



**CITY OF
BLANCHARD,
OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

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

AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

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ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the City Council
City of Blanchard, Oklahoma

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the City of Blanchard, Oklahoma, as of June 30, 2021, 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.B.

Basis of Accounting

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

Other Matters

Supplemental and Other Information

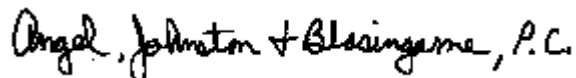
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Blanchard, Oklahoma basic financial statements. The accompanying budgetary comparison information, schedule of cash balances, and schedule of expenditures of federal and state awards is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

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

The management's discussion and analysis on pages 7-14 and budgetary comparison information, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Blanchard'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 the City's internal control over financial reporting and compliance.



Chickasha, Oklahoma
December 29, 2021

**CITY OF BLANCHARD, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

The management of the City of Blanchard is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the fiscal year ended June 30, 2021. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City's total net position increased by \$962,638 and the assets of the City exceed its liabilities for the year ended June 30, 2021, by \$22,200,554 (net position).
- For the fiscal year ended June 30, 2021, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$3,763,437 compared to \$3,493,213 in FY 20-an increase of \$270,224 or 7.7%.
- For the year ended June 30, 2021, unassigned fund balance on a modified cash basis for the General Fund was \$3,137,830 or 50% of General Fund revenues.

ABOUT THE CITY

- The City of Blanchard is an incorporated municipality with a population of approximately 8,280 located in McClain County in central Oklahoma. The City is a council-manager form of government. The City is governed by a five-member Council and operates under state law and City ordinances through the three branches of democratic government:
 - Legislative – the City Council is a five-member governing body elected by the citizens, 4 by ward and 1 at-large.
 - Executive – the City Manager is the Chief Executive Officer and is hired by the City Council
 - Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation. The Blanchard Municipal Improvement Authority provides certain utility services including water, wastewater and sanitation. The Blanchard Economic Trust Authority carries out economic development activities and is reported as a discretely-presented component unit.

The City's Financial Reporting Entity

This annual report includes all activities for which the City of Blanchard City Council is financially accountable. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.

The City's financial reporting entity includes the following separate legal entities.

- **The City of Blanchard** – an incorporated City that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the City – *reported as the primary government*
- **The Blanchard Municipal Improvement Authority (BMIA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater, and sanitation services of the City, with the City Council members serving as the trustees – *considered part of the primary government presentation for reporting purposes*
- **The Blanchard Economic Trust Authority (BETA)** – public trust created pursuant to 60 O.S. § 176 to stimulate economic growth and development of the City, with appointment of members by the City Council, with 2 members serving as trustees – *presented as a discretely-presented component unit*

In addition, as required by state law, all debt obligations incurred by the trusts must be approved by two-thirds vote of the City Council. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trusts within the City's financial reporting entity. The public trusts do not issue separate annual financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Blanchard (the "City"), the Blanchard Municipal Improvement Authority (the "Municipal Improvement Authority") and the Blanchard Economic Trust Authority (the "Economic Trust Authority"). Included in this report are government-wide statements for each of the three categories of activities – governmental, business-type, and discretely-presented component unit.

The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the modified cash basis of accounting. They present governmental and business-type activities separately and combined, with a separate presentation for the discretely-presented component unit. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt), within the context of the modified cash basis of accounting.

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

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

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

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

Fund Financial Statements

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

Governmental funds - All of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds report their activities on a modified cash basis of accounting and current financial resources measurement focus that is different from other funds. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary fund - When the City, through the Municipal Improvement Authority, charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported on the modified cash basis of accounting and an economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability. The City's proprietary fund is the Blanchard

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Municipal Improvement Authority that accounts for the operation of the water, sewer, and sanitation activities.

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 28-46 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents Budgetary Comparison Schedules for the General Fund, a federal and state award schedule, and a schedule of cash balances.

THE CITY AS A WHOLE

For the fiscal year ended June 30, 2021, net position on a modified cash basis for the governmental and business-type activities increased by \$962,638.

**Net Position (Modified Cash Basis)
June 30, 2021**

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

**TABLE 1
NET POSITION (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2021	2020		2021	2020		2021	2020	
Current assets	\$ 3,966	\$ 3,679	8%	\$ 2,571	\$ 2,834	-9%	\$ 6,537	\$ 6,513	-
Capital assets, net	7,802	7,312	7%	15,872	16,179	-2%	23,674	23,491	1%
Total assets	<u>11,768</u>	<u>10,991</u>	7%	<u>18,443</u>	<u>19,013</u>	-3%	<u>30,211</u>	<u>30,004</u>	1%
Current liabilities	614	538	14%	585	592	-1%	1,199	1,130	6%
Non-current liabilities	1,895	2,303	-18%	4,917	5,333	-8%	6,812	7,636	-11%
Total liabilities	<u>2,509</u>	<u>2,841</u>	-12%	<u>5,502</u>	<u>5,925</u>	-7%	<u>8,011</u>	<u>8,766</u>	-9%
Net position									
Net investment in capital assets	5,684	5,508	3%	11,347	11,280	1%	17,031	16,788	1%
Restricted	626	318	97%	265	119	123%	891	437	104%
Unrestricted	2,949	2,324	27%	1,329	1,689	-21%	4,278	4,013	7%
Total net position	<u>\$ 9,259</u>	<u>\$ 8,150</u>	14%	<u>\$ 12,941</u>	<u>\$ 13,088</u>	-1%	<u>\$ 22,200</u>	<u>\$ 21,238</u>	5%

The largest portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. At year end, the net investment in capital assets, amounted to \$17,031,670.

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Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position of the governmental activities increased approximately \$308,000 or 97% due primarily to an increase in the net positions of both the TIF District Fund and the Veterans Memorial Fund.

Restricted net position of the business-type activities increased approximately \$146,000 due to an increase in debt service cash in FY21.

**Changes in Net Position (Modified Cash Basis)
Year Ended June 30, 2021**

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

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2021	2020		2021	2020		2021	2020	
Revenues									
Charges for service	\$ 355	\$ 416	-15%	\$ 2,645	\$ 2,510	5%	\$ 3,000	\$ 2,926	3%
Operating grants and contributions	1,032	141	632%	-	-	-	1,032	141	632%
Capital grants and contributions	124	56	121%	-	-	-	124	56	121%
Taxes	4,812	4,407	9%	-	1	-100%	4,812	4,408	9%
Intergovernmental revenue	93	81	15%	-	-	-	93	81	15%
Investment income	4	6	-33%	2	18	-89%	6	24	-75%
Miscellaneous	34	22	55%	23	5	360%	57	27	111%
Total revenues	6,454	5,129	26%	2,670	2,534	5%	9,124	7,663	19%
Expenses									
General government	2,200	1,226	79%	-	-	-	2,200	1,226	79%
Public safety	1,389	1,487	-7%	-	-	-	1,389	1,487	-7%
Streets	614	747	-18%	-	-	-	614	747	-18%
Culture, parks and recreation	372	305	22%	-	-	-	372	305	22%
Interest on long-term debt	66	58	14%	-	-	-	66	58	14%
Water	-	-	-	2,251	1,717	31%	2,251	1,717	31%
Wastewater	-	-	-	530	521	2%	530	521	2%
Sanitation	-	-	-	740	739	-	740	739	-
Total expenses	4,641	3,823	21%	3,521	2,977	18%	8,162	6,800	20%
Excess (deficiency) before transfers	1,813	1,306	39%	(851)	(443)	92%	962	863	11%
Transfers	(704)	(763)	-8%	704	763	-8%	-	-	-
Change in net position	1,109	543	104%	(147)	320	-146%	962	863	11%
Net position - beginning	8,150	7,607	7%	13,088	12,768	3%	21,238	20,375	4%
Net position - ending	<u>\$ 9,259</u>	<u>\$ 8,150</u>	<u>14%</u>	<u>\$ 12,941</u>	<u>\$ 13,088</u>	<u>-1%</u>	<u>\$ 22,200</u>	<u>\$ 21,238</u>	<u>5%</u>

Governmental-type operating grants and contributions increased 632% in FY21 due primarily to receipt of the CARES Act Grant for \$686,554.

Governmental-type capital grants and contributions increased 121% in FY21 due primarily to receipt of the Recreational Trails Grant reimbursement of \$104,330.

