P.O. BOX 850 | COWETA, OKLAHOMA 74429 | PH. (918) 486-2189 | FAX (918) 486-5366 | www.cityofcoweta-ok.gov

AGENDA - REGULAR MEETING

COWETA INDUSTRIAL DEVELOPMENT AUTHORITY
COWETA CITY HALL, 310 S. BROADWAY
IMMEDIATELY FOLLOWING THE MEETING
OF THE COWETA PUBLIC WORKS AUTHORITY
MONDAY, JANUARY 3, 2022 6:00 P.M.

<u>MEETING PROCEDURE</u>: Comments on all scheduled agenda items will be heard immediately following the presentation by staff or the petitioner. Please wait until you are recognized by the Chairman and keep your comments as brief as possible. Individuals addressing the Trustees must identify themselves by name prior to making any comments. The Trustees will act on an agenda item after comments from staff and the Trustees have been heard.

I. CALL TO ORDER

II. ROLL CALL

EVETTE YOUNG ________
HAROLD CHANCE ________
NAOMI HOGUE ________
LOGAN BROWN ________
RANDY WOODWARD ________

III. CONSENT

(All matters under the "Consent Calendar" are considered by the Trustees to be routine and will be enacted by one motion. Any Trustee may, however, remove an item from consent by request.)

1. <u>FISCAL YEAR 2020-2021 AUDITED FINANCIAL REPORT AND OPERATING REPORT</u>

ACKNOWLEDGEMENT OF THE RECEIPT OF THE AUDITED FINANCIAL REPORT AND OPERATING REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021. (JULIE CASTEEN, ASSISTANT TRUST MANAGER)

Documents:

FY21 COC ANNUAL FINANCIAL AND OPERATING REPORT-MOBILE.PDF

2. <u>APPOINTMENT OF AUDITOR</u>

AFFIRMATION OF THE ACTIONS OF THE COWETA CITY COUNCIL REGARDING THE ENGAGEMENT OF ELFRINK & ASSOCIATES, PLLC TO PERFORM THE ANNUAL AUDIT OF THE COWETA INDUSTRIAL DEVELOPMENT AUTHORITY FOR THE FISCAL YEAR ENDING JUNE 30, 2021. (JULIE CASTEEN, ASSISTANT TRUST MANAGER)

Documents:

FY22 COWETA ENGAGEMENT LETTER.PDF

3. MINUTES OF THE REGULAR MEETING

APPROVAL OF THE MINUTES OF THE COWETA INDUSTRIAL DEVELOPMENT AUTHORITY REGULAR MEETING HELD ON OCTOBER 4, 2021. (JULIE CASTEEN, ASSISTANT TRUST MANAGER)

Documents:

211004 MINUTES OF CIDA.PDF

IV. NEW BUSINESS

(Business which was not foreseen prior to the posting of the agenda.)

V. ADJOURNMENT

IF YOU REQUIRE SPECIAL ACCOMMODATIONS PURSUANT TO THE AMERICANS WITH DISABILITIES ACT, PLEASE CONTACT CITY HALL BY 9:00 A.M. THE DAY OF THE MEETING.

City of Coweta, Oklahoma

Annual Financial Report and Operating Report

Annual Financial Statements and Independent Auditor's Reports

As of and For the Fiscal Year Ended

June 30, 2021

CITY OF Coweta

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CITY OF COWETA, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

CONTENTS

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CONTENTS

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Evette Young, Mayor – **Ward 2**
Harold Chance, Vice-Mayor– Ward 3
Logan Brown, Councilmember – Ward 4
Naomi Hogue, Councilmember – Ward 1
Randy Woodward, Councilmember – At Large

City Manager
Roger G. Kolman

Prepared by
Julie A. Casteen
Assistant City Manager

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Coweta, Oklahoma

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

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

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Tulsa, OK, 74137
Members of the AICPA, OSCPA and GAQC
539-664-4662
anne.elfrink@CPA.com
Government Accounting and Auditing

Other Matters

Required Supplementary Information

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

Other Supplemental Information

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

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

The introductory section and Fiscal Year 2021 Operating Report have not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 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 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.

Elfrink and Associates, PLLC

Elfrink and Associates, PLLC

Tulsa, Oklahoma
December 17, 2021

As management of the City of Coweta, we offer readers this narrative overview and analysis of the financial activities of the City of Coweta for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information contained in the accompanying financial statements and supplementary information.

