses:</u>			
Cost of goods sold	-	62,661	62,661
Personal services	1,529,657	301,371	1,831,028
Materials and supplies	4,089,927	496,475	4,586,402
Other services and charges	3,673,692	74,076	3,747,768
Total operating expenses	9,293,276	934,583	10,227,859
Net operating income	(2,448,066)	(408,773)	(2,856,839)
<u>Nonoperating revenue (expense):</u>			
Interest income	311,314	-	311,314
Interest expense	(3,276,803)	-	(3,276,803)
Total nonoperating revenue (expense)	(2,965,489)	-	(2,965,489)
Net Income before contributions and transfers	(5,413,555)	(408,773)	(5,822,328)
Transfers from/(to) other funds	2,318,195	111,793	2,429,988
Change in fund net position	(3,095,360)	(296,980)	(3,392,340)
Fund net position-beginning of year	(8,850,158)	(12,146)	(8,862,304)
Prior period adjustment	18,035,262	-	18,035,262
Fund net position-end of year	\$ 6,089,744	\$ (309,126)	\$ 5,780,618

City of Weatherford, Oklahoma
Statement of Cash Flows (Modified Cash Basis)
Year Ended December 31, 2023

	Public Works Authority	Stafford Museum
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ 6,339,610	\$ 244,790
Payments to suppliers	(7,773,948)	(633,395)
Payments to employees	(1,643,532)	(307,481)
Other operating revenues	618,077	281,020
Net cash provided (used) by operating activities	(2,459,793)	(415,066)
<u>Cash flows from non-capital financing activities:</u>		
Transfers from other funds	2,318,195	111,793
Net cash provided (used) by non-capital financing activities	2,318,195	111,793
<u>Cash flows from capital and related financing activities:</u>		
Principal paid on bonds and notes	-	(8,108)
Interest and fiscal charges paid on bonds and notes	(3,305,081)	-
Net cash provided (used) by capital and related financing activities	(3,305,081)	(8,108)
<u>Cash flows from investing activities:</u>		
Investment income	311,314	-
Purchase of investments	(909,617)	-
Net cash provided (used) by investing activities	(598,303)	-
Net increase (decrease) in cash and cash equivalents	(4,044,982)	(311,381)
Cash and cash equivalents, beginning of the year	9,291,082	2,255
Cash and cash equivalents, end of the year	<u>\$ 5,246,100</u>	<u>\$ (309,126)</u>
Cash, including time deposits	\$ 4,533,139	\$ (309,126)
Restricted cash, including time deposits	712,961	-
Total cash and cash equivalents, end of year	<u>\$ 5,246,100</u>	<u>\$ (309,126)</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ (2,448,066)	\$ (408,773)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	112,477	-
Increase (decrease) in accounts payable	(10,329)	(183)
Increase (decrease) in compensated absences	(113,875)	(6,110)
Total adjustments	(11,727)	(6,293)
Net cash provided (used) by operating activities	\$ (2,459,793)	\$ (415,066)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(A) Introduction:

The accounting and reporting framework and the more significant accounting principles and practices of the City of Weatherford (City) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended December 31, 2023.

(B) Financial Reporting Entity:

The City of Weatherford is Mayor-Commission form of government with a home rule provision in which citizens elect a five-member City Commission. The Commission, vested with the legislative powers, appoints the City Manager who is the executive and administrative head of the City government. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

Due to restrictions of the state constitution relating to the issuance of municipal debt, the City created public trusts pursuant to Title 60 of Oklahoma State Law to finance City services with revenue bonds or other non-general obligation financing and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the City. Public trusts created to provide financing services are blended into the City's primary government although retaining separate legal identity. Component units that do not meet the criteria for blending are reported discreetly.

Blended Component Units Reported with Primary Government

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>	<u>Reporting Fund Type</u>
Weatherford Public Works Authority (PWA)	Created July 27, 1967 to develop and operate all public utilities, including water, sewer, and sanitation. The City is the beneficiary of the PWA, and the City Commission serves as the PWA trustees.	Enterprise Fund
Stafford Museum Fund	Operates the City's Stafford Museum. The Museum Fund falls under the direction of the City Commission.	Enterprise Fund

Related Organization

In addition, the City has a related organization that is not included as a component unit within the City's financial statements.

- Weatherford Parks and Recreation is a non-profit corporation that receives funding from the City of Weatherford. The entity is governed by a separate board and run by City employees in the City's office. The entity uses the City's baseball fields and receives tourism funding from the City for little league baseball tournaments.

(C) Government-wide and Financial Statements:

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and statement of activities. These statements report financial information for the City as a whole. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Customer service function includes revenues an expenses not allocated to the operational departments. Program revenues include: (1) charges for services with usage fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Taxes and other revenues sources not properly included with program revenues are reported as general revenues.

Certain reclassifications have been made to prior period balances in order to conform to the current period's presentation.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary.

Measurement Focus and Basis of Accounting

The financial statements of the City are prepared on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles. These modifications include adjustments for the following balances arising from cash transactions:

- Accounts receivable

As a result of the use of this modified cash basis of accounting, general infrastructure assets for governmental activities and business-type activities are not included in the financial statements; and therefore, no depreciation expense is recorded.

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility and repair services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary fund financial statements and financial statements of the City's component units also report using the same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considered revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenses are recorded when the related fund liability is incurred. Whether committed, assigned or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes that any of these classifications is available.

The City uses restricted amounts first, then committed, assigned, and lastly unassigned amounts of unrestricted fund balance.

Major revenue sources susceptible to accrual include: sales and use taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of provided goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Restricted Assets

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reporting amounts and disclosures; accordingly, actual results could differ from those estimates.

Interfund Balances

Generally, outstanding balances between funds reported and due to/due from other funds include outstanding charges by one fund to another for services or goods or miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are described as due to/due from other funds.

All activity between governmental and blended business-type activities are eliminated and any residual balances outstanding between the activities are reported in the government-wide financial statements as internal balances.

(D) Fund Types and Major Funds:

Major and Non-Major Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for certain purposes. The reporting entity includes the following special revenue funds:

Fund Name	Brief Description	Major vs Non-Major
Restricted Sales Tax	Accounts for 52% of 1 cent sales tax to fund capital projects	Major
Restricted Half Penny 2018	Accounts for 1/2 penny sales tax restricted for reconstruction of Lyle Road, including drainage improvements, sidewalk installation, and remaining funds to be used on other road and drainage improvements.	Major
Cemetery Care Fund	Accounts for 12.5% of cemetery lot sales to be used for maintenance and upkeep of the cemetery	Non-Major
Perpetual Cemetery Care Fund	Accounts assets used for ongoing maintenance the cemetery grounds	Non-Major
Western Oklahoma Heritage Center	Accounts for activity of genealogy group in City building	Non-Major
Property Lease	Accounts for property lease activity	Non-Major
Rural Fire	Accounts for operations of the rural fire runs and operations	Non-Major
Armory Building	Accounts for activity of the Amory Building food bank	Non-Major
Emergency Management	Accounts for emergency management operations of the City	Non-Major
Hotel/Motel Fund	Accounts for the restricted hotel/motel tax restricted for tourism and economic development	Non-Major
Municipal Court	Accounts for municipal court activity	Non-Major
Airport Operations	Accounts for operations at the municipal airport	Non-Major
Pioneer Center	Accounts for operations at the City's Pioneer Center	Non-Major
Fireman Fund	Accounts for donation and fundraisers of the fire department	Non-Major
ARPA Fund	Accounts for the federal American Rescue Plan Activity	Major
Economic Development Fund	Accounts for the City's economic development	Non-Major
Federal & State Grant	Accounts for the City's federal and State grant activity	Major
Narcotic Control Fund	Accounts for activitites of narcotic control activities	Non-Major
Recycling Fund	Accounts for the City's recycling program	Non-Major
Special Projects	Accounts for special projects of the municipality	Non-Major
FPI Projects	Accounts for FPI project activity	Non-Major
Unclaimed Property	Accounts for unclaimed property	Non-Major
DARE Project	Accounts for activities of the City's DARE program	Non-Major