Business-type activities Water expenses increased 31% in FY21 due to increased water purchases of approximately \$534,000.

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Governmental Activities

The City's governmental activities had an increase in net position of \$1,109,208.

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

	<u>Total Expense of Services</u>		<u>% Inc. (Dec.)</u>	<u>Net Revenue (Expense) of Services</u>		<u>% Inc. (Dec.)</u>
	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>	
	General government	\$ 2,200		\$ 1,226	79%	
Public safety	1,389	1,487	-7%	(471)	(1,303)	-64%
Streets	614	747	-18%	(453)	(663)	-32%
Culture, parks and recreation	372	305	22%	(87)	(196)	-56%
Interest on long-term debt	66	58	14%	(66)	(59)	12%
Total	<u>\$ 4,641</u>	<u>\$ 3,823</u>	21%	<u>\$ (3,129)</u>	<u>\$ (3,210)</u>	-3%

For explanations of significant changes, see narrative on the previous page under Table 2.

Business-type Activities

The business-type activities had a decrease in net position of \$146,570.

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

	<u>Total Expense of Services</u>		<u>% Inc. Dec.</u>	<u>Net Revenue (Expense) of Services</u>		<u>% Inc. Dec.</u>
	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>	
	Water	\$ 2,251		\$ 1,717	31%	
Wastewater	530	521	2%	(180)	(166)	8%
Sanitation	740	739	-	152	96	58%
Total	<u>\$ 3,521</u>	<u>\$ 2,977</u>	18%	<u>\$ (876)</u>	<u>\$ (467)</u>	88%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its fiscal year ended June 30, 2021, the governmental funds reported a combined fund balance of \$3,763,437. For the year ended June 30, 2021, the General Fund's total fund balance decreased by \$53,599 due mainly to capital outlay for the City's new fire station.

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Budgetary Highlights

For the fiscal year ended June 30, 2021, the General Fund reported actual modified cash basis revenues over final estimates by \$117,063 or a 1.9% positive variance. General Fund actual expenditures were under final appropriations by \$622,444 or a 12.4% positive variance.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2021, the City had approximately \$24 million in capital assets (net of accumulated depreciation), as reported on a modified cash basis, including land, buildings, machinery and equipment, and park facilities. Below are details regarding the City’s capital assets as of June 30, 2021.¹

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 519	\$ 510	\$ 1,873	\$ 1,529	\$ 2,392	\$ 2,039
Buildings	2,659	2,791	178	187	2,837	2,978
Machinery, furniture and equipment	702	856	142	138	844	994
Infrastructure	3,249	2,958	-	-	3,249	2,958
Utility property	-	-	13,640	14,116	13,640	14,116
Construction in progress	673	197	39	209	712	406
Totals	<u>\$ 7,802</u>	<u>\$ 7,312</u>	<u>\$ 15,872</u>	<u>\$ 16,179</u>	<u>\$ 23,674</u>	<u>\$ 23,491</u>

This year’s more significant capital asset additions include the following:

- Infrastructure-North Main Street Repair- \$337,440
- Construction in Progress-Fire Station- \$645,882
- Land-60 acres at 1886 S. Tyler Drive for the Wastewater Treatment Plant additional lagoon spray fields

¹ For more detailed information on capital asset activity please refer to pages 36, Note 3. Capital Assets and Depreciation

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Debt Administration

At June 30, 2021, the City had \$7,644,777 in debt outstanding, reported on a modified cash basis, approximately a \$783,000 decrease from the prior year due to monthly debt paydowns.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Total Percentage Change</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2020-2021</u>
Capital leases	\$ 189	\$ 245	\$ 33	\$ 42	\$ 222	\$ 287	-22.6%
Notes payable	2,117	2,411	1,419	1,737	3,536	4,148	-14.8%
Bonds payable	-	-	3,886	3,992	3,886	3,992	-2.7%
Totals	\$ 2,306	\$ 2,656	\$ 5,338	\$ 5,771	\$ 7,644	\$ 8,427	-9.3%

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

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

- The City plans to finish building the Fire Station on 55th Street in FY22. This project will cost approximately \$850,000 and is funded by revenue notes/bonds.
- A CDBG Grant of \$250K plus a City match of \$250K will fund the City Water Line Replacement Project in downtown. This project will begin in FY22.
- The City received an ARPA Grant in FY22 for \$1,555,655. \$777,828 of this grant was received in FY22 and the other \$777,827 will be received in FY23. This grant will be used to fund water and sewer projects.
- Ice Storm damage cleanup from the October, 2020 storm is estimated to cost \$1M. The City is asking FEMA to help mitigate the expense which is shown on the FY21 financial statements.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director at 122 N. Main, Blanchard, Oklahoma 73010 or telephone at 405-485-9392.

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BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND ACTIVITIES

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Statement of Net Position (Modified Cash Basis) – June 30, 2021

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Blanchard</u> <u>Economic Trust</u> <u>Authority</u>
ASSETS				
Cash and cash equivalents	\$ 3,555,002	\$ 1,296,227	\$ 4,851,229	\$ 54,115
Restricted cash and equivalents	410,686	1,275,273	1,685,959	-
Capital Assets:				
Land and construction in progress	1,192,350	1,911,951	3,104,301	-
Other capital assets, net of depreciation	6,609,523	13,960,240	20,569,763	-
Total Assets	<u>\$ 11,767,561</u>	<u>\$ 18,443,691</u>	<u>\$ 30,211,252</u>	<u>\$ 54,115</u>
LIABILITIES				
Payable to other governments	\$ 1,848	\$ -	\$ 1,848	\$ -
Deposits subject to refund	199,227	163,670	362,897	-
Due to bondholders	1,176	-	1,176	-
Long-term liabilities:				
Due within one year	411,038	421,206	832,244	-
Due in more than one year	1,895,201	4,917,332	6,812,533	-
Total liabilities	<u>2,508,490</u>	<u>5,502,208</u>	<u>8,010,698</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	5,684,490	11,347,180	17,031,670	-
Restricted for:				
Capital projects	583,869	-	583,869	-
Debt service	41,738	264,705	306,443	-
Unrestricted	2,948,974	1,329,598	4,278,572	54,115
Total net position, restated	<u>\$ 9,259,071</u>	<u>\$ 12,941,483</u>	<u>\$ 22,200,554</u>	<u>\$ 54,115</u>

See accompanying notes to the basic financial statements.

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

Statement of Activities (Modified Cash Basis) – Year Ended June 30, 2021

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Blanchard Economic Trust Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental Activities								
General Government	\$ 2,200,133	\$ 148,106	\$ 85	\$ -	\$ (2,051,942)	\$ -	\$ (2,051,942)	\$ -
Public Safety	1,388,916	206,940	691,380	20,000	(470,596)	-	(470,596)	-
Streets	614,401	-	161,145	-	(453,256)	-	(453,256)	-
Culture and Recreation	371,625	-	179,765	104,330	(87,530)	-	(87,530)	-
Interest on Long-term debt	66,436	-	-	-	(66,436)	-	(66,436)	-
Total governmental activities	<u>4,641,511</u>	<u>355,046</u>	<u>1,032,375</u>	<u>124,330</u>	<u>(3,129,760)</u>	<u>-</u>	<u>(3,129,760)</u>	<u>-</u>
Business-Type Activities:								
Water	2,251,153	1,402,878	-	-	-	(848,275)	(848,275)	-
Wastewater	530,133	350,198	-	-	-	(179,935)	(179,935)	-
Sanitation	740,039	892,007	-	-	-	151,968	151,968	-
Total business-type activities	<u>3,521,325</u>	<u>2,645,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(876,242)</u>	<u>(876,242)</u>	<u>-</u>
Total primary government	<u>\$ 8,162,836</u>	<u>\$ 3,000,129</u>	<u>\$ 1,032,375</u>	<u>\$ 124,330</u>	<u>\$ (3,129,760)</u>	<u>\$ (876,242)</u>	<u>\$ (4,006,002)</u>	<u>-</u>
Component unit:								
Blanchard Economic Trust Authority	\$ 2,752	\$ -	\$ -	\$ -				(2,752)
	<u>\$ 2,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(2,752)</u>
General revenues:								
Taxes:								
Sales and use taxes					\$ 4,563,016	\$ -	\$ 4,563,016	\$ -
Franchise taxes and public service taxes					218,204	-	218,204	-
Special assessment tax					30,855	-	30,855	-
Intergovernmental revenue not restricted to specific programs					92,510	-	92,510	-
Unrestricted investment earnings					4,091	2,180	6,271	-
Miscellaneous					34,124	23,660	57,784	-
Transfers					(703,832)	703,832	-	-
Total general revenues and transfers					<u>4,238,968</u>	<u>729,672</u>	<u>4,968,640</u>	<u>-</u>
Change in net position					1,109,208	(146,570)	962,638	(2,752)
Net position - beginning					8,149,863	13,088,053	21,237,916	56,867
Net position - ending					<u>\$ 9,259,071</u>	<u>\$ 12,941,483</u>	<u>\$ 22,200,554</u>	<u>\$ 54,115</u>

See accompanying notes to the basic financial statements.