Using the Financial Statement in this Annual Report

This annual report consists of a series of financial statements. The financial statements presented herein include all the activities of the City of Coweta (the "City"), the Coweta Public Works Authority ("PWA") and the Coweta Industrial Development Authority ("CIDA"). The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole, including the PWA and CIDA component units, and present a longer-term view of the City's finances. Included in this report are government-wide statements for each of the two categories of activities – governmental and business-type.

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

Reporting the City as a Whole – Statements of Net Position and Activities

This discussion and analysis is intended to serve as an introduction to the City of Coweta's basic financial statements. 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 questions. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in net position from the prior year. The City's net position – the difference between assets, deferred outflows, liabilities, and deferred inflows – is one way to measure the City's financial condition or position. Over time, increases or decreases in the City's net position are indicators of whether its financial health is improving or deteriorating. However, other non-financial factors must be considered, such as changes in the City's sales tax base and the condition of the City's roads, to assess the overall health of the City.

As mentioned above, in the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental Activities – Most of the City's basic services are reported here, including the police, fire, administration, community development, streets, library and parks. Sales and other taxes, license and permit fees, franchise fees, fines, grants, and reimbursements finance most of these activities.

Business-type Activities – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, sewer, ambulance service and solid waste fees are reported here, along with loan and bond proceeds. In addition, the economic development initiatives of the Coweta Industrial Development Authority (CIDA) are reported in the business-type activities.

Reporting the City's Funds – Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Coweta, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by State law and by bond covenants. However, management establishes other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City of Coweta can be divided into two categories: governmental funds and proprietary funds.

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at the year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-wide financial statements are explained in the reconciliation following each Governmental Fund financial statement.

The General Fund's fund balance increased from fiscal year 2020 by $2,265,300, compared to an increase of $1,672,500 in fiscal year 2020. This change is largely attributed to significant increases in sales and use tax collections resulting from strong grocery sales and online purchases due, in part, to changes in consumer spending habits during the COVID-19 pandemic.

Under the terms of the PWA's 2016 revenue bonds indenture, the General Fund transfers the City's sales tax revenues to the PWA. In fiscal year 2021, the General Fund made a transfer of $4.8 million to the PWA to satisfy the requirements of the bond indenture. However, the PWA returned the full amount of the sales tax pledge transfer back to the General Fund, with no reliance upon the General Fund for debt service in fiscal year 2021.

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

The net position of the PWA increased from fiscal year 2020 by $913,100, compared to an increase of $800,991 in fiscal year 2020, not considering a prior period adjustment. The change from fiscal year 2020 is mostly attributable to a 10.4% increase in operating revenues from utilities and ambulance services, while operating expenses increased by 5% over the prior fiscal year.

The net position of the CIDA decreased from fiscal year 2020 by $16,800 due to loss on the disposal of the Mission Bell Museum.

The City as a Whole

For the year ended June 30, 2021, the net position for the governmental activities and business-type activities changed as follows:

The City of Coweta's Change in Net Position (expressed in $ 000's)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current assets	$ 12,846	$ 10,246	$ 5,474	$ 4,305	$ 18,320	$ 14,551
Non-current assets	1,342	1,353	1,305	1,301	2,647	2,654
Capital assets	11,912	11,709	26,799	27,560	38,711	39,269
Total Assets	26,100	23,308	33,578	33,166	59,678	56,474
DEFERRED OUTFLOW OF RESOURCES						
Pension related	1,356	1,067	1,758	1,591	3,114	2,658
Total Deferred Outflows	1,356	1,067	1,758	1,591	3,114	2,658
LIABILITIES						
Current liabilities	275	274	1,537	1,574	1,812	1,848
Non-current liabilities	2,894	1,940	25,859	25,895	28,753	27,835
Total Liabilities	3,169	2,214	27,396	27,469	30,565	29,683
DEFERRED INFLOW OF RESOURCES						
Pension related	381	587	311	554	692	1,141
Total Deferred Inflows	381	587	311	554	692	1,141
NET POSITION						
Net investment in capital assets	11,792	11,709	4,235	4,293	16,027	16,002
Restricted	1,176	1,057	1,086	1,083	2,262	2,140
Unrestricted	10,938	8,808	2,309	1,358	13,247	10,166
Total Net Position	$ 23,906	$ 21,574	$ 7,630	$ 6,734	$ 31,536	$ 28,308

The City's combined net position increased from $28.3 million to $31.5 million between fiscal years 2020 and 2021, with an increase of 10.8% in net position for governmental activities and an increase of 13.3% in net position for business-type activities. Overall, the combined net position for both governmental and business-type activities increased by 11.4% for fiscal year 2021, and the City is able to report a positive balance in net position, as well as a 30.3% increase in combined unrestricted net position.