Western OK Law Enforcement Fund	Accounts for activity of Western Oklahoma Law enforcement	Non-Major
Police Asset Forfeiture	Accounts for assets seized during police operations	Non-Major
Stabilization Reserve Fund	Accounts for designated stabilization reserves calculated at a minimum of 16% and maximum of 35% of the operating budget of the General Fund, Public Works Authority, and other funds as deemed by the Commission. Funds can be expended based on 5 identified criteria specified in Ordinance 2022-04.	Inactive
Capital Reserve Fund	Accounts for accumulation of funds for the purpose of making capital purchases in accordance with a multi-year capital plan	Inactive

(E) Assets, Liabilities and Equity:

Cash and Investments

For the purposes of the Statement of Net Position and Statement of Cash Flows, "cash and cash equivalents" includes all demand and savings accounts, and certificate of deposit or short-term investment with an original maturity of three months or less. In addition, revenue bond trust account investments in open-ended mutual funds are considered "cash and cash equivalents". Cash deposits are reported at carrying amount which reasonably estimates fair value. At December 31, 2023, the City secured collateral to cover liquid assets.

Investments are reported at costs which approximated fair value, unless otherwise indicated. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Receivables and Uncollectible Accounts

Significant receivables include sales and use tax receivables and amounts due from customers primarily for utility services. These receivables are due within one year. Certain enterprise funds report accounts receivable net of an allowance for uncollectible accounts and revenues net of uncollectible. The allowance amount is estimated using accounts receivable past due more than 60 to 90 days, depending on the fund.

Restricted Assets

Restricted assets include sales tax restricted for a specific purpose, trustee accounts held for debt service on outstanding obligations, and other current assets of proprietary fund types that are legally restricted as to their use.

	Governmental Activities		Business-type Activities	
	Cash	Investments	Cash	Investments
Commission restriction	\$ 153,706	\$ -	\$ -	\$ -
Bonds/Meter Deposits	7,462	-	48,585	152,544
Debt Service	1,012,448	-	664,376	-
Capital improvements	3,853,302	52,458	-	-
Tourism	351,642	-	-	-
	<u>\$ 5,378,560</u>	<u>\$ 52,458</u>	<u>\$ 712,961</u>	<u>\$ 152,544</u>

Long-Term Debt

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

Equity Classifications

In the government-wide financial statement, net position represents the difference between assets and liabilities. Net position net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are *not in spendable form*, such as inventories or prepaid items, escrow balances, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Committed fund balance represents amount that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment. The City Ordinance is the highest level of decision-making authority of the City.

Assigned fund balance represents amounts that are *intended* to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard. Assignment of fund balance may be made by commission or management decision if delegated by commission.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

Net position

Both proprietary fund financial statements and government-wide financial statements report net position. Amounts net investment in capital assets and legally restricted amounts are separated from unrestricted net position.

Net investment in capital assets

The amount restricted consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position

Amounts reported as restricted consist of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position

This consists of net position that does not meeting the criteria of "restricted" or "net investment in capital assets".

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets and liabilities, the statement of financial position and the governmental fund balance sheet may report separate sections of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period which will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net position that applies to a future period which will not be recognized as an inflow of resources until that time.

CITY OF WEATHERFORD, OKLAHOMA
Notes to Financial Statements
December 31, 2023

(F) Revenues, Expenditures and Expenses:

Sales Tax

The City presently levies a four and one-half cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The sales tax received is recorded as sales tax revenue in the general fund. Sales tax restricted for other entities is shown as Transfer to Other Governments. Sales tax is restricted as follows:

Sales Tax Purpose	Percentage	Expires	Current Year Collections	\$ Cap
General operations	3.00%	NA	\$ 8,857,020	NA
General operations	0.52%	Sep-30	\$ 1,537,519	NA
Southwestern Oklahoma State University	0.28%	Sep-30	\$ 825,310	\$ 7,000,000
Weatherford Regional Hospital	0.15%	Sep-30	\$ 442,130	\$ 3,750,000
Weatherford Public Schools	0.05%	Sep-30	\$ 147,377	\$ 1,250,000
Reconstruction of Lyle Road	0.50%	Jul-24	\$ 1,476,170	NA

Charges for Services

Program revenues reported with governmental activities include charges for services like permits and fees, parks charges, and fines and forfeitures. Business-type activity charges for services include all operating income of proprietary funds, specifically water, sewer, and garbage utility services.

Grants and Contributions

Governmental grants and contributions primarily consist of grants from Federal and state agencies. The nature of the grant determines if it is reported as operating or capital program revenues.

Business-type activities grants and contributions include restricted investment income, donations from others, as well as grants from Federal and state agencies.

Compensated Absences

Sick leave accrues to full-time, permanent employees to specified maximums. For employees hired prior to March 1, 2009, if accumulated sick leave is not used prior to resignation or termination, they are entitled to the remaining balance. If the employee was hired on or after March 1, 2009, any unused sick leave is forfeited upon resignation or termination.

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Effective March 1, 2009, unused vacation time may be accumulated up to twice the amount of annual vacation time earned. The employee will be paid for unused vacation time upon termination or retirement. Those employees who earn more than two weeks vacation each year may exercise the option of receiving pay up to two full weeks (but not less than one full week) of vacation time over and above the earned two weeks while continuing to work and receive pay for the time worked. Generally, after one year of service, employees are entitled to all accrued vacation leave and comp time upon termination. The estimated liabilities include required salary-related payments.

Compensated absences are reported as accrued in the government-wide and proprietary financial statements.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) Deficit Fund Net Position/Fund Balance:

Deficits resulting from accrual reporting do not constitute violations of the Oklahoma State Statutes. For the year ended December 31, 2023, the City reported individual fund deficits in 4 funds of the City.

(B) Revenue Restrictions:

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales Tax	See Note 1(F)
Gasoline Excise and Commercial Vehicle Tax	Street and Alley Purposes
Cemetery Revenue (12.5%)	Cemetery Capital Improvements
Lodging Tax	Tourism

For the year ended December 31, 2023, the City complied, in all material respects, with these revenue restrictions.

(C) Debt Restrictions and Covenants:

The debt issued by the Weatherford Public Works Authority contains a number of covenants that are financial in nature. The most significant requirement is the debt service coverage ratio. Debt service coverage ratio calculates the pledged revenue along with the other revenues pledged shall provide Net Revenues Available for Debt Service which must equal 1.25 times average annual debt service on the note for the Authority. For the year ended December 31, 2023, the City was in compliance with this requirement.

NOTE 3: DETAIL NOTES ON FUNDS

The following notes present detail information to support the amounts reported in the combined financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

(A) Cash and Investments:

Deposits

Deposits of the City's reporting entity are insured or collateralized with securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of the City or applicable public trust.

Investments

As of December 31, 2023, the City's invested in certificates of deposit. The City's investing activities are managed under the custody of the City Manager and City Commission. Investing is performed in accordance with State Statutes.

The City's has an investment policy approved July 30, 2015.

(B) Accounts Receivable and Allowance:

Governmental activities report sales and use taxes receivable and county tax receivable. The City has not recorded an allowance on the taxes receivable from the state and county government.

Accounts receivable of the business-type activities consists of utilities receivable for water, sewer, and solid waste hauling fees. Based upon historical knowledge and collection experience, the City has recorded an allowance of \$202,337 on accounts receivable in business-type activities.