**CITY OF BLANCHARD, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

**CITY OF BLANCHARD, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2021

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>TIF District Fund</u>	<u>Non-Major Veterans Memorial Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 3,327,988	\$ 117,442	\$ 385,656	\$ 134,602	\$ 3,965,688
Due from other funds	70,396	-	10,578	-	80,974
Total assets	<u>\$ 3,398,384</u>	<u>\$ 117,442</u>	<u>\$ 396,234</u>	<u>\$ 134,602</u>	<u>\$ 4,046,662</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ 14,580	\$ -	\$ 66,394	\$ -	\$ 80,974
Due to bondholders	1,176	-	-	-	1,176
Payable to other governments	1,848	-	-	-	1,848
Deposits subject to refund	199,227	-	-	-	199,227
Total liabilities	<u>216,831</u>	<u>-</u>	<u>66,394</u>	<u>-</u>	<u>283,225</u>
Fund balances:					
Restricted for:					
Capital Improvements	1,985	117,442	329,840	134,602	583,869
Debt Service	41,738	-	-	-	41,738
Unassigned	3,137,830	-	-	-	3,137,830
Total fund balances	<u>3,181,553</u>	<u>117,442</u>	<u>329,840</u>	<u>134,602</u>	<u>3,763,437</u>
Total liabilities and fund balances	<u>\$ 3,398,384</u>	<u>\$ 117,442</u>	<u>\$ 396,234</u>	<u>\$ 134,602</u>	<u>\$ 4,046,662</u>

See accompanying notes to the basic financial statements.

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

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances
(Modified Cash Basis) – Year Ended June 30, 2021

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>TIF District Fund</u>	<u>Non-Major Veterans Memorial Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 4,843,184	\$ -	\$ -	\$ -	\$ 4,843,184
Intergovernmental	903,283	-	30,546	-	933,829
Licenses and permits	130,651	-	-	-	130,651
Fees and fines	183,454	25,536	-	-	208,990
Investment earnings	3,732	98	261	-	4,091
Miscellaneous	157,140	5,481	-	140,330	302,951
Assessment fee	30,855	-	-	-	30,855
Total revenues	<u>6,252,299</u>	<u>31,115</u>	<u>30,807</u>	<u>140,330</u>	<u>6,454,551</u>
EXPENDITURES					
Current:					
General government	2,094,424	2,477	-	-	2,096,901
Public safety	1,234,655	13,750	-	-	1,248,405
Highways and streets	257,453	-	-	-	257,453
Emergency management	-	-	-	-	-
Culture and recreation	275,254	-	-	4,759	280,013
Capital outlay	1,160,487	6,485	-	6,407	1,173,379
Debt service:					
Principal	269,407	80,000	-	-	349,407
Interest and other charges	48,687	17,750	-	-	66,437
Total expenditures	<u>5,340,367</u>	<u>120,462</u>	<u>-</u>	<u>11,166</u>	<u>5,471,995</u>
Revenues over (under) expenditures	<u>911,932</u>	<u>(89,347)</u>	<u>30,807</u>	<u>129,164</u>	<u>982,556</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,664,204	97,397	155,802	-	1,917,403
Transfers out	(2,629,735)	-	-	-	(2,629,735)
Total other financing sources and uses	<u>(965,531)</u>	<u>97,397</u>	<u>155,802</u>	<u>-</u>	<u>(712,332)</u>
Net change in fund balances	(53,599)	8,050	186,609	129,164	270,224
Fund balances - beginning	3,235,152	109,392	143,231	5,438	3,493,213
Fund balances - ending	<u>\$ 3,181,553</u>	<u>\$ 117,442</u>	<u>\$ 329,840</u>	<u>\$ 134,602</u>	<u>\$ 3,763,437</u>

See accompanying notes to the basic financial statements.

**CITY OF BLANCHARD, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Total fund balance, governmental funds	\$ 3,763,437
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	7,801,873
Some liabilities (such as Notes Payable and Capital Lease Contract Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	(2,306,239)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 9,259,071</u>

See accompanying notes to the basic financial statements.

**CITY OF BLANCHARD, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds: \$ 270,224

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital asset purchases capitalized	1,058,634
Depreciation expense	(569,059)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Principal payments on long-term debt	349,409
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Change in net position of governmental activities	<u>\$ 1,109,208</u>
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See accompanying notes to the basic financial statements.

**CITY OF BLANCHARD, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUND

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

Proprietary Fund Statement of Net Position (Modified Cash Basis) – June 30, 2021

	<u>BMIA</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,296,227
Restricted:	
Cash and cash equivalents	1,275,273
Total current assets	<u>2,571,500</u>
Non-current assets:	
Capital assets:	
Land and construction in progress	1,911,951
Other capital assets, net of accumulated depreciation	13,960,240
Total non-current assets	<u>15,872,191</u>
Total assets	<u>\$ 18,443,691</u>
LIABILITIES	
Current liabilities:	
Deposits subject to refund	163,670
Capital lease obligation	10,056
Notes payable	296,150
Bonds payable	115,000
Total current liabilities	<u>584,876</u>
Non-current liabilities:	
Notes payable	1,145,689
Bonds payable	3,771,643
Total non-current liabilities	<u>4,917,332</u>
Total liabilities	<u>5,502,208</u>
NET POSITION	
Net investment in capital assets	11,347,180
Restricted for debt service	264,705
Unrestricted	1,329,598
Total net position	<u>\$ 12,941,483</u>

See accompanying notes to the basic financial statements.

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

Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis) – Year Ended June 30, 2021

	<u>BMIA</u>
OPERATING REVENUES	
Water	\$ 1,402,878
Sewer	350,198
Sanitation	892,007
Total operating revenues	2,645,083
OPERATING EXPENSES	
Administration	259,102
Water	1,368,413
Wastewater	205,758
Sanitation	740,039
Depreciation	739,706
Total operating expenses	3,313,018
Operating income (loss)	(667,935)
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	2,180
Miscellaneous revenue	23,660
Interest expense	(208,307)
Total non-operating revenue (expenses)	(182,467)
Income (loss) before transfers	(850,402)
Transfers in	2,473,933
Transfers out	(1,770,101)
Change in net position	(146,570)
Total net position - beginning	13,088,053
Total net position - ending	\$ 12,941,483

See accompanying notes to the basic financial statements.

**CITY OF BLANCHARD, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Proprietary Fund Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2021

	BMIA
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,668,743
Payments to suppliers and employees	(2,573,312)
Receipts of customer meter deposits	46,532
Refunds of customer meter deposits	(37,364)
Interfund receipts/payments	(316)
Net cash provided by operating activities	104,283
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	2,473,933
Transfers to other funds	(1,770,101)
Net cash provided by noncapital financing activities	703,832
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(432,637)
Discount on issuance of bonds	4,795
Principal paid on debt	(437,103)
Interest and fiscal agent fees paid on debt	(208,307)
Net cash provided by (used in) capital and related financing activities	(1,073,252)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	2,180
Net cash provided by investing activities	2,180
Net increase (decrease) in cash and cash equivalents	(262,957)
Balances - beginning of year	2,834,457
Balances - end of year	\$ 2,571,500
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 1,296,227
Restricted cash and cash equivalents - current	1,275,273
Total cash and cash equivalents, end of year	\$ 2,571,500
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (667,935)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation expense	739,706
Miscellaneous revenue	23,660
Change in assets and liabilities:	
Due to other funds	(316)
Deposits subject to refund	9,168
Net cash provided by operating activities	\$ 104,283

See accompanying notes to the basic financial statements.