The largest portion of the City's net position reflects its investments in capital assets, less any related debt used to acquire those assets to provide services to citizens. Capital assets are items such as land, buildings, machinery and equipment, and infrastructure, which includes streets, water and sewer lines, as well as storm water facilities. These assets are not available for future spending. Although the City's investment in 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.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

Governmental Activities

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

Sales and use tax revenues increased by $708,600, or 15.2% over fiscal year 2020 due to substantial increases in grocery sales and purchases from online retailers, in part due to changes in consumer behavior during the COVID-19 pandemic. In addition, gross receipts tax revenues increased by $357,900, or 26.3% over fiscal year 2020 due to higher natural gas prices. Total expenses for governmental activities increased by $409,200, or 7.1% compared to fiscal year 2020, due to increases in public safety pension liabilities, and the recognition of a capital lease for public safety dispatching equipment.

Governmental activities increased the City's net position by $2.3 million in fiscal year 2021. The details of the increase are summarized on the following page.

The City of Coweta's Statement of Activities (expressed in $ 000's)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program Revenues:						
Charges for services	$ 658	$ 658	$ 5,098	$ 4,555	$ 5,756	$ 5,213
Operating and capital grants and contributions	1,250	615	345	557	1,595	1,172
General Revenues:						
Sales and use taxes	5,378	4,670	-	-	5,378	4,670
Other taxes	2,594	2,166	-	-	2,594	2,166
Other general revenue	116	147	72	108	188	255
Total Revenues	9,996	8,256	5,515	5,220	15,511	13,476
EXPENSES						
General Government	1,168	1,188	630	593	1,798	1,781
Public Safety and Judiciary	3,841	3,444	-	-	3,841	3,444
Public Works	834	785	-	-	834	785
Cultural, parks and recreation	359	377	-	-	359	377
Water Service	-	-	1,440	1,433	1,440	1,433
Sewer Service	-	-	482	579	482	579
Solid Waste	-	-	579	577	579	577
Ambulance	-	-	1,586	1,288	1,586	1,288
Economic development	-	-	83	137	83	137
Non-Departmental	-	-	350	362	350	362
Interest on long-term debt	-	-	808	1,047	808	1,047
Loss on disposal of assets	49	-	73	-	122	-
Total Expenses	6,251	5,794	6,031	6,016	12,282	11,810
Increase (decrease) in net position before transfers	3,745	2,462	(516)	(796)	3,229	1,666
Transfers	(1,413)	(1,729)	1,413	1,729	-	-
Increases (decreases) in net position	2,332	733	897	933	3,229	1,666
Net position - beginning of year	21,574	20,841	6,734	5,801	28,308	26,642
Net position - end of year	$ 23,906	$ 21,574	$ 7,631	$ 6,734	$ 31,537	$ 28,308

Business-type Activities

Revenues from charges for services in fiscal year 2021 increased over prior year revenues by approximately $543,000, or 11.9%. An operating profit of $359,200 was recorded in fiscal year 2021, compared with a profit of $22,400 in fiscal year 2020. Strong gains in ambulance revenues contributed to this increase.

General Fund Budgetary Highlights

Fiscal year 2021 actual revenues exceeded budget by $1,673,550, or 15.8%, with use tax receipts exceeding budget by 99.4%, building permits exceeding budget by 78.8% and intergovernmental revenues exceeding budget by 7.9%. In addition, actual Transfers-In exceeded budget by $1,162,114 due to the return to the General Fund of sales tax revenues transferred to the Coweta Public Works

Authority as a pledge for debt service. Actual charges to appropriations were under final appropriations by $698,595, or 6.5% under budget, partly due to vacant positions.