(C) Long-Term Debt:

As of December 31, 2023, the long-term debt payable from governmental and enterprise fund resources consisted of the following. These balances are not included in the financial statements of the City.

LEASE, NOTES, AND BONDS PAYABLE

Governmental Activities:

On November 30, 2021, the City approved the lease purchase of a fire truck with Leasing 2 Inc, original amount \$1,012,448. Annual payments of \$219,035 beginning April 2023 at an interest rate of 2.34%.

\$ 827,239

Total Governmental Activities \$ 827,239

Business-Type Activities:

On January 30, 2018, the City Commission approved the lease purchase of equipment for the golf course for \$121,680. The Authority makes the payments to the bank and the golf course has agreed to reimburse the Authority for all monies expended. The amount due from the golf course is shown as an account receivable. Terms call for monthly payments of \$2,300 from April through November only, interest rate at 3.40%, with a final balloon payment due on February 10, 2023. The City has the option to terminate or renew the lease at the end of its fiscal year.

\$ 83,467

In September 2017, the Authority issued the Weatherford PWA 2017 Utility System bonds with proceeds of \$8,020,000. Proceeds were used for utility capital improvements. The note carries an interest rate of 2.22% requiring monthly payments into a debt service account from which semi-annual debt service payments are made. Bonds mature December 2029.

4,185,000

In July 2018, the Authority issued the Weatherford Public Works Authority Sales Tax Revenue Note Series 2018 with proceeds of \$6,100,000. Proceeds were used for street improvements. The note carries an interest rate of 2.83% requiring monthly payments into a debt service account from which semi-annual debt service payments are made. Bonds mature September 2024.

1,100,000

In September 2020, the Authority issued the Weatherford Public Works Authority Sales Tax Revenue Note Series 2020 with proceeds of \$13,315,000. Proceeds were used for capital improvements. The note carries an interest rate of 1.35% requiring monthly payments into a debt service account from which semi-annual debt service payments are made. Bonds mature December 2030.

9,675,000

Total Business-type Activities \$ 15,043,467

CITY OF WEATHERFORD, OKLAHOMA
Notes to Financial Statements
December 31, 2023

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2023:

Type of Debt	Balance at January 1, 2023	Amount Issued	Amount Retired	Balance at December 31, 2023	Due Within One Year
Governmental activities:					
Fire Truck	\$ 1,012,448	\$ -	\$ 185,210	\$ 827,238	\$ 199,698
Total governmental activities	<u>\$ 1,012,448</u>	<u>\$ -</u>	<u>\$ 185,210</u>	<u>\$ 827,238</u>	<u>\$ 199,698</u>
Type of Debt	Balance at January 1, 2023	Amount Issued	Amount Retired	Balance at December 31, 2023	Due Within One Year
Business-type activities:					
<i>Capital Lease</i>					
2022 Golf Course equipment	100,262	-	16,795	83,467	19,256
<i>Bonds Payable</i>					
Series 2017, Utility Improvements	4,830,000	-	645,000	4,185,000	660,000
Series 2018, Sales Tax Bond, Street Improvements	2,165,000	-	1,065,000	1,100,000	1,100,000
Series 2020, Sales Tax Bond, Capital Improvements	10,940,000	-	1,265,000	9,675,000	1,305,000
Total business-type activities	<u>\$ 18,035,262</u>	<u>\$ -</u>	<u>\$ 2,991,795</u>	<u>\$ 15,043,467</u>	<u>\$ 3,084,256</u>
Total long-term debt	<u>\$ 19,047,710</u>	<u>\$ -</u>	<u>\$ 3,177,005</u>	<u>\$ 15,870,705</u>	<u>\$ 3,283,954</u>

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of December 31, 2023 are as follows:

Year Ending December 31	Governmental Activities		Business Type Activities			
	Lease Payable		Lease Payable		Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	199,698	19,337	19,256	4,267	3,065,000	230,143
2025	204,366	14,669	20,434	3,089	2,140,000	174,369
2026	209,143	9,892	21,684	1,839	2,050,000	141,206
2027	214,031	5,003	22,093	525	2,105,000	107,358
2028	-	-	-	-	2,150,000	72,595
2029-2033	-	-	-	-	3,450,000	42,144
Totals	<u>\$ 827,238</u>	<u>\$ 48,901</u>	<u>\$ 83,467</u>	<u>\$ 9,720</u>	<u>\$ 14,960,000</u>	<u>\$ 767,815</u>

(D) Interfund Transactions and Balances:

Intercompany balances for the year ended December 31, 2023 were as follows:

	Transfer From					
	General Fund	Restricted Sales Tax	Restricted Half Penny 2018	Public Works Authority	All others	Total
Transfer To						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Sales Tax	3,066,486	-	-	-	-	3,066,486
Restricted Half Penny 2018	1,473,768	-	-	-	-	1,473,768
Public Works Authority	-	1,411,647	1,124,640	-	-	2,536,287
Staffor Museum	120,000	-	-	-	-	120,000
All others	291,250	-	-	-	-	291,250
Total	\$ 4,951,504	\$ 1,411,647	\$ 1,124,640	\$ -	\$ -	\$ 7,487,791

Transfers within funds primarily represent operating subsidies.

NOTE 4: OTHER NOTES

(A) Employee Pension and Other Benefit Plans:

The City participates in three employee pension systems as follows:

Name of Plan/System	Type of Plan
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Municipal Retirement Fund	Agent Multiple Employer – Defined Benefit Plan

If the balances were included in the City's financial statements, the following is a summary of the impact:

	Governmental Activities
Pension Expense	
Ok Municipal Retirement System	\$ 300,741
Police	297,505
Firefighters	597,036
	<u>\$ 1,195,282</u>
Net Pension Liability (Asset)	
Ok Municipal Retirement System	\$ 1,247,833
Police	(111,284)
Firefighters	3,497,854
	<u>\$ 4,634,403</u>
Deferred Outflows of Resources	
Ok Municipal Retirement System	\$ 1,784,053
Police	1,875,720
Firefighters	1,699,528
	<u>\$ 5,359,301</u>
Deferred Inflows of Resources	
Ok Municipal Retirement System	\$ 984,570
Police	1,066,382
Firefighters	921,454
	<u>\$ 2,972,406</u>

Oklahoma Municipal Retirement Fund Defined Benefit Plan

Substantially all of the City's full time employees, with the exception of firefighters and police officers, participate in a defined benefit plan, the "Plan", administered by the Oklahoma Municipal Retirement System (OMRF), a statewide fund established to administer pension plans for municipal employees.

Plan Description – The Oklahoma Municipal Retirement Fund Employee Retirement System of Weatherford, Oklahoma (the Plan) is a defined benefit retirement plan covering City employees not covered by other plans. The City contributes to the OMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The OMRF plan issues a separate financial report and can be obtained from OMRF or from their website: www.okmrf.org/reports.html. Benefits are established or amended by the City Commission in accordance with O.S. Title 11, Section 48-101-102.

Summary of Significant Accounting Policies – 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 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 OMRF. 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 OMRF plans' fiduciary net position is available in the separately issued OMRF financial report.

Eligibility Factors and Benefit Provisions

Eligibility	All regular, full-time employees except police, firefighters and other employees who are covered under an approved system.
Probationary period	None.
Employee contributions	6.25% of pay.
Service	
Credited service	The last period of continuous employment with the employer.
Vesting	Credited service plus transferred service from other OkMRF employers.
Benefit Eligibility	7 or more years of vesting service.
Final Average Compensation	The average of the 5 highest consecutive years of salaries out of the last 10 years of service.
Accrued Benefit	Plan AA (Plan B for service before 7/1/2008) 2.625% (1.125% for past service) of final average compensation multiplied by the number of years of credited service.
Normal Retirement Age	Age 65 with 7 or more years of vesting service.
Normal Retirement	
Eligibility	Termination of employment on or after normal retirement age.
Benefit	The accrued benefit payable immediately.
Early Retirement	
Eligibility	Termination after age 55 with 7 or more years of vesting service.
Benefit	The accrued benefit payable starting at normal retirement age, or the accrued benefit reduced 5% per year for commencement prior to normal retirement age.