**CITY OF BLANCHARD, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City's financial reporting entity includes three separate legal entities reported as the primary government as follows:

- **The City of Blanchard** – operates the public safety, streets, health and welfare, culture and recreation, and administrative activities of the City.
- **The Blanchard Municipal Improvement Authority (BMIA)** – operates the water, wastewater and sanitation services of the City. The City of Blanchard is the beneficiary of the Trust and the City Council serves as the governing body of the Trust.
- **The Blanchard Economic Trust Authority (BETA)** – stimulate economic growth and development of the beneficiary City – presented as a discretely-presented component unit.

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

The component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. A Public Trust (Authority) has no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authorities. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation for the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when either of the Public Trusts are dissolved.

The City Council is the governing body (trustees) of the BMIA and the City is able to impose its will on the Authority through required approval of all debt obligations issued by this entity.

The City Council appoints the governing body (trustees) of the BETA. Two members of the City Council serve as trustees of the BETA.

As required by state law, all debt obligations incurred by the above trusts must be approved by two-thirds vote of the City Council. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trusts within the City's financial reporting entity. The public trusts do not issue separate annual financial statements.

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

- capital assets and the depreciation of those assets, where applicable
- long-term debt
- cash-based interfund receivables and payables
- other cash-based receivables/payables
- investments
- utility deposit liabilities

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

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

- General government: License and permits and inspection fees and capital grants
- Public safety: Fine revenue, fire runs and operating and capital grants
- Streets and highways: Gas excise, commercial vehicle taxes and impact fees and operating grants
- Culture and recreation: capital grants

Governmental Funds:

General Fund – The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Special Revenue Funds – are used to account for and report the proceeds of specific revenues sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Project Funds – are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**CITY OF BLANCHARD, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Proprietary Funds:

Enterprise Funds – are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Blanchard Municipal Improvement Authority (BMIA) enterprise fund. The BMIA fund accounts for activities of the public trust in providing water, wastewater, and sanitation services to the public.

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

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds.
- Capital Improvement Fund – accounts for sales tax restricted for capital improvement and capital improvement projects.
- TIF District Fund – accounts for revenues of ad valorem and sales and use tax increments generated in the increment district boundaries to be expended for the Blanchard Economic Development Project Plan. The TIF district will expire on December 31, 2032.

The governmental funds are reported on a modified cash basis of accounting and current financial resources measurement focus. Only current financial assets and liabilities resulting from cash transactions are included on the fund balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period. The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the economic resources measurement focus at the government-wide level.

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

Major Fund:

- Blanchard Municipal Improvement Authority – accounts for the operation of the water and wastewater services and the outsourcing of sanitation services.

Discretely-Presented Component Unit:

- Blanchard Economic Trust Authority – established to promote development of economic beneficial projects for the benefit of the City of Blanchard and its citizens. Generally it is funded through loans or transfers from the City or fees from revenue bond issues.

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities,

while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

All of the above noted funds are legally required to adopt annual budgets or appropriations. The public trusts are not required to adopt legal annual appropriations. While each trust develops an annual budget, it is for financial management purposes and does not constitute legal appropriations.

C. Cash, Cash Equivalents, and Investments

Cash and cash equivalents includes all demand and savings accounts, certificates of deposit, and any short-term investments with an original maturity of three months or less, and open-end government mutual funds. Investments consist of long-term certificates of deposits and are reported at cost.

For the purposes of the statements of net position, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts. Trust account investments in open-ended mutual fund shares are also considered cash equivalents for reporting purposes.

For the year ended June 30, 2021, the City recognized \$6,271 of investment income. Due to the minimal rates of return on allowable investments in the current environment, most of the City's deposits are in demand and short-term time deposits.

D. Capital Assets and Depreciation

Reported capital assets are limited to those acquired with cash and cash equivalents consistent with the modified cash basis of accounting. The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund type or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. In the government-wide and proprietary fund financial statements, property, plant and equipment are accounted for as capital assets, net of accumulated depreciation where applicable. In the governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures and not reported as capital assets.

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. A capitalization threshold of \$2,000 is used to report capital assets. Capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to July 1, 2003. Prior to July 1, 2003, governmental funds' infrastructure assets, such as streets, bridges, drainage systems, and traffic signal systems were not capitalized. Infrastructure assets acquired with cash since July 1, 2003 are recorded at cost. In-kind donations of capital assets are not recorded on the modified cash basis of accounting.

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

- Buildings 15-39 years
- Machinery, furniture and equipment 3-20 years

- Infrastructure 15-50 years

E. Long-Term Debt

Reported long-term debt is limited to debt arising from cash transactions consistent with the modified cash basis of accounting. Accounting treatment of long-term debt varies depending upon whether source of repayment is from governmental fund types or proprietary fund type resources and whether they are reported in the government-wide or fund financial statements. All long-term debt resulting from cash transactions to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

F. Compensated Absences

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid compensatory time that would be due employees upon termination is reported as a commitment in Note 11.

G. Fund Balances and Net Position

Fund Statements:

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

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

- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

Net Position:

Net position is displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

H. Internal and Interfund Balances and Transfers

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

I. Use of Estimates

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

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2. Deposits and Investments

For the year ended June 30, 2021, the City recognized \$24,493 of investment income. Due to the minimal rates of return on allowable investments in the current environment, most of the City's deposits are in demand and short-term time deposits.

At June 30, 2021, the primary government held the following deposits and investments:

Type	Credit Rating	Carrying Value
Deposits:		
Demand deposits		5,339,075
		5,339,075
Investments:		
BOK Short-Term Cash Fund	AAAm	1,198,113
		1,198,113
Total deposits and investments		\$ 6,537,188
 Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 4,851,229
Restricted cash and cash equivalents		1,685,959
		\$ 6,537,188

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

The City's accounts were fully collateralized at June 30, 2021.

Investment Interest Rate Risk - the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

As of June 30, 2021, no securities were held by the City.

Concentration of Investment Credit Risk - the City places no limit on the amount it may invest in any one issuer.

Restricted Cash and Investments – The amounts reported as restricted assets on the statement of net position are comprised of amounts restricted for utility deposits, special assessments, debt service, debt reserve, or construction purposes. The restricted assets as of June 30, 2021 are as follows:

	Current	
	Governmental	Business-type
Utility Deposits	-	158,683
Series 2007 Note Account	-	10,574
Series 2014 Construction Account	-	272,052
Series 2014 Interest Account	-	1,968
Series 2014 Principal Account	-	16,667
Series 2014A Construction Account	-	579,833
Series 2014A Interest Account	-	24,525
Series 2014A Principal Account	-	19,171
Series 2015 Interest Account	2,400	-
Series 2015 Principal Account	13,333	-
Series 2017 Interest Account	-	5,959
Series 2017 Principal Account	-	35,005
Series 2019 Interest Account	2,771	-
Series 2019 Principal Account	25,000	-
Series 2019 Proceeds Account	188,855	-
Quail Haven Special Assessment Account	-	12,682
Fox Run Special Assessment Account	43,725	-
Veterans Memorial Fund	134,602	-
Debt Service Sales Tax Account	-	138,154
Total	\$ 410,686	\$ 1,275,273

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3. Capital Assets and Depreciation