Capital Asset & Debt Administration

The following is a summary of changes in capital assets and debt administration for fiscal year 2021. More detailed information on capital asset activity and long-term debt activity is contained in the accompanying notes to the financial statements on pages 33 to 34; and, pages 37 to 39, respectively.

Capital Assets

At the end of June 30, 2021, the City had $38.7 million invested in net capital assets including vehicles, police and fire equipment, buildings, park facilities, water and sewer lines and roads.

The City of Coweta's Capital Assets (expressed in $ 000's)

	Governmental Activities		Business-type Activities		Total	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Land	$ 2,329	$ 2,329	$ 330	$ 340	$ 2,659	$ 2,669
Construction-in-progress	126	202	147	643	273	845
Other non-depreciable assets	-	-	1,935	2,020	1,935	2,020
Intangibles	25	25	85	-	110	25
Buildings & Improvements	3,161	3,123	881	1,000	4,042	4,123
Furniture & Equipment	2,565	2,460	1,342	693	3,907	3,153
Vehicles	997	1,043	1,022	1,145	2,019	2,188
Infrastructure	9,092	8,422	37,052	37,052	46,144	45,474
	18,295	17,604	42,794	42,893	61,089	60,497
Less: Depreciation	(6,385)	(5,895)	(15,994)	(15,333)	(22,379)	(21,228)
Totals	$ 11,910	$ 11,709	$ 26,800	$ 27,560	$ 38,710	$ 39,269

Debt Administration

At the end of fiscal year 2021, the City had $22.7 million in outstanding long-term debt with debt service secured by sales tax transfers from the General Fund as well as pledged revenues generated by business-type activities of the City. These debts are further detailed in the following table.

	Governmental Activities		Business-type Activities		Total	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Revenue bonds payable	$ -	$ -	$ 22,185,000	$ 22,995,000	$ 22,185,000	$ 22,995,000
Notes payable	-	-	379,830	271,400	379,830	271,400
Leases payable	119,615	-	-	-	119,615	-
Totals	$ 119,615	$ -	$ 22,564,830	$ 23,266,400	$ 22,684,445	$ 23,266,400

See Note 3(H) for additional information about debt activity.

Economic Factors and Next Year's Budget

Due to continued uncertainty surrounding the global COVID-19 pandemic, the City took a conservative approach and projected a 23.6% decrease in sales and use tax collections for fiscal year 2022, with the assumption that spending habits would begin to normalize and return to pre-pandemic levels. Projected expenditures were then balanced against those estimates, including funding a $1.08 million reserve.

The fiscal year 2022 expenditure budget includes increases in salaries and wages for all represented employees according to the terms of their respective labor agreements, with a 3% increase budgeted for non-represented employees. Capital projects totaling $1.6 million are underway, funded by grants and gross receipts taxes.

The City of Coweta is located in the Tulsa Metropolitan Statistical Area (MSA), which has seen a 7% increase in population over the last ten years. The economy in the MSA is driven by the manufacturing, oil and gas extraction, agriculture and transportation sectors, all of which are human capital intensive. As a result, the Tulsa suburbs, including Coweta, are benefiting from the strong economy in the MSA through residential growth. Coweta currently has approximately 1,500 new single-family residential homes under development. Most of those properties are in the northern portion of the City adjacent to the Coweta's main commercial area. This residential growth will help grow the City's sales tax collections, the most significant source of revenue for Oklahoma municipalities. Future residential growth is expected to move south along Highway 51 toward the Muskogee Turnpike which connects to the MSA, allowing convenient access for Coweta residents in their commutes to and from the employment centers to the north.

As generally expected, residential rooftops have been followed by commercial growth to serve those rooftops. Coweta's main commercial area, anchored by a Walmart Supercenter, consists of approximately 40 acres of available space that is actively being marketed for additional retail and commercial development. Further to the south, Coweta's traditional downtown, the "Broadway District", has seen a resurgence over the last few years. New restaurants and professional offices have located in the Broadway District, helping to drive traffic to the existing retail spaces. Both commercial areas are expected to continue to benefit from the residential growth in the community.

Contacting the City's Financial Management

This report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Assistant City Manager, PO Box 850, Coweta, OK 74429.