Disability Retirement	
Eligibility	Total and permanent disability after 7 or more years of service.
Benefit	The accrued benefit is payable upon disablement without reduction for early payment.
Termination Before Retirement Age	
Before vesting	Return of employee contributions, if any, with interest.
After vesting	The accrued benefit payable starting at normal retirement age, or a reduced benefit payable at an early retirement age.
In-service Death	
Before vesting	Return of employee contributions, if any, with interest.
After vesting (married participants only)	50% of the accrued benefit is payable to the spouse until death or remarriage.
After vesting (other participants)	50% of the accrued benefit is payable for 5 years certain.
Payment Options	
Normal form	The normal form of payment of the accrued benefit is a monthly lifetime annuity with 5 years certain.
Optional forms	<p>Disability retirement benefits are paid only under the normal form.</p> <p>Other retirement benefits are available under actuarially equivalent optional forms:</p> <ul style="list-style-type: none"> - Joint and 50% survivor annuity - Joint and 66-2/3rds% last survivor annuity - Joint and 100% survivor annuity
Cost of Living	This plan has not elected the automatic post-retirement cost-of-living adjustments.

Employees covered by benefit terms:

Active Employees	80
Deferred vested former employees	10
Disabled participants	1
Retirees or retiree beneficiaries	35
Total	<u>126</u>

Contribution Requirements

The City Commission has the authority to set and amend contribution rates by ordinance for the OMRF 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 12.79%, employer 6.54% and employee 6.25% of covered payroll for the year ended 2023. For the year ended December 31, 2023, the City recognized \$ 299,133 of employer contributions to the plan which equals the actuarially determined amount based on covered payroll of \$3,751,572.

Actuarial assumptions

The required contribution rate is actuarially measured each plan year as the amount necessary to fund the plan on a long term basis using the actuarial cost methods and assumptions adopted for the plan:

Cost Method	Entry age normal
Interest rate	7.25% per annum
Pay Increases	Rates by age
Mortality	PubG-2010 (projected)
Retirement age	Rates by age
Turnover	Rates by age and service
Asset value	Actuarial method

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 (3.0%).

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, 2023 are summarized in the following table:

	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
US large cap stocks S&P 500	25%	4.55%	1.14%
US small/mid cap stocks Russell 2500	10%	5.00%	0.50%
Int'l developed mkts equity MSCI EAFE	20%	6.20%	1.24%
Int'l emerging mkts equity MSCI EM net div	5%	6.40%	0.32%
Private equity MSCI ACWI net div	5%	6.05%	0.30%
US fixed income bonds Barclay's US	20%	2.55%	0.51%
Real estate NCREIF	15%	4.95%	0.74%
Cash equivalents 3 month Treasury	0%	0.15%	0.00%
	100%		
		Average Real Return	4.75%
		Inflation	2.75%
		Long term expected return	7.50%

Changes in Net Pension Liability – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2023 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the

CITY OF WEATHERFORD, OKLAHOMA
Notes to Financial Statements
December 31, 2023

total pension liability. There were also no changes between the measurement date of July 1, 2023 and the City's report ending date of December 31, 2023, that would have had a significant impact on the net pension liability.

The following table reports the components of changes in pension liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 7/1/2022	<u>\$ 8,034,004</u>	<u>\$ 7,136,496</u>	<u>\$ 897,508</u>
Changes for the Year:			
Service cost	353,289		353,289
Interest cost	587,323		587,323
Difference between expected and actual experience	567,963		567,963
Assumption changes	0		0
Contributions -- Employer		299,133	(299,133)
Contributions -- Employee		215,940	(215,940)
Net investment income		659,167	(659,167)
Benefit payments, including refunds of employee contributions	(413,547)	(413,547)	0
Benefit changes due to plan amendments	0		0
Administrative expense		(15,990)	15,990
Other changes			0
Net changes	<u>1,095,028</u>	<u>744,703</u>	<u>350,325</u>
Balance at 7/1/2023	<u><u>\$ 9,129,032</u></u>	<u><u>\$ 7,881,199</u></u>	<u><u>\$ 1,247,833</u></u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability 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%
Total Pension Liability	<u>\$ 10,182,695</u>	<u>\$ 9,129,032</u>	<u>\$ 8,255,340</u>
Plan Fiduciary Net Position	<u>7,881,199</u>	<u>7,881,199</u>	<u>7,881,199</u>
Net Pension Liability	<u><u>\$ 2,301,496</u></u>	<u><u>\$ 1,247,833</u></u>	<u><u>\$ 374,141</u></u>

The City reported \$300,741 in pension expense for the year ended December 31, 2023.

CITY OF WEATHERFORD, OKLAHOMA
Notes to Financial Statements
December 31, 2023

At December 31, 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
Difference between expected and actual experience	\$ 465,278	\$ 53,986
Changes of assumptions	-	321,309
Net difference between projected and actual earnings on pension plan investments	1,019,642	609,275
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	299,133	-
Total	\$ 1,784,053	\$ 984,570

\$(299,133) will be reported as net deferred inflows 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 December 31, 2023.

Amounts reported as deferred (inflows) and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2024	\$	77,917
2025		35,978
2026		354,326
2027		32,129
2028		-
Thereafter		-
Total	\$	500,350

Oklahoma Firefighters Pension & Retirement Plan (OFPRS)

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

Benefits provided – FPRS provides retirement, disability and death benefits to members of the plan.

Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more service.

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 years 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.

CITY OF WEATHERFORD, OKLAHOMA
Notes to Financial Statements
December 31, 2023

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% 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 \$157,743 (calendar year contributions).

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At December 31, 2023, the City reported a liability of \$3,497,854 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. 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, 2023. Based upon this information the City's proportionate share was 0.002711%.

For the year ended December 31, 2023, the City recognized pension expense of \$597,036. At December 31, 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
Difference between expected and actual experience	\$ 415,992	\$ 4,441
Changes of assumptions	-	5,608
Net difference between projected and actual earnings on pension plan investments	1,142,155	911,405
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	141,381	-
Total	\$ 1,699,528	\$ 921,454

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:		
2024	\$	193,856
2025		65,119
2026		389,506
2027		(11,789)
2028		-

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the following table:

<u>Target Asset Class</u>	<u>Long-Term Expected Allocation</u>	<u>Real Rate of Return</u>
Fixed income	20%	5.48%
Domestic equity	37%	9.61%
International equity	20%	9.24%
Real Estate	10%	7.76%
Other assets	13%	6.88%

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-percent 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%)
City's proportionate share of the net pension liability/(asset)	4,557,858	3,497,854	2,611,414

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.

Oklahoma Police Pension and Retirement System (OPPRS)

Plan Description – The City, 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 – The OPPRS provides retirement, death, and disability benefits to plan members and beneficiaries. 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. 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 balance 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 employments continued uninterrupted, whichever is first.

Monthly retirement benefits are calculated at 2.5% of the final average salary (as defined) multiplied by the years of credited service.

Monthly benefits for any participant due to permanent disability incurred in the line of duty are 2.5% of the participant's 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 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 contribution requirements of the plan are at an established rate determined by Oklahoma Statute and are not based in actuarial calculations. Plan members are required to contribute 8.0% of their annual covered salary and the City contributes 13.0% of annual covered payroll. Contributions to the OPPRS for the year ended December 31, 2023, were \$190,215.