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

	Balance at July 1, 2020	Additions	Disposals	Balance at June 30, 2021
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 510,398	\$ 8,500	\$ -	\$ 518,898
Construction in progress	197,063	656,828	180,439	673,452
Total capital assets not being depreciated	<u>707,461</u>	<u>665,328</u>	<u>180,439</u>	<u>1,192,350</u>
Other capital assets:				
Buildings	4,089,004	14,669	-	4,103,673
Infrastructure	6,345,146	544,355	-	6,889,501
Machinery, furniture and equipment	2,532,084	14,721	-	2,546,805
Total other capital assets at historical cost	<u>12,966,234</u>	<u>573,745</u>	<u>-</u>	<u>13,539,979</u>
Less accumulated depreciation for:				
Buildings	1,298,112	146,844	-	1,444,956
Infrastructure	3,386,793	254,040	-	3,640,833
Machinery, furniture and equipment	1,676,492	168,175	-	1,844,667
Total accumulated depreciation	<u>6,361,397</u>	<u>569,059</u>	<u>-</u>	<u>6,930,456</u>
Other capital assets, net	<u>6,604,837</u>	<u>4,686</u>	<u>-</u>	<u>6,609,523</u>
Governmental activities capital assets, net	<u>\$ 7,312,298</u>	<u>\$ 670,014</u>	<u>\$ 180,439</u>	<u>\$ 7,801,873</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,529,232	\$ 343,349	\$ -	\$ 1,872,581
Construction in progress	209,457	-	170,087	39,370
Total capital assets not being depreciated	<u>1,738,689</u>	<u>343,349</u>	<u>170,087</u>	<u>1,911,951</u>
Other capital assets:				
Buildings	291,164	-	-	291,164
Machinery, furniture and equipment	312,456	28,664	-	341,120
Utility property	21,025,168	230,711	-	21,255,879
Total other capital assets at historical cost	<u>21,628,788</u>	<u>259,375</u>	<u>-</u>	<u>21,888,163</u>
Less accumulated depreciation for:				
Buildings	104,132	8,433	-	112,565
Machinery, furniture and equipment	174,832	23,840	-	198,672
Utility property improvements	6,909,253	707,433	-	7,616,686
Total accumulated depreciation	<u>7,188,217</u>	<u>739,706</u>	<u>-</u>	<u>7,927,923</u>
Other capital assets, net	<u>14,440,571</u>	<u>(480,331)</u>	<u>-</u>	<u>13,960,240</u>
Business-type activities capital assets, net	<u>\$ 16,179,260</u>	<u>\$ (136,982)</u>	<u>\$ 170,087</u>	<u>\$ 15,872,191</u>

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

Governmental Activities:

General government	\$ 86,884
Public safety	120,132
Culture, tourism, and recreation	66,195
Highways and streets	295,848
	<u>\$ 569,059</u>

Business-Type Activities:

Water	\$ 515,355
Sewer	224,351
	<u>\$ 739,706</u>

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The following capital assets were purchased by capital leases that were considered in-substance cash transactions. The table discloses the amount capitalized and the related depreciation expense through June 30, 2021.

Date	Capital Asset	Amount	Accumulated Depreciation
2/12/2019	3 Ford Utility Interceptors	\$ 41,492	\$ 25,251
4/23/2019	2 Chevrolet 1500 Silverado Pickups	28,698	15,578
2/27/2019	2 Ford Police Interceptors	39,653	24,166
4/23/2019	1 Chevrolet 1500 Silverado Pickup	14,913	7,789
10/30/2019	1 Ford F250 Pickup	18,233	2,293
3/13/2020	1 Ford F550 Pickup & 1 Ford F250 Pickup	52,992	13,177
9/17/2019	1 Ford F550 Pickup	26,468	10,420
		\$ 222,449	\$ 98,674

4. Long-Term Debt and Debt Service Requirements

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

Type of Debt	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due Within One Year
Governmental Activities:					
Capital lease payable	\$ 244,812	\$ -	\$ 55,509	\$ 189,303	\$ 60,188
Notes payable-direct borrowings/placements	2,410,836	-	293,900	2,116,936	350,850
Total Governmental Activities	\$ 2,655,648	\$ -	\$ 349,409	\$ 2,306,239	\$ 411,038
Business-Type Activities:					
Capital lease payable	\$ 42,147	\$ -	\$ 9,003	\$ 33,144	\$ 10,056
Notes payable-direct borrowings/placements	1,736,849	-	318,100	1,418,749	296,150
Bonds Payable	4,035,000	-	110,000	3,925,000	115,000
Total Business-Type Activities	\$ 5,813,996	\$ -	\$ 437,103	\$ 5,376,893	\$ 421,206
			Add: Unamortized bond discount	(38,355)	
				5,338,538	
Total Long-Term Debt				\$ 7,644,777	\$ 832,244

Reconciliation to Statement of Net Position:

Governmental Activities:

Due within one year	\$ 411,038
Due in more than one year	1,895,201
Total Governmental Activities Long-Term Liabilities	\$ 2,306,239

Business-Type Activities:

Due within one year	\$ 421,206
Due in more than one year	4,917,332
Total Business-Type Activities Long-Term Liabilities	\$ 5,338,538

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Governmental Activities:

At June 30, 2021, the governmental long-term debt of the financial reporting entity consisted of the following:

Capital Leases Payable:

\$73,140 lease obligation for the purchase of 3 Ford Utility Interceptors, payable in 60 monthly installments of \$1,313.87 with an annual interest rate of 2.95%, beginning March 12, 2019, final payment due February 12, 2024.	\$	41,492
\$48,464 lease obligation for the purchase of 2 Chevrolet 1500 Silverado pickups, payable in 60 monthly installments of \$870.73 with an annual interest rate of 2.95%, beginning May 23, 2019, final payment due April 23, 2024.		28,698
\$70,000 lease obligation for the purchase of 2 Ford Police Interceptors, payable in 60 monthly installments of \$1,257.47 with an annual interest rate of 2.95%, beginning March 27, 2019, final payment due February 27, 2024.		39,653
\$69,855 lease obligation for the purchase of 1 2020 Ford F550 pickup and 1 2020 Ford F250 pickup, payable in 60 monthly installments of \$1,248.76 with an annual interest rate of 2.75%, beginning April 13, 2020, final payment due March 13, 2025.		52,992
\$39,784 lease obligation for the purchase of 1 2019 Ford F550 pickup, payable in 60 monthly installments of \$711.16 with an annual interest rate of 2.75%, beginning October 17, 2019, final payment due September 17, 2024.		26,468
Total Capital Leases Payable	\$	<u>189,303</u>
Current portion	\$	60,188
Noncurrent portion		<u>129,115</u>
Total Capital Leases Payable	\$	<u>189,303</u>

Notes Payable-Direct Placement:

2014 Special Assessment District Note payable to First National Bank-Chickasha for street improvements in Fox Run I and Fox Run II additions dated May 29, 2014, original amount \$420,000 with a 3.25% interest rate, due in annual installments of principal and interest beginning May 29, 2015, final installment due May 29, 2024. The collateral for this note is a pledge of revenues. In the event of default, the lender may declare the entire principal amount of the Note and the accrued interest due and payable immediately.	\$	125,686
2015 Sales Tax Revenue Note payable to JP Morgan Chase Bank, N.A. dated November 10, 2015, original amount of \$1,010,000 with an annual interest rate of 2.25% due in semi-annual installments of principal and interest beginning May 1, 2016, final installment due November 1, 2025. Proceeds will be used to renovate the current and old city hall, remodel the senior center, and roof repairs for the library. The collateral for this note is a pledge of a 2 cent sales tax. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants of the Authority contained in this Note Indenture, the Sales Tax Agreement or the notes; requiring that the Sales Tax Revenue be deposited directly as received with the bank; 2) acceleration of the payment of principal of and interest accrued on all notes; 3) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the Note Indenture or the Sales Tax Agreement.		640,000

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2017 Sales Tax Revenue Note payable to First National Bank-Chickasha dated December 1, 2017, original amount of \$2,075,000 with an annual interest rate of 2.60% due in semi-annual installments of principal and interest beginning May 1, 2018, final installment due May 1, 2027. This Note refinanced the 2009 Sales Tax Revenue Note. Proceeds were used 39% for library and 61% for wastewater. Balance represents 39% of total ending balance. The collateral for this note is a pledge of a 2 cent sales tax. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants of the Authority contained in this Note Indenture, the Sales Tax Agreement or the notes; requiring that the Sales Tax Revenue be deposited directly as received with the bank; 2) acceleration of the payment of principal of and interest accrued on all notes; 3) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the Note Indenture or the Sales Tax Agreement.

536,250

2019 Sales Tax Revenue Note payable to JP Morgan Chase Bank, N.A. dated December 20, 2019, original amount of \$905,000 with an annual interest rate of 2.04% due in semi-annual installments of principal and interest beginning November 1, 2020, final installment due May 1, 2026. Proceeds were used to finance the construction of a new fire station. The collateral for this note is a pledge of a 2 cent sales tax. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants of the Authority contained in this Note Indenture, the Sales Tax Agreement or the notes; requiring that the Sales Tax Revenue be deposited directly as received with the bank; 2) acceleration of the payment of principal of and interest accrued on all notes; 3) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the Note Indenture or the Sales Tax Agreement.

815,000

	Total Notes Payable	\$ 2,116,936
	Current portion	\$ 350,850
	Noncurrent portion	1,766,086
	Total Notes Payable	\$ 2,116,936

Business-Type Activities:

Long-term commitments payable from net revenues generated by the utility resources or other resources pledged to the City's business-type activities at June 30, 2021, includes the following:

Capital Lease Payable:

\$24,232 lease obligation for the purchase of a Chevrolet 1500 Silverado pickup, payable in 60 monthly installments of \$435.37 with an annual interest rate of 2.95%, beginning May 23, 2019, final payment due April 23, 2024.