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BASIC FINANCIAL STATEMENTS

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CITY OF COWETA
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 9,585,782	$ 4,543,136	$ 14,128,918
Restricted cash and cash equivalents	958,171	107,984	1,066,155
Accounts receivable, net	273,580	821,164	1,094,744
Taxes receivable	456,674	-	456,674
Due from other governments	997,181	-	997,181
Prepaid expenses	1,906	-	1,906
Advance to other funds	574,366	-	574,366
Internal balances	(1,548)	1,548	-
Total current assets	12,846,112	5,473,832	18,319,944
Non-current assets			
Investments, unrestricted	1,342,082	93,799	1,435,881
Investments, restricted	-	1,211,651	1,211,651
Capital assets, non-depreciable	2,455,571	2,411,293	4,866,864
Other capital assets, net	9,456,014	24,388,202	33,844,216
Total non-current assets	13,253,667	28,104,945	41,358,612
Total assets	26,099,779	33,578,777	59,678,556
DEFERRED OUTFLOW OF RESOURCES			
Related to pensions	1,355,853	909,615	2,265,468
Unamortized asset retirement obligation	-	848,613	848,613
Total deferred outflows of resources	1,355,853	1,758,228	3,114,081
LIABILITIES			
Current liabilities:			
Accounts payable	45,365	44,194	89,559
Accrued payroll	92,830	58,318	151,148
Accrued interest payable	2,348	330,992	333,340
Accrued compensated absences	102,394	45,316	147,710
Deposits subject to refund	-	233,050	233,050
Leases payable	21,043	-	21,043
Notes payable	-		-
Current portion of long-term obligations	-	825,000	825,000
Amounts held in escrow	11,506	-	11,506
Total current liabilities	275,486	1,536,870	1,812,356
Non-current liabilities:			
Net pension liability	2,795,207	2,598,542	5,393,749
Asset retirement obligation	-	945,900	945,900
Advance from other funds	-	574,366	574,366
Leases payable	98,572	-	98,572
Noncurrent portion of long-term obligations	-	21,739,830	21,739,830
Total non-current liabilities	2,893,779	25,858,638	28,752,417
Total liabilities	3,169,265	27,395,508	30,564,773
DEFERRED INFLOW OF RESOURCES			
Related to employee pension plans	380,669	310,872	691,541
Total deferred inflows of resources	380,669	310,872	691,541
NET POSITION			
Net investment in capital assets	11,791,970	4,234,665	16,026,635
Restricted by:			
Enabling legislation	1,176,110	-	1,176,110
External contracts	-	1,086,586	1,086,586
Unrestricted	10,937,618	2,309,374	13,246,992
Total net position	$ 23,905,698	$ 7,630,625	$ 31,536,323

The accompanying notes are an integral part of the basic financial statements.

CITY OF COWETA
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
Governmental activities:					
General government:					
General government	$ 793,059	$ 32,830	$ 570,713	$ 22,702	$ (166,814)
Code and planning	375,385	120,005	-	-	(255,380)
Total general government	1,168,444	152,835	570,713	22,702	(422,194)
Public safety and judiciary:					
Municipal court	130,075	227,696	-	-	97,621
Fire and Emergency Management	1,525,768	172,622	248,451	-	(1,104,695)
Police and Animal Control	2,185,359	17,106	97,401	-	(2,070,852)
Total public safety and judiciary	3,841,202	417,424	345,852	-	(3,077,926)
Public Works:					
Cemetery	105,182	86,700	-	-	(18,482)
Streets	728,961	-	7,607	303,064	(418,290)
Total public works	834,143	86,700	7,607	303,064	(436,772)
Cultural, parks and recreation:					
Library	238,375	798	-	-	(237,577)
Parks and arts & humanities	120,866	-	-	-	(120,866)
Total cultural, parks and recreatio	359,241	798	-	-	(358,443)
Total governmental activities	6,203,030	657,757	924,172	325,766	(4,295,335)
Business-type activities:					
Administration	274,113	-	-	-	(274,113)
Finance	357,141	-	-	-	(357,141)
Water operations	1,439,622	1,971,281	-	-	531,659
Sewer operations	481,656	1,173,004	-	-	691,348
Solid waste operations	578,977	924,438	-	-	345,461
Ambulance service	1,586,075	1,029,390	345,205	-	(211,480)
Economic development	83,121	-	-	-	(83,121)
Non-Departmental	350,019	-	-	-	(350,019)
Financing costs	808,025	-	-	-	(808,025)
Total business-type activities	5,958,749	5,098,113	345,205	-	(515,431)
Total Primary Government	$ 12,161,779	$ 5,755,870	$ 1,269,377	$ 325,766	$ (4,810,766)

(continued next page.)