CITY OF WEATHERFORD, OKLAHOMA
Notes to Financial Statements
December 31, 2023

Pension liabilities, pension expense, and deferred outflows and inflows of resources related to pensions – As of December 31, 2023, the City reported an asset of \$111,284 for its proportionate share of the net pension liability/(asset). The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. 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, 2023. Based upon this information, the City's proportionate share was 0.3644%.

For the period July 1, 2022 thru June 30, 2023, the City recognized \$297,505 in pension expense.

At June 30, 2023, the City incurred deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 304,639	\$ 17,163
Changes of assumptions	-	207,722
Net difference between projected and actual earnings on pension plan investments	1,392,861	841,497
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	178,220	-
Total	\$ 1,875,720	\$ 1,066,382

Amortization of Pension Deferrals - \$631,118 reported as net deferred inflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended December 31, 2023. Amounts reported as deferred inflows of resources will be recognized in pension expense as follows:

Year ended December 31:		
2024	\$	103,502
2025		1,769
2026		429,672
2027		97,728
2028		(1,554)

Actuarial assumptions: - The total pension liability was determined by an actuarial valuation as of July 1, 2022 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation:	3%
Salary increases:	4.5% to 17% average, including inflations
Investment rate of return:	7.5% net of pension plan investment expense
Mortality rates:	Active employees (pre-retirement): RP-2000 Combined Blue Collar Healthy Employees with (fully generational using scale AA) with age set back four years. Active employees (post retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Employees with fully generational projection. Disabled pensioners: RP-2000 Blue Collar Healthy Combined with age set back four years.

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

CITY OF WEATHERFORD, OKLAHOMA
Notes to Financial Statements
December 31, 2023

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, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	5.53%
Domestic equity	7.42%
International equity	9.74%
Real estate	7.23%
Private equity	10.58%
Commodities	4.68%

The current allocation policy is that approximately 60% of assets are in equity investments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets are 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 are 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 the City will be made at contractually required rates, determined by Oklahoma 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.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the City, calculated using the discount rate of 7.5%, as well as what the plan's net pension asset/(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>
City's proportionate share of the net pension liability/(asset)	1,050,700	(111,284)	(1,095,119)

Payables to the pension plan – There are no payables to the pension plan for the year ended December 31, 2023.

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.

(B) Commitments and Contingencies:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City has insurance for the major risks such as property, general liability, workers' compensation, and unemployment. Commercial insurance is used to cover general liability claims and the risk of loss to City buildings and mobile equipment. Judgements against the City may be paid by a property tax assessment over a three-year period.

Grant Program Involvement

In the normal course of operations, the City 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.

Litigation

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

While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

(C) Prior Period Adjustment:

A prior period adjustment of \$669,740 and \$18,035,262 in governmental and business-type activities, respectively, was made to reflect a change in reporting of long-term liabilities of the City.

City of Weatherford, Oklahoma
Combining Balance Sheet (Modified Cash Basis)
Non-Major Governmental Funds
December 31, 2023

	Cemetery Care Fund	Perpetual Cemetery Care Fund	Western Oklahoma Heritage Center Fund	Property Lease Fund	Rural Fire Fund	Armory Building Fund	Emergency Management Fund
ASSETS							
Cash, including time deposits	\$ -	\$ -	\$ (1,210)	\$ 41,052	\$ 341,104	\$ 1,500	\$ 40,123
Cash, restricted	14,370	630	-	-	-	-	-
Investments	-	52,458	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-	-
Total assets	<u>\$ 14,370</u>	<u>\$ 53,088</u>	<u>\$ (1,210)</u>	<u>\$ 41,052</u>	<u>\$ 341,104</u>	<u>\$ 1,500</u>	<u>\$ 40,123</u>
LIABILITIES							
Bonds payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Restricted	14,370	53,088	(1,210)	41,052	341,104	1,500	40,123
Total fund balances	<u>14,370</u>	<u>53,088</u>	<u>(1,210)</u>	<u>41,052</u>	<u>341,104</u>	<u>1,500</u>	<u>40,123</u>
Total liabilities and fund balances	<u>\$ 14,370</u>	<u>\$ 53,088</u>	<u>\$ (1,210)</u>	<u>\$ 41,052</u>	<u>\$ 341,104</u>	<u>\$ 1,500</u>	<u>\$ 40,123</u>

See accompanying notes to financial statements.

City of Weatherford, Oklahoma
Combining Balance Sheet (Modified Cash Basis)
Non-Major Governmental Funds
December 31, 2023

	<u>Hotel/Motel Fund</u>	<u>Municipal Court Fund</u>	<u>Airport Operations Fund</u>	<u>Pioneer Center Fund</u>	<u>Fireman Fund</u>	<u>Economic Development Fund</u>	<u>Narcotic Control Fund</u>	<u>Recycling Fund</u>
ASSETS								
Cash, including time deposits	\$ -	\$ 72,724	\$ 13,093	\$ 79,226	\$ -	\$ -	\$ -	\$ 256,711
Cash, restricted	351,642	7,462	-	-	70,011	-	14,902	-
Investments	-	-	-	-	-	-	-	-
Accounts receivable, net	-	-	10,193	-	-	-	-	-
Total assets	<u>\$ 351,642</u>	<u>\$ 80,186</u>	<u>\$ 23,286</u>	<u>\$ 79,226</u>	<u>\$ 70,011</u>	<u>\$ -</u>	<u>\$ 14,902</u>	<u>\$ 256,711</u>
LIABILITIES								
Bonds payable	\$ -	\$ 7,462	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>7,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Restricted	351,642	72,724	23,286	79,226	70,011	-	14,902	256,711
Total fund balances	<u>351,642</u>	<u>72,724</u>	<u>23,286</u>	<u>79,226</u>	<u>70,011</u>	<u>-</u>	<u>14,902</u>	<u>256,711</u>
Total liabilities and fund balances	<u>\$ 351,642</u>	<u>\$ 80,186</u>	<u>\$ 23,286</u>	<u>\$ 79,226</u>	<u>\$ 70,011</u>	<u>\$ -</u>	<u>\$ 14,902</u>	<u>\$ 256,711</u>

See accompanying notes to financial statements.

City of Weatherford, Oklahoma
Combining Balance Sheet (Modified Cash Basis)
Non-Major Governmental Funds
December 31, 2023

	Special Projects Fund	F.P.L Projects Fund	Unclaimed Property Fund	DARE Project Fund	Western OK Law Enforcement Fund	Police Asset Forfeitures Fund	Total Non-Major Governmental Funds
ASSETS							
Cash, including time deposits	\$ -	\$ -	\$ -	\$ 4,594	\$ 10,251	\$ 56,958	\$ 916,126
Cash, restricted	20,826	28,677	19,290	-	-	-	527,810
Investments	-	-	-	-	-	-	52,458
Accounts receivable, net	-	-	-	-	-	-	10,193
Total assets	<u>\$ 20,826</u>	<u>\$ 28,677</u>	<u>\$ 19,290</u>	<u>\$ 4,594</u>	<u>\$ 10,251</u>	<u>\$ 56,958</u>	<u>\$ 1,506,587</u>
LIABILITIES							
Bonds payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,462
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,462</u>
FUND BALANCES							
Restricted	20,826	28,677	19,290	4,594	10,251	56,958	1,499,125
Total fund balances	<u>20,826</u>	<u>28,677</u>	<u>19,290</u>	<u>4,594</u>	<u>10,251</u>	<u>56,958</u>	<u>1,499,125</u>
Total liabilities and fund balances	<u>\$ 20,826</u>	<u>\$ 28,677</u>	<u>\$ 19,290</u>	<u>\$ 4,594</u>	<u>\$ 10,251</u>	<u>\$ 56,958</u>	<u>\$ 1,506,587</u>

See accompanying notes to financial statements.