\$ 14,913

\$26,205 lease obligation for the purchase of a 2019 Ford F250 pickup, payable in 60 monthly installments of \$468.44 with an annual interest rate of 2.75%, beginning November 30, 2019, final payment due October 30, 2024.

18,231

	Total Capital Leases Payable	\$ 33,144
	Current portion	\$ 10,056
	Noncurrent portion	23,088
	Total Capital Leases Payable	\$ 33,144

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Notes Payable-Direct Placement:

2007 Sales Tax Revenue Note payable to Bank of Oklahoma (trustee) dated November 1, 2007, original amount \$650,000 with an annual interest rate of 3.823% due in semi-annual installments of principal and interest beginning May 1, 2008, final installment due November 1, 2022. The collateral for this note is a pledge of a 2 cent sales tax. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants of the Authority contained in this Note Indenture, the Sales Tax Agreement or the notes; requiring that the Sales Tax Revenue be deposited directly as received with the bank; 2) acceleration of the payment of principal of and interest accrued on all notes; 3) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the Note Indenture or the Sales Tax Agreement.

\$ 90,000

2014 Sales Tax Revenue Note payable to Branch Banking and Trust Company dated June 3, 2014, original amount \$1,135,000 with an annual interest rate of 2.41% due in semi-annual installments of principal and interest beginning November 1, 2014, final installment due November 1, 2024. Proceeds will be used to fund water systems telemetry and SCADA, wastewater lagoon irrigation system, screen for main sewer lift station, municipal building improvements and storm water drainage improvements. The collateral for this note is a pledge of a 2 cent sales tax. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants of the Authority contained in this Note Indenture, the Sales Tax Agreement or the notes; requiring that the Sales Tax Revenue be deposited directly as received with the bank; 2) acceleration of the payment of principal of and interest accrued on all notes; 3) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the Note Indenture or the Sales Tax Agreement.

490,000

2017 Sales Tax Revenue Note payable to First National Bank-Chickasha dated December 1, 2017, original amount of \$2,075,000 with an annual interest rate of 2.6% due in semi-annual installments of principal and interest beginning May 1, 2018, final installment due May 1, 2027. This Note refinanced the 2009 Sales Tax Revenue Note. Proceeds were used 39% for library and 61% for wastewater. Balance represents 61% of total ending balance. The collateral for this note is a pledge of a 2 cent sales tax. In the event of default, the lender may: 1) file suit for specific performance of any or all of the covenants of the Authority contained in this Note Indenture, the Sales Tax Agreement or the notes; requiring that the Sales Tax Revenue be deposited directly as received with the bank; 2) acceleration of the payment of principal of and interest accrued on all notes; 3) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the Note Indenture or the Sales Tax Agreement.

838,749

	\$ 1,418,749
Current portion	\$ 296,150
Noncurrent portion	1,122,599
Total Notes Payable	\$ 1,418,749

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Bonds Payable:

2014A Blanchard Municipal Improvement Authority Utility System and Sales Tax Revenue Bonds payable to Build America Mutual Assurance Company dated July 8, 2014, original amount \$4,620,000 with an annual interest rate between 2% and 4.125% due in annual installments between \$75,000 and \$250,000 beginning May 1, 2015, final installment due May 1, 2044, payable from and secured by a 1 cent sales tax. Proceeds will be used to construct and acquire improvements to the City's water distribution and storage system.

	\$ 3,925,000
Total bonds payable before bond discount	3,925,000
Bond discount	(38,355)
Total bonds payable	\$ 3,886,645

Current portion	\$ 115,000
Noncurrent portion	3,771,645
Total Bonds Payable	\$ 3,886,645

Payment Requirements to Maturity:

<u>Year Ending June 30,</u>	Governmental Activities			
	Capital Lease Obligations		Notes Payable-Direct Borrowings/Placements	
	Principal	Interest	Principal	Interest
2022	\$ 60,188	\$ 7,880	\$ 350,850	\$ 47,378
2023	61,968	6,198	387,800	38,999
2024	54,234	4,249	364,436	29,925
2025	12,913	140	414,700	21,117
2026	-	-	503,600	9,611
2027	-	-	95,550	1,876
Totals	\$ 189,303	\$ 18,467	\$ 2,116,936	\$ 148,906

<u>Year Ending June 30,</u>	Business Type Activities					
	Capital Lease Obligations		Notes Payable-Direct Borrowings/Placements		Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 10,056	\$ 4,034	\$ 296,150	\$ 35,049	\$ 115,000	\$ 147,134
2023	10,349	3,839	274,200	26,775	120,000	143,684
2024	10,145	2,937	312,250	19,640	120,000	140,084
2025	2,594	11	240,300	11,633	125,000	136,484
2026	-	-	146,400	6,741	130,000	132,734
2027-2031	-	-	149,449	2,934	705,000	599,657
2032-2036	-	-	-	-	855,000	460,751
2037-2041	-	-	-	-	1,035,000	278,581
2042-2044	-	-	-	-	720,000	60,222
Totals	\$ 33,144	\$ 10,821	\$ 1,418,749	\$ 102,772	\$ 3,925,000	\$ 2,099,331

Future Revenues

Sales Tax Pledge

The City has pledged two cents of the sales tax in the General Fund to repay \$650,000 of the 2007 Sales Tax Revenue Note, \$1,135,000 of the 2014 Sales Tax Revenue Note, \$1,010,000 of the 2015 Sales Tax Revenue Note, \$1,580,000 of the 2016 Utility System and Sales Tax Revenue Note, \$2,075,000 of the 2017 Sales Tax Revenue Note (refinanced 2009 Sales Tax Revenue Note), \$905,000 of the 2019 Sales Tax Revenue Note issued by the Blanchard Municipal Improvement Authority. The proceeds of these notes provided financing for the library construction, sewer lagoon land acquisition and improvements, renovation of the current and old city hall, remodeling of the senior center, roof repairs for the library, water system improvements, acquisition of an automated meter reading system, and building of a new fire station. The notes are payable from future sales tax revenue and are payable through 2022, 2024, 2025, 2026, 2027, and 2026, respectively. The total principal and interest payable for the remainder of the life of these notes is \$3,653,363. The City received \$1,638,202 in pledged sales taxes this fiscal year. Debt service payments of \$662,832 for the current fiscal year were 40% of the pledged sales taxes.

The City has pledged an additional one cent of the sales tax in the General Fund to repay \$4,620,000 of the Utility System and Sales Tax Revenue Bonds Series 2014A issued by the Blanchard Municipal Improvement Authority. The proceeds from the revenue bonds will provide financing for the construction and improvement of the City's water distribution and storage system. The bonds are payable from future sales tax revenue and are payable through 2044. The total principal and interest payable for the remainder of the life of these bonds is \$6,024,331. The City received \$819,101 in pledged sales taxes this fiscal year. Debt service payments of \$260,435 for the current fiscal year were 32% of the pledged sales taxes.

5. Sales Tax Revenue

Sales tax revenue represents a four cent tax on each dollar of taxable sales within the City. The four cents is received and recorded in the City's General Fund. The City has pledged three (3) cents of their four cent sales tax to secure debt service payments in the BMIA.