The accompanying notes are an integral part of the basic financial statements.

CITY OF COWETA
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION (continued)
For the Year Ended June 30, 2021

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue	$ (4,295,335)	$ (515,431)	$ (4,810,766)
General revenues:			
Taxes:			
Sales and use taxes	5,378,353	-	5,378,353
Gross receipts tax	1,716,712	-	1,716,712
Hotel/motel tax	34,877	-	34,877
Intergovernmental	575,835	-	575,835
Franchise taxes	266,352	-	266,352
Investment earnings	32,816	5,653	38,469
Miscellaneous/Other Fees	83,082	66,577	149,659
Gain (loss) on disposal of assets	(48,547)	(73,452)	(121,999)
Transfers - internal activities	(1,412,888)	1,412,888	-
Total general revenues and transfers	6,626,592	1,411,666	8,038,258
Change in net position	2,331,257	896,235	3,227,492
Net position - beginning of year	21,574,441	6,734,390	28,308,831
Net position - end of year	$ 23,905,698	$ 7,630,625	$ 31,536,323

The accompanying notes are an integral part of the basic financial statements.

CITY OF COWETA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 5,734,629	$ 3,328,622	$ 522,531	$ 9,585,782
Investments	749,516	530,033	62,533	1,342,082
Due from other governments	766,001	-	231,180	997,181
Due from other funds	337	-	-	337
Advances to other funds	-	574,366	-	574,366
Prepaid items	1,906	-	-	1,906
Taxes receivable	-	456,674	-	456,674
Accounts receivable, net	268,348	-	5,232	273,580
Restricted assets:				
Cash and cash equivalents	11,506	-	946,665	958,171
Total assets	$ 7,532,243	$ 4,889,695	$ 1,768,141	$ 14,190,079
Liabilities and Fund Balances:				
Liabilities				
Accounts payable	$ 29,657	$ -	$ 15,708	$ 45,365
Compensated absences	102,394	-	-	102,394
Other accrued expenses	92,830	-	-	92,830
Due to other funds	-	-	1,885	1,885
Amounts held in escrow	11,506	-	-	11,506
Total liabilities	236,387	-	17,593	253,980
Fund balances				
Nonspendable				
Long-term interfund advances	-	574,366	-	574,366
Prepaid items	1,906	-	-	1,906
Restricted	-	-	1,176,110	1,176,110
Unrestricted:				
Committed	19,669	-	-	19,669
Assigned	-	4,315,329	574,438	4,889,767
Unassigned	7,274,281	-	-	7,274,281
Total fund balances	7,295,856	4,889,695	1,750,548	13,936,099
Total liabilities and fund balance	$ 7,532,243	$ 4,889,695	$ 1,768,141	$ 14,190,079

The accompanying notes are an integral part of the basic financial statements.

CITY OF COWETA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
June 30, 2021

Total Fund Balance, Governmental Funds		$	13,936,099
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets of $18,296,888, net of accumlated depreciation of $6,385,303, used in governmental activities are not current financial resources and, therefore, are not reported in the fund statements.			11,911,585
Land	2,329,311		
Intangibles	24,855		
Construction in Progress	126,261		
Buildings & Improvements	3,161,420		
Vehicles	997,405		
Equipment	2,565,302		
Infrastructure	9,092,334		
Accumulated Depreciation	(6,385,303)		
Amounts related to pensions are applicable to future periods, and, therefore, are not reported in the funds			
Pension related deferred outflows of resources			1,355,853
Net pension liability			(2,795,207)
Pension related deferred inflows of resources			(380,669)
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.			
Leases payable			(119,615)
Accrued interest payable			(2,348)
Total Net Position - Governmental Activities		$	23,905,698

The accompanying notes are an integral part of the basic financial statements.