City of Weatherford, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Modified Cash Basis)
Non-Major Governmental Funds
Year Ended December 31, 2023

	Cemetery Care Fund	Perpetual Cemetery Care Fund	Western Oklahoma Heritage Center Fund	Property Lease Fund	Rural Fire Fund	Armory Building Fund	Emergency Management Fund
REVENUES							
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	6,150	-	-	-	13,609	-	50,920
Fines	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-
Rental	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,276	-	-
Donations	-	-	-	-	-	-	-
Sales of assets	-	-	-	-	300,000	-	-
Miscellaneous	-	-	-	-	4,429	-	-
Total revenues	6,150	-	-	-	319,314	-	50,920
EXPENDITURES							
Current:							
General government:							
General government	-	-	-	-	-	-	-
Total general government	-	-	-	-	-	-	-
Public safety and judiciary:							
Fire	-	-	-	-	-	-	47,014
Police	-	-	-	-	-	-	-
Total public safety and judiciary	-	-	-	-	-	-	47,014
Public works:							
Recycling	-	-	-	-	-	-	-
Total public works	-	-	-	-	-	-	-
Transportation:							
Airport	-	-	-	-	-	-	-
Total transportation	-	-	-	-	-	-	-
Cultural, parks and recreation:							
Community center	-	-	-	-	-	-	-
Total cultural, parks and recreation	-	-	-	-	-	-	-
Economic Development:							
Tourism	-	-	6,210	-	-	-	-
Community development	-	-	-	-	-	-	-
Total cultural, parks and recreation	-	-	6,210	-	-	-	-
Capital outlay	-	-	-	-	50,417	-	-
Total expenditures	-	-	6,210	-	50,417	-	47,014
Excess (deficiency) of revenues over expenditures	6,150	-	(6,210)	-	268,897	-	3,906
OTHER FINANCING SOURCES (USES)							
Transfers in/(out)	-	-	5,000	-	-	-	-
Total other financing sources and uses	-	-	5,000	-	-	-	-
Net change in fund balances	6,150	-	(1,210)	-	268,897	-	3,906
Fund balances - beginning	8,220	53,088	-	41,052	72,207	1,500	36,217
Prior period adjustment	-	-	-	-	-	-	-
Fund balances - ending	\$ 14,370	\$ 53,088	\$ (1,210)	\$ 41,052	\$ 341,104	\$ 1,500	\$ 40,123

See accompanying notes to financial statements.

City of Weatherford, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Modified Cash Basis)
Non-Major Governmental Funds
Year Ended December 31, 2023

	Hotel/Motel Fund	Municipal Court Fund	Airport Operations Fund	Pioneer Center Fund	Fireman Fund	Economic Development Fund	Narcotic Control Fund	Recycling Fund
REVENUES								
Investment income	\$ -	\$ -	\$ -	\$ 95	\$ 311	\$ -	\$ -	\$ -
Charges for services	-	-	492,877	21,883	-	-	-	35,975
Fines	-	22,464	-	-	-	-	-	-
Other taxes	349,890	-	-	-	-	-	-	-
Rental	-	-	108,449	-	-	-	-	-
Intergovernmental	1,618	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	1,845
Sales of assets	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	38,713	-	396	-
Total revenues	351,508	22,464	601,326	21,978	39,024	-	396	37,820
EXPENDITURES								
Current:								
General government:								
General government	-	-	-	-	-	-	-	-
Total general government	-	-	-	-	-	-	-	-
Public safety and judiciary:								
Fire	-	-	-	-	31,464	-	-	-
Police	-	-	-	-	-	-	6,192	-
Total public safety and judiciary	-	-	-	-	31,464	-	6,192	-
Public works:								
Recycling	-	-	-	-	-	-	-	27,793
Total public works	-	-	-	-	-	-	-	27,793
Transportation:								
Airport	-	-	587,915	-	-	-	-	-
Total transportation	-	-	587,915	-	-	-	-	-
Cultural, parks and recreation:								
Community center	-	-	-	19,611	-	-	-	-
Total cultural, parks and recreation	-	-	-	19,611	-	-	-	-
Economic Development:								
Tourism	-	-	-	-	-	-	-	-
Community development	354,606	-	-	-	-	-	-	-
Total cultural, parks and recreation	354,606	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	37,514
Total expenditures	354,606	-	587,915	19,611	31,464	-	6,192	65,307
Excess (deficiency) of revenues over expenditures	(3,098)	22,464	13,411	2,367	7,560	-	(5,796)	(27,487)
OTHER FINANCING SOURCES (USES)								
Transfers in/(out)	-	(110,712)	(5,336)	-	-	-	-	-
Total other financing sources and uses	-	(110,712)	(5,336)	-	-	-	-	-
Net change in fund balances	(3,098)	(88,248)	8,075	2,367	7,560	-	(5,796)	(27,487)
Fund balances - beginning	354,740	(9,838)	15,211	76,859	62,451	(764,898)	20,698	284,198
Prior period adjustment	-	170,810	-	-	-	764,898	-	-
Fund balances - ending	\$ 351,642	\$ 72,724	\$ 23,286	\$ 79,226	\$ 70,011	\$ -	\$ 14,902	\$ 256,711

See accompanying notes to financial statements.

City of Weatherford, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Modified Cash Basis)
Non-Major Governmental Funds
Year Ended December 31, 2023

	Special Projects Fund	F.P.L Projects Fund	Unclaimed Property Fund	DARE Project Fund	Western OK Law Enforcement Fund	Police Asset Forfeitures Fund	Total Non-Major Governmental Funds
REVENUES							
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 406
Charges for services	-	-	-	-	-	-	621,414
Fines	-	-	-	-	-	-	22,464
Other taxes	-	-	-	-	-	-	349,890
Rental	-	-	-	-	-	-	108,449
Intergovernmental	-	-	-	-	-	-	2,894
Donations	16,150	25,000	-	-	-	-	42,995
Sales of assets	-	-	-	-	-	-	300,000
Miscellaneous	25,348	-	9,035	28,000	10,100	-	116,021
Total revenues	41,498	25,000	9,035	28,000	10,100	-	1,564,533
EXPENDITURES							
Current:							
General government:							
General government	-	2,000	22,700	-	-	-	24,700
Total general government	-	2,000	22,700	-	-	-	24,700
Public safety and judiciary:							
Fire	-	-	-	-	-	-	78,478
Police	-	-	-	52,508	-	-	58,700
Total public safety and judiciary	-	-	-	52,508	-	-	137,178
Public works:							
Recycling	-	-	-	-	-	-	27,793
Total public works	-	-	-	-	-	-	27,793
Transportation:							
Airport	-	-	-	-	-	-	587,915
Total transportation	-	-	-	-	-	-	587,915
Cultural, parks and recreation:							
Community center	-	-	-	-	-	-	19,611
Total cultural, parks and recreation	-	-	-	-	-	-	19,611
Economic Development:							
Tourism	-	-	-	-	-	-	6,210
Community development	-	-	-	-	-	-	354,606
Total cultural, parks and recreation	-	-	-	-	-	-	360,816
Capital outlay	-	-	-	-	-	126,449	214,380
Total expenditures	-	2,000	22,700	52,508	-	126,449	1,372,393
Excess (deficiency) of revenues over expenditures	41,498	23,000	(13,665)	(24,508)	10,100	(126,449)	192,140
OTHER FINANCING SOURCES (USES)							
Transfers in/(out)	-	-	(180,217)	-	-	180,217	(111,048)
Total other financing sources and uses	-	-	(180,217)	-	-	180,217	(111,048)
Net change in fund balances	41,498	23,000	(193,882)	(24,508)	10,100	53,768	81,092
Fund balances - beginning	(20,672)	5,677	213,172	29,102	151	3,190	482,325
Prior period adjustment	-	-	-	-	-	-	935,708
Fund balances - ending	\$ 20,826	\$ 28,677	\$ 19,290	\$ 4,594	\$ 10,251	\$ 56,958	\$ 1,499,125

See accompanying notes to financial statements.