6. Property Tax Levy

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

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7. Schedule of Transfers Between Funds and Legal Entities

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

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
General Fund	Court	\$ 4,002	Court fine revenue
General Fund	TIF	10,578	Sales tax
TIF	General Fund	66,394	Vendor reimbursements
Total		<u>\$ 80,974</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Net Activity/ Internal Balances</u>
Governmental Funds	\$ 80,974	\$ (80,974)	\$ -
Total	<u>\$ 80,974</u>	<u>\$ (80,974)</u>	<u>\$ -</u>

Transfers between legal entities are comprised of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
BMIA	General Fund	\$ 97,440	Debt Service-2017 Sales Tax Revenue Note
BMIA	General Fund	127,999	Debt Service-2019 Sales Tax Revenue Note
BMIA	Capital Improvement	95,397	Debt Service - 2015 Sales Tax Revenue Note
General Fund	BMIA	16,630	2019 Sales Tax Revenue Note-Construction Account
General Fund	TIF	155,802	Sales Tax transfer
General Fund	Capital Improvement	2,000	Trustee Fees
BMIA	General Fund	1,438,765	Return Sales Tax
General Fund	BMIA	2,457,303	Sales Tax Transfer
Total		<u>\$ 4,391,336</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 1,917,403	\$ (2,629,735)	\$ (712,332)
Proprietary Funds	2,473,933	(1,770,101)	703,832
	<u>\$ 4,391,336</u>	<u>\$ (4,399,836)</u>	<u>\$ (8,500)</u>

Reconciliation to Statement of Activities:

Net transfers-governmental activities	(712,332)
Transfer of assets from business to governmental type	8,500
Transfers - internal activity	<u>(703,832)</u>

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8. Fund Balance and Net Position

The following tables show the fund balance classifications as shown on the Governmental Funds Balance Sheet and Proprietary Fund Statement of Net Position:

	General Fund	Capital Improvement Fund	TIF District Fund	Veterans Memorial Fund	Total
Fund Balances:					
Restricted for:					
Capital Improvements	\$ 1,985	\$ 117,442	\$ 329,840	\$ 134,602	\$ 583,869
Debt Service-Fox Run Assessment District	41,738	-	-	-	41,738
Total Restricted	<u>43,723</u>	<u>117,442</u>	<u>329,840</u>	<u>134,602</u>	<u>625,607</u>
Unassigned	<u>3,137,830</u>	-	-	-	<u>3,137,830</u>
Total Fund Balance	<u>\$ 3,181,553</u>	<u>\$ 117,442</u>	<u>\$ 329,840</u>	<u>\$ 134,602</u>	<u>\$ 3,763,437</u>

Enterprise Funds:

 Restricted for:

Debt Service	\$ 264,705
Total Enterprise Fund Restrictions	\$ 264,705

9. Risk Management

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

- General Liability, Fleet Coverage, and Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool.
- Workers' Compensation – Workers' compensation is covered through participation in Consolidated Benefits Resources.
- Employee's Group Health and Life – Covered through participation in commercial insurance-Blue Cross Blue Shield through OPEH&W.

The City's risk is transferred to the risk entity pool except for claim deductible amounts. The risk pool maintains deposits for claims reserves and other purposes for the benefit of the City. Management believes such insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City, and such claims have not exceeded the coverage over the past three fiscal years.

10. Pension Plan Participation

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

1. Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
2. Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
3. City of Blanchard/BMIA Retirement Plan (401a) (the “Plan”) – a deferred compensation plan
4. City of Blanchard Deferred Compensation Plan For Public Employees (457) (the “457”) – a defined contribution plan

OFPRS:

Plan Summary Information. The City of Blanchard, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter’s Pension and Retirement System (OFPRS). This plan covers all full-time and volunteer firemen except the fire chief. The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 49-100, the City must participate in the plan if they employ full-time or volunteer firefighters. The City has no responsibility or authority for the operation or administration of the pension program nor has it any related liability, except for the current contribution requirements.

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

Funding Policy. For volunteer firefighters, the City is required to contribute \$60 per year per volunteer, while there is no required contribution by the volunteer.

Schedule of Retirement Plan Contributions for Volunteer Firefighters

Fiscal Year	Required Contribution	Amount Contributed
June 30, 2019	\$ 1,560	\$ 1,560
June 30, 2020	\$ 1,200	\$ 1,200
June 30, 2021	\$ 1,560	\$ 1,560

The City participates in the OFPRS for all paid firefighters. OFPRS plan members are required to contribute 9% to the plan. The City is required by state law to contribute 14% per year of covered payroll per paid firefighter. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

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Schedule of Retirement Plan Contributions OFPRS Cost-Sharing Plan

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
June 30, 2019	\$ 13,460	\$ 13,460
June 30, 2020	\$ 13,890	\$ 13,890
June 30, 2021	\$ 13,908	\$ 13,908

OPPRS:

Plan Summary Information. The City of Blanchard, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Police Pension and Retirement System (OPPRS). The OPPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 50-102, the City must participate in the plan if they employ a certain number of fulltime police officers. The City has no responsibility or authority for the operation or administration of the pension program nor has it any related liability, except for the current contribution requirements.

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

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

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

Schedule of Retirement Plan Contributions OPPRS Cost-Sharing Plan

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
June 30, 2019	\$ 44,785	\$ 44,785
June 30, 2020	\$ 49,609	\$ 49,609
June 30, 2021	\$ 46,662	\$ 46,662

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City of Blanchard Deferred Compensation Plan (401a)

The City has provided effective July 1, 1998 a deferred compensation plan known as the City of Blanchard/BMIA Retirement Plan (401a) (the “Plan”). The Plan is administered by the City and the plan assets are supervised by Nationwide Retirement Solutions. The deferred compensation plan is available to all employees except those who qualify for a state pension plan. The City contributes 5% of all qualifying full-time employees’ gross salary to this plan every pay period. The authority to establish and amend the provisions of the Plan rests with the City Council.

Schedule of Retirement Plan Contributions – Deferred Compensation Plan

Fiscal Year	Employer Contribution
June 30, 2019	\$ 52,176
June 30, 2020	\$ 49,475
June 30, 2021	\$ 59,967

City of Blanchard Deferred Compensation Plan (457)

The City has provided effective January 23, 1990, a defined contribution plan known as the City of Blanchard Deferred Compensation Plan For Public Employees (457) (the “457”). The 457 is administered by the City and the plan assets are supervised by Nationwide Retirement Solutions. The defined contribution plan is available to all employees except those who qualify for a state pension plan. The City’s contribution is contingent on the employee’s participation. The city contributes 50% of the employees’ contribution up to \$25 per pay period. The authority to establish and amend the provisions of the 457 rests with the City Council.

Schedule of Retirement Plan Contributions – Defined Contribution Plan

Fiscal Year	Employer Contribution	Employee Contribution
June 30, 2019	\$ 5,165	\$ 15,870
June 30, 2020	\$ 3,865	\$ 12,005
June 30, 2021	\$ 3,900	\$ 11,110

11. Commitments and Contingencies

Compensated Absences:

As a result of the City’s use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and comp leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2021 is \$110,644 for governmental activities and \$28,330 for business-type activities.

Litigation:

The City and its public trusts are parties to various legal proceedings or have threatened litigation which normally occurs in the course of municipal governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State Constitution and statutes provide for the levy of an ad valorem tax over a three-year period by a Sinking Fund for the payment of any court assessed judgment rendered against the City. (This provision is not available to public trusts.) While the outcome of the above noted proceedings or threatened litigation cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Federal and State Award Programs:

The City of Blanchard 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. The City has not been notified of any noncompliance with federal or state award requirements.

12. Assessment District Revenue

Street Assessment District

On February 17, 2014, pursuant to the request of specific owners of specific tracts of property located in the Fox Run I and Fox Run II subdivisions, the City established the Fox Run I and Fox Run II Street Improvement District. Ordinance No. 597 established the assessment district and set forth the terms of the assessment necessary to repay the street improvement debt incurred by the BMIA on behalf of the Fox Run I and Fox Run II property owners. A note payable to First National Bank-Chickasha of \$420,000 payable in annual installments over ten years with an interest rate of 3.25%, was obtained to pay for the street improvement project.

Each tract owner was assessed their prorated share of the debt plus 5% interest payable in ten annual installments to be billed by the McClain County Treasurer. The assessment will be paid to the McClain County Treasurer and the Treasurer will remit the payments to the City, who then transfers the monies to the BMIA for its use in funding debt service on the note.

The assessment, as determined by the amortization schedule of the debt, is submitted to the McClain County Treasurer by the City no later than October 1 of each year. The County Treasurer, upon receipt of the certified assessment, levies the assessment on the Fox Run I and Fox Run II Street Improvement District tract owners by submitting a bill to each owner with a due date of December 31. The tract owners must pay within 15 days after the due date or the County charges them a penalty of 1.5% of the assessment per month. The County remits assessments and penalties to the BMIA. Early payoffs of assessment balances may be paid to the Finance Director at any time and shall include interest accrued on the deferred balance.

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Delinquent installment payments result in foreclosure on the tract or parcel of land and sold in the manner provided by law for the foreclosure of mortgages on land. Any real estate sold under any order judgment may be redeemed by the owner or his assignee at any time within one year of the date of sale by paying to the purchaser the amount paid with interest from the date of purchase at the rate of 12% per year.