CITY OF COWETA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 5,413,230	$ 1,716,712	$ -	$ 7,129,942
Intergovernmental programs	1,076,965	22,702	383,069	1,482,736
Licenses and permits	136,806	-	-	136,806
Charges for services	39,084	-	254,170	293,254
Franchise fees	266,352	-	-	266,352
Fines and forfeits	227,696	-	-	227,696
Interest income	17,341	14,033	1,443	32,817
Miscellaneous	77,732	-	5,349	83,081
Total revenues	7,255,206	1,753,447	644,031	9,652,684
Expenditures:				
General government	1,042,767	15,000	15,362	1,073,129
Public safety	3,114,896	-	142,909	3,257,805
Highways and roads	419,408	-	103,767	523,175
Cultural and recreational	284,104	-	25,629	309,733
Debt Service				
Principal	-	-	23,604	23,604
Interest expense	-	-	-	-
Capital outlay	19,563	617,636	143,219	780,418
Total expenditures	4,880,738	632,636	454,490	5,967,864
Excess (deficiency) of revenues over expenditures	2,374,468	1,120,811	189,541	3,684,820
Other financing sources (uses):				
Transfers in	5,279,921	570,713	-	5,850,634
Transfers out	(5,414,603)	(1,479,300)	(183,675)	(7,077,578)
Capital lease proceeds	-	-	143,219	143,219
Sale of Capital Assets	25,556	-	-	25,556
Total other financing sources (uses)	(109,126)	(908,587)	(40,456)	(1,058,169)
Net change in fund balances	2,265,342	212,224	149,085	2,626,651
Fund balances - beginning of year	5,030,514	4,677,471	1,601,463	11,309,448
Fund balance - end of year	$ 7,295,856	$ 4,889,695	$ 1,750,548	$ 13,936,099

The accompanying notes are an integral part of the basic financial statements.

CITY OF COWETA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds	$	2,626,651
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets		
Capital asset purchases capitalized		780,419
Depreciation expense		(621,195)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Capital assets donated		303,064
Book value of capital assets transferred to other component units		(185,944)
Book value of capital assets disposed or sold		(74,103)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense		
State of Oklahoma on-behalf pension contributions		309,106
Net pension expense - Police		(218,929)
Net pension expense - Fire		(465,849)
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:		
Capital lease obligation proceeds		(143,219)
Capital lease obligation principal payments		23,604
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Changes in accrued interest		(2,348)
Change in Net Position of Governmental Activities	$	2,331,257

The accompanying notes are an integral part of the basic financial statements.

CITY OF COWETA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Enterprise Funds		
	Public Works Authority	**Industrial Development Authority**	**Total Enterprise Funds**
ASSETS			
Current assets:			
Cash and equivalents	$ 4,381,948	$ 161,188	$ 4,543,136
Restricted cash and equivalents	107,984	-	107,984
Accounts receivable, net	821,164	-	821,164
Due from other governments	-	-	-
Due from other funds	1,885	-	1,885
Total current assets	5,312,981	161,188	5,474,169
Non-current Assets:			
Investments, unrestricted	93,799	-	93,799
Restricted investments	1,211,651	-	1,211,651
Capital assets:			
Non-depreciable assets	2,411,293	-	2,411,293
Other assets, net of depreciation	24,388,202	-	24,388,202
Total non-current assets	28,104,945	-	28,104,945
Total assets	33,417,926	161,188	33,579,114
DEFERRED OUTFLOW OF RESOURCES			
Deferred amounts related to pensions	909,615	-	909,615
Unamortized asset retirement obligation	848,613	-	848,613
Total deferred outflows	1,758,228	-	1,758,228
LIABILITIES			
Current liabilities:			
Accounts payable	44,064	130	44,194
Accrued payroll	58,318	-	58,318
Accrued interest payable	330,992	-	330,992
Accrued compensated absences	45,316	-	45,316
Due to other funds	337	-	337
Deposits subject to refund	233,050	-	233,050
Revenue bonds payable	825,000	-	825,000
Total current liabilities	1,537,077	130	1,537,207
Non-current liabilities:			
Net pension liability	2,598,542	-	2,598,542
Asset retirement obligation	945,900	-	945,900
Advance from other funds	574,366	-	574,366
Notes Payable	379,830	-	379,830
Revenue bonds payable	21,360,000	-	21,360,000
Total non-current liabilities	25,858,638	-	25,858,638
Total liabilities	27,395,715	130	27,395,845
DEFERRED INFLOW OF RESOURCES			
Deferred amounts related to pensions	310,872	-	310,872
Net position:			
Net investment in capital assets	4,234,665	-	4,234,665
Restricted for:		-	-
Debt Service	1,086,586	-	1,086,586
Unrestricted	2,148,316	161,058	2,309,374
Net position	$ 7,469,567	$ 161,058	$ 7,630,625

The accompanying notes are an integral part of the basic financial statements.