City of Weatherford, Oklahoma
Combining Balance Sheet (Modified Cash Basis)
Public Works Authority, Combining Funds
December 31, 2023

	Public Works Authority	Meter Deposit Fund	Sales Tax Bond 2020 Fund	Sales Tax Bond 2018 Fund	2017 Utility Bond Fund	Total Public Works Authority
ASSETS						
Cash, including time deposits	\$ 4,390,014	\$ -	\$ 59,288	\$ 10,285	\$ 73,552	\$ 4,533,139
Investments	487,022	-	-	-	-	487,022
Restricted cash	-	48,585	138,156	455,937	70,283	712,961
Restricted investments	-	152,544	-	-	-	152,544
Accounts receivable, net	224,456	-	-	-	-	224,456
Notes receivable	159,076	-	-	-	-	159,076
Total assets	<u>\$ 5,260,568</u>	<u>\$ 201,129</u>	<u>\$ 197,444</u>	<u>\$ 466,222</u>	<u>\$ 143,835</u>	<u>\$ 6,269,198</u>
LIABILITIES						
Meter deposits payable	\$ -	\$ 179,454	\$ -	\$ -	\$ -	\$ 179,454
Total liabilities	<u>-</u>	<u>179,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,454</u>
FUND NET POSITION						
Restricted	-	21,675	138,156	455,937	70,283	686,051
Unrestricted	5,260,568	-	59,288	10,285	73,552	5,403,693
Total fund net position	<u>\$ 5,260,568</u>	<u>\$ 21,675</u>	<u>\$ 197,444</u>	<u>\$ 466,222</u>	<u>\$ 143,835</u>	<u>\$ 6,089,744</u>

City of Weatherford, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Modified Cash Basis)
Public Works Authority, Combining Funds
Year Ended December 31, 2023

	Public Works Authority	Meter Deposit Fund	Sales Tax Bond 2020 Fund	Sales Tax Bond 2018 Fund	2017 Utility Bond Fund	Total Public Works Authority
REVENUES						
Charges for services:						
Water charges	\$ 2,136,469	\$ -	\$ -	\$ -	\$ -	\$ 2,136,469
Sewer charges	1,526,143	-	-	-	-	1,526,143
Sanitation charges	2,148,829	-	-	-	-	2,148,829
Ambulance fees	361,014	-	-	-	-	361,014
Penalties	54,678	-	-	-	-	54,678
Total charges for services	6,227,133	-	-	-	-	6,227,133
Reimbursement	465,928	-	-	-	-	465,928
Donations	12,000	-	-	-	-	12,000
Miscellaneous	140,149	-	-	-	-	140,149
Total revenues	6,845,210	-	-	-	-	6,845,210
EXPENDITURES						
Personal services	1,529,657	-	-	-	-	1,529,657
Materials and supplies	569,807	-	3,410,570	109,550	-	4,089,927
Other services and charges	3,673,692	-	-	-	-	3,673,692
Total operating expenses	5,773,156	-	3,410,570	109,550	-	9,293,276
Net operating income	1,072,054	-	(3,410,570)	(109,550)	-	(2,448,066)
Nonoperating revenue (expense):						
Interest income	211,094	21,675	47,462	20,272	10,811	311,314
Debt service and interest expense	(25,182)	-	(1,400,245)	(1,110,413)	(740,963)	(3,276,803)
Total nonoperating revenue (expense)	185,912	21,675	(1,352,783)	(1,090,141)	(730,152)	(2,965,489)
Net Income before contributions and transfers	1,257,966	21,675	(4,763,353)	(1,199,691)	(730,152)	(5,413,555)
Transfers from/(to) other funds	(970,241)	-	1,411,647	1,092,890	783,899	2,318,195
Change in fund net position	287,725	21,675	(3,351,706)	(106,801)	53,747	(3,095,360)
Fund net position-beginning of year	4,872,581	-	(7,390,850)	(1,591,977)	(4,739,912)	(8,850,158)
Prior period adjustment	100,262	-	10,940,000	2,165,000	4,830,000	18,035,262
Fund net position-end of year	<u>\$ 5,260,568</u>	<u>\$ 21,675</u>	<u>\$ 197,444</u>	<u>\$ 466,222</u>	<u>\$ 143,835</u>	<u>\$ 6,089,744</u>

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

To the City Council
City of Weatherford, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Weatherford, Oklahoma, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise City of Weatherford, Oklahoma's basic financial statements and have issued our report thereon dated July 22, 2025.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-003, 2023-004, and 2023-005 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-006 to be significant deficiencies.

Report on Compliance and Other Matters

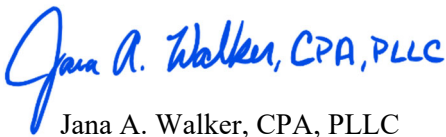
As part of obtaining reasonable assurance about whether City of Weatherford, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2023-001.

City of Weatherford, Oklahoma's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Weatherford, Oklahoma's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Weatherford, Oklahoma's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
July 22, 2025

CITY OF WEATHERFORD, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title		Federal CFDA Number	Program or Award Amount	Federal Expenditures
<u>U.S. Department of Commerce:</u>				
Economic Development Admin Assistance	08-79-05369	11.307	2,865,000	1,616,545
Sub-total U.S. Department of Commerce			<u>2,865,000</u>	<u>1,616,545</u>
<u>U.S. Department of Transportation:</u>				
Federal Aviation Administration				
Airport Terminal Building	3-40-0106-016-2021	20.106	743,321	162,997
Airport Improvement Program		20.106	45,000	30,862
Sub-total U.S. Department of Transportation			<u>788,321</u>	<u>193,859</u>
Total of Expenditures of Federal Awards			<u>\$ 3,653,321</u>	<u>\$ 1,810,404</u>

CITY OF WEATHERFORD, OKLAHOMA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the City of Weatherford, Oklahoma (the City) under programs of the federal government for the year ended December 31, 2023. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

To the City Council
City of Weatherford, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Weatherford, Oklahoma's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Weatherford, Oklahoma's major federal programs for the year ended December 31, 2023. City of Weatherford, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Weatherford, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Weatherford, Oklahoma and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Weatherford, Oklahoma's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Weatherford, Oklahoma's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Weatherford, Oklahoma's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Weatherford, Oklahoma's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Weatherford, Oklahoma's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Weatherford, Oklahoma's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Weatherford, Oklahoma's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on City of Weatherford, Oklahoma's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Southwest Intermediary Finance Team, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
July 22, 2025

City of Weatherford, Oklahoma
Schedule of Findings and Questioned Cost
Year Ended December 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Type of auditor’s report issued on noncompliance
for major federal programs: Unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516(a)? X yes no

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
11.307	Economic Development Admin Assistance

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

Auditee qualified as low-risk auditee? Yes X no

**City of Weatherford, Oklahoma
Schedule of Findings and Questioned Cost
Year Ended December 31, 2023**

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

FINDING 2023-001 Lack of Timely Filed Audit

Condition: Audit report issued after allotted 180 days from year end and after the allotted 9 months after year end with the Federal Audit Clearinghouse

Criteria: In accordance with Oklahoma State Statute 11 O.S. §17-105 -113; 60 O.S. § 180.1-.3 the City shall furnish copies of the reports of the financial audit within 180 days after the end of each fiscal year. The regulations at 34 C.F.R. 668.23(a)(4) incorporate the audit submission deadline established at 2 C.F.R. 200.512(a)(1), through reference to the Single Audit Act. Institutions under the Single Audit Act have an audit submission deadline of the earlier of 30 calendar days after receipt of the audit report, or nine months after the end of the audit period.