13. Subsequent Events

The City received an ARPA Grant in FY22 for \$1,555,655. \$777,828 of this grant was received in FY22 and the remaining \$777,827 will be received in FY23. This grant will be used to fund water and sewer projects.

A CDBG Grant of \$250K was received in FY22. This grant plus a City match of \$250K will fund the City Water Line Replacement Project in downtown.

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SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedules (Modified Cash Basis) – General Fund – Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 4,198,870	\$ 4,804,496	\$ 4,922,353	\$ 117,857
Licenses and permits	109,049	128,322	130,651	2,329
Intergovernmental	77,600	907,705	824,114	(83,591)
Fees and fines	164,055	149,232	183,454	34,222
Investment earnings	5,700	3,341	3,732	391
Miscellaneous	57,690	142,140	187,995	45,855
Total revenues	<u>4,612,964</u>	<u>6,135,236</u>	<u>6,252,299</u>	<u>117,063</u>
EXPENDITURES				
Departmental:				
<i>General Government:</i>				
General government	1,326,704	1,489,839	1,131,035	358,804
Emergency management	-	997,724	994,114	3,610
Nutrition	94,572	90,728	83,658	7,070
Park department	273,440	246,205	226,777	19,428
Total General Government	<u>1,694,716</u>	<u>2,824,496</u>	<u>2,435,584</u>	<u>388,912</u>
<i>Public Safety:</i>				
Police	1,130,092	1,041,337	969,357	71,980
Fire	345,146	367,520	316,533	50,987
Total Public Safety	<u>1,475,238</u>	<u>1,408,857</u>	<u>1,285,890</u>	<u>122,967</u>
<i>Street:</i>				
Street	864,458	806,787	696,222	110,565
Total Street	<u>864,458</u>	<u>806,787</u>	<u>696,222</u>	<u>110,565</u>
Total Expenditures	<u>4,034,412</u>	<u>5,040,140</u>	<u>4,417,696</u>	<u>622,444</u>
Excess (deficiency) of revenues over expenditures	<u>578,552</u>	<u>1,095,096</u>	<u>1,834,603</u>	<u>739,507</u>
OTHER FINANCING SOURCES (USES)				
Transfers	(782,317)	(1,170,393)	(965,531)	204,862
Total other financing sources and uses	<u>(782,317)</u>	<u>(1,170,393)</u>	<u>(965,531)</u>	<u>204,862</u>
Net change in fund balances	(203,765)	(75,297)	869,072	944,369
Fund balances - beginning	2,015,901	2,015,901	3,235,152	1,219,251
Fund balances - ending	<u>\$ 1,812,136</u>	<u>\$ 1,940,604</u>	<u>\$ 4,104,224</u>	<u>\$ 2,163,620</u>

Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance

2017 Sales Tax Revenue Note	(97,440)
2019 Sales Tax Revenue Note	(777,708)
Fox Run Assessment District	(47,523)
Total Fund Balance-General Fund	<u>3,181,553</u>

Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements. For budgetary comparison purposes, the City considers all encumbrances to lapse at year-end; therefore encumbrances are not considered expenditures for budgetary comparison purposes. However, the City will re-appropriate these lapsed encumbrances in the subsequent year budget.

2. The legal level of appropriation control is the department level within a fund. Transfer appropriations require the City Manager's approval and supplemental appropriations require City Council's approval.

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Schedule of Expenditures of Federal and State Awards – For Year Ended June 30, 2021

<u>Federal/State Grantor/Pass through agency Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass Thru Number</u>	<u>Program or Award Amount</u>	<u>Contract Expenditures</u>
FEDERAL ASSISTANCE:				
<u>FEDERAL HIGHWAY ADMINISTRATION</u>				
Passed through Oklahoma Tourism and Recreation Department: Recreational Trails Program	20.219	NRT-2016(100)	\$ 160,000	\$ 8,550
<u>U.S. DEPARTMENT OF TREASURY:</u>				
Passed through Oklahoma Office of Management and Enterprise Service:	21.019	CARES Act	<u>686,554</u>	<u>686,554</u>
TOTAL FEDERAL AWARDS			<u>\$ 846,554</u>	<u>\$ 695,104</u>
STATE ASSISTANCE:				
<u>OKLAHOMA DEPARTMENT OF AGRICULTURE:</u>				
Rural Fire Grant	N/A	N/A	\$ 4,826	\$ 4,826
<u>OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY:</u>				
Collection Event Grant	N/A	N/A	23,215	23,215
<u>ASSOCIATION OF SOUTH CENTRAL OKLAHOMA GOVERNMENTS:</u>				
Community Expansion of Nutrition Assistance	N/A	CENA 2021	10,097	8,404
<u>THE OFFICE OF ATTORNEY GENERAL:</u>				
Safe Oklahoma Grant	N/A	OAG-2021	<u>20,000</u>	<u>19,438</u>
TOTAL STATE AWARDS			<u>\$ 58,138</u>	<u>\$ 55,883</u>

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

Note A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the City of Blanchard under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Blanchard, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Blanchard.

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ANNUAL FINANCIAL REPORT
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Note B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note C. Indirect Cost Rate

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

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Schedule of Cash Balances – For Year Ended June 30, 2021

Schedule of Cash Balances

Governmental Funds	<u>Total</u>	<u>General Fund</u>	<u>Fox Run</u>	<u>CIP</u>	<u>Tech</u>	<u>TIF</u>	<u>Veterans Memorial</u>	<u>Insurance</u>
Cash	\$ 1,484,678	\$ 437,123	\$ 43,725	\$ 1,916	\$ 41,959	\$ 385,656	\$ 134,602	\$ 439,697
Use Tax Reserve O&G	154,144	154,144						
Street & Alley Reserve	42,313	42,313						
Street & Alley	501,521	501,521						
Nutrition	6,823	6,823						
Emergency Management Reserve	484,113	484,113						
Reserve	94,944	94,944						
Reserve	905,639	905,639						
Reserve	50,102	50,102						
Court Bond	6,838	6,838						
Petty Cash	250	250						
Siren	32,971			32,971				
Park Dedication	10,133			10,133				
Impound	14,730				14,730			
Total	<u>3,789,199</u>	<u>\$ 2,683,810</u>	<u>\$ 43,725</u>	<u>\$ 45,020</u>	<u>\$ 56,689</u>	<u>\$ 385,656</u>	<u>\$ 134,602</u>	<u>\$ 439,697</u>
Trustee Accounts	232,359							
Insurance Fund Cash to Proprietary Funds	(55,870)							
Total Governmental Funds Cash	<u>\$ 3,965,688</u>							
Proprietary Funds	<u>Total</u>	<u>BMIA</u>	<u>Accrued Leave</u>	<u>Meter</u>	<u>Quail Haven</u>	<u>Debt Service</u>	<u>BETA</u>	
Cash	\$ 1,100,773	\$ 775,916	\$ 15,338	\$ 158,683	\$ 12,682	\$ 138,154	\$ 54,115	
Reserve	449,053	449,053						
Petty Cash	50	50						
Total	<u>1,549,876</u>	<u>\$ 1,225,019</u>	<u>\$ 15,338</u>	<u>\$ 158,683</u>	<u>\$ 12,682</u>	<u>\$ 138,154</u>	<u>\$ 54,115</u>	
Trustee Accounts	965,754							
Insurance Fund Cash from Governmental Funds	55,870							
Total Proprietary Funds Cash	<u>\$ 2,571,500</u>							

**CITY OF BLANCHARD, OKLAHOMA
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INTERNAL CONTROL AND COMPLIANCE INFORMATION



CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the City Council
City of Blanchard, Oklahoma

We have audited, 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, 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 Blanchard, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 29, 2021. The report was a special report on the City's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

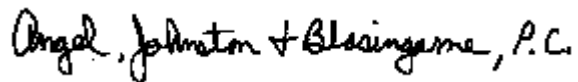
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies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

Compliance and Other Matters

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

Purpose of this Report

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



Chickasha, Oklahoma
December 29, 2021

**CITY OF BLANCHARD, OKLAHOMA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2021**

No reportable deficiencies of Internal Control, Compliance and Other Matters.

**CITY OF BLANCHARD, OKLAHOMA
Disposition of Prior Year Findings
Year Ended June 30, 2021**

Deficiencies of Internal Control, Compliance and Other Matters

There were no significant or material findings to report.