Cause: Management did not receive the financial reporting package in a timely manner and appropriate follow up procedures were not performed to ensure the auditor had workpapers to review with sufficient time to issue the audit report prior to the deadline.

Effect or Potential Effect: State Statute violation and noncompliance with the Single Audit Act could result in loss of future funding.

Recommendation: Management should establish a well-defined process for financial reporting that includes overall timing and follow up procedures to ensure the established policies related to timing are adhered.

Response: Management will make arrangements to have their records inspected quicker after year-end to ensure the timely completion of an audit. Additionally, follow-up procedures will be executed to ensure all parties have received the required information to complete audit procedures prior to the deadline.

FINDING 2023-002 Segregation of Duties

Condition: The City has employees in several departments who have inappropriate segregation of duties. In some instances, there may be a limited number of employees in these departments. These conditions could result in material errors or fraud occurring and not be detected in a timely manner.

Criteria: Segregation of duties requires separating tasks and duties among different people to reduce the risk of fraud and errors. Duties as assigned to each position should be completed by the individual assigned.

Cause: Management override of controls

Effect or Potential Effect: Lack of segregation of duties could result in misappropriation of assets or lack of timely discovery of errors that could have a material impact on the financial statements.

Recommendation: Clearly define and segregate duties within current employees.

Response: Management will review current job duties and review with employees on performing each task assigned to a particular position.

City of Weatherford, Oklahoma
Schedule of Findings and Questioned Cost
Year Ended December 31, 2023

FINDING 2023-003 Municipal Court Accounting Records

Condition: The City changed its municipal court record keeping system to the one offered by its software vendor. The City used this system to post the receipts to the accounting records. The system did not post certain transactions. The receipts can only be posted to the municipal court bond bank account by the system, but the court uses a total of three bank accounts. The court will make actual bank deposits into all three bank accounts, but no adjustments are made by journal entry to the accounting records to adjust the other bank accounts for the actual deposits that were made to them causing some duplicated postings and omitting some checks. There was no review and reconciling being done in a timely manner.

Criteria: All bank accounts should be reconciled in a timely manner and any subsidiary ledgers should be tied to the financial statement balances with any differences being properly adjusted.

Cause: Lack of Oversight

Effect or Potential Effect: Over/understatement of cash accounts.

Recommendation: When the city changes its systems, it needs to test that all systems at that time is working properly and reconcile to the financial records. The City needs to review the discrepancies in a timely manner to make appropriate adjustments to correct errors.

Response: An outside accounting firm was hired after year end to assist with proper transition of the system.

FINDING 2023-004 Utility Department

Condition: There were utility cutoff fees waived and applied to accounts that were not approved. Additionally, water vendor money was being deposited into the wrong account when paying by credit card.

Criteria: Any adjustments to utility billing accounts should go through proper approval before a staff member adjusts or credits an account. Deposits should be made into appropriate accounts and any electronic payments should be linked to the appropriate bank account.

Cause: Management override of controls.

Effect or Potential Effect: Misappropriation of assets.

Recommendation: A clear and defined policy should be written in the case that a customer feels they should receive a credit or waived fee. If the board has decided they shall not waive a fee under any circumstances, this should also be a written policy to be followed and clearly defined.

Response: The City will review current policies and procedures for the utility department. The water vendor machine has been updated.

City of Weatherford, Oklahoma
Schedule of Findings and Questioned Cost
Year Ended December 31, 2023

FINDING 2023-005 Personal Use of City Assets

Condition: There are no safeguards in place to monitor if City vehicles are being used for personal time.

Criteria: Assets owned by the City should only be used for City business purposes.

Cause: Lack of monitoring.

Effect or Potential Effect: Misappropriation of assets.

Recommendation: A GPS tracking system should be installed in City vehicles that can monitor vehicle usage.

Response: The City is looking into software to install on City vehicles.

FINDING 2023-006 Lack of Oversight of Related Organization

Condition: There are no safeguards in place to monitor the related Weatherford Sports & Recreation. Under Article (1)(5) of the by-laws for the Weatherford Sports and Recreation Association, the agreement stated “this entity is affiliated with the Weatherford City government, it is a voluntary organization seeking to accomplish its mission statement for the citizens of the surrounding area, however, it is subject to audit to the City of Weatherford.

Criteria: Agreements entered into by the City of Weatherford should be carried out as

Cause: Lack of monitoring.

Effect or Potential Effect: Misappropriation of assets.

Recommendation: The City should establish a well defined follow up procedure with any organization they enter into an agreement with and follow items listed in the agreement to ensure safeguarding of City resources and proper accountability standards are being followed.

Response: The non-profit is being dissolved and funds are being transferred to the City for oversight and accountability.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

FINDING 2024-001 Lack of Timely Filed Audit

Condition: Audit report filed with the Federal Audit Clearinghouse after allotted 9 months after year end period.

Criteria: The regulations at 34 C.F.R. 668.23(a)(4) incorporate the audit submission deadline established at 2 C.F.R. 200.512(a)(1), through reference to the Single Audit Act. Institutions under the Single Audit Act have an audit submission deadline of the earlier of 30 calendar days after receipt of the audit report, or nine months after the end of the audit period.

Cause: Management did not receive the financial reporting package in a timely manner and appropriate follow up procedures were not performed to ensure the auditor had workpapers to review with sufficient time to issue the audit report prior to the deadline.

**City of Weatherford, Oklahoma
Schedule of Findings and Questioned Cost
Year Ended December 31, 2023**

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS-(continued)

Effect or Potential Effect: Noncompliance with the Single Audit Act could result in loss of future funding.

Recommendation: Management should establish a well-defined process for financial reporting that includes overall timing and follow up procedures to ensure the established policies related to timing are adhered.

SECTION IV – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

FINDING 2023-001 Segregation of Duties

Condition: The City has employees in several departments who have inappropriate segregation of duties. In some instances, there may be a limited number of employees in these departments. These conditions could result in material errors or fraud occurring and not be detected in a timely manner.

Criteria: Segregation of duties requires separating tasks and duties among different people to reduce the risk of fraud and errors. Duties as assigned to each position should be completed by the individual assigned.

Cause: Management override of controls

Effect or Potential Effect: Lack of segregation of duties could result in misappropriation of assets or lack of timely discovery of errors that could have a material impact on the financial statements.

Recommendation: Clearly define and segregate duties within current employees.

Current Status: Reported in the current year findings.

FINDING 2022-002 Municipal Court Accounting Records

Condition: The City changed its municipal court record keeping system to the one offered by its software vendor. The City used this system to post the receipts to the accounting records. The system did not post certain transactions. The receipts can only be posted to the municipal court bond bank account by the system, but the court uses a total of three bank accounts. The court will make actual bank deposits into all three bank accounts, but no adjustments are made by journal entry to the accounting records to adjust the other bank accounts for the actual deposits that were made to them causing some duplicated postings and omitting some checks. There was no review and reconciling being done in a timely manner.

Criteria: All bank accounts should be reconciled in a timely manner and any subsidiary ledgers should be tied to the financial statement balances with any differences being properly adjusted.

Cause: Lack of Oversight

Effect or Potential Effect: Over/understatement of cash accounts.

Current Status: Reported in the current year findings.

**City of Weatherford, Oklahoma
Schedule of Findings and Questioned Cost
Year Ended December 31, 2023**

SECTION V – PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESSTIONED COSTS

None.

SECTION VI – CORRECTIVE ACTION PLAN

Management will make arrangements to have their records inspected quicker after year-end to ensure the timely completion of an audit. Additionally, follow-up procedures will be executed to ensure all parties have received the required information to complete audit procedures prior to the deadline. Management is also working with a specialized consulting firm to help implement additional recommendations as needed.