CITY OF COWETA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2021

	Enterprise Funds		
	Public Works Authority	**Industrial Development Authority**	**Total Enterprise Funds**
Operating Revenues:			
Water revenue	$ 1,971,281	$ -	$ 1,971,281
Sewer revenue	1,173,004	-	1,173,004
Solid waste revenue	924,438	-	924,438
Ambulance revenue	1,029,390	-	1,029,390
Operating grants	345,205	-	345,205
Miscellaneous charges	66,577	-	66,577
Total revenues	5,509,895	-	5,509,895
Operations expense:			
General administrative	273,330	-	273,330
Finance	357,141	-	357,141
Water operations	774,334	-	774,334
Sewer operations	228,337	-	228,337
Solid waste operations	543,397	-	543,397
Ambulance service	1,576,528	-	1,576,528
Economic development	-	83,121	83,121
Non-departmental	343,622	-	343,622
Depreciation	970,231	683	970,914
Total operations expense	5,066,920	83,804	5,150,724
Operating income (loss)	442,975	(83,804)	359,171
Non-operating revenues (expenses):			
Interest revenue	5,535	118	5,653
Interest expense and fiscal agent fees	(808,025)	-	(808,025)
Other finances sources (uses)	-	-	-
Donations/grants	185,944	-	185,944
Gain (loss) on disposal of assets	(7,456)	(65,996)	(73,452)
Total Non-operating revenues (expenses)	(624,002)	(65,878)	(689,880)
Income (loss) before operating transfers	(181,027)	(149,682)	(330,709)
Transfers in	5,880,146	132,844	6,012,990
Transfers out	(4,786,046)	-	(4,786,046)
Change in net position	913,073	(16,838)	896,235
Total Net position, beginning	6,556,494	177,896	6,734,390
Total Net position, ending	$ 7,469,567	$ 161,058	$ 7,630,625

The accompanying notes are an integral part of the basic financial statements.

CITY OF COWETA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2021

	Enterprise Funds		
	Public Works Authority	Industrial Development Authority	Total Enterprise Funds
Cash flows from operating activities:			
Receipts from customers	$ 5,266,342	$ -	$ 5,266,342
Payments to vendors and employees	(3,827,700)	(47,991)	(3,875,691)
Net cash provided by (used in) operating activities	1,438,642	(47,991)	1,390,651
Cash flows from noncapital financing activities:			
Transfers from other funds	-	132,844	132,844
Net cash provided by noncapital financing activities	-	132,844	132,844
Cash flows from capital and related financing activities:			
Transfers and advances from other funds	6,066,090	-	6,066,090
Transfers to other funds	(4,786,046)	-	(4,786,046)
Acquisition and construction of capital assets	(157,218)	-	(157,218)
Sale of capital assets	15,312	43,862	59,174
Principal paid on revenue bonds	(810,000)	-	(810,000)
Principal paid on advances for capital	(42,634)	-	(42,634)
Interest paid on revenue bonds	(790,317)	-	(790,317)
Interest paid on notes	(6,778)	-	(6,778)
Interest paid on advances	(6,430)	-	(6,430)
Fiscal agent fees	(4,500)	-	(4,500)
Net cash provided by (used in) capital and related financing activities	(522,521)	43,862	(478,659)
Cash flows from investing activities:			
(Purchase) liquidation of investments	853	-	853
Interest on investments	5,535	118	5,653
Net cash provided by (used in) investing activities	6,388	118	6,506
Net increase (decrease) in cash and cash equivalents	922,509	128,833	1,051,342
Balances - beginning of year	3,567,423	32,355	3,599,778
Balances - end of year	$ 4,489,932	$ 161,188	$ 4,651,120
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	$ 4,381,948	$ 161,188	$ 4,543,136
Restricted cash and cash equivalents - current	107,984	-	107,984
Total cash and cash equivalents - end of year	$ 4,489,932	$ 161,188	$ 4,651,120
Reconciliation of operating income to net cash			
Operating income (loss)	$ 442,975	$ (83,804)	$ 359,171
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	970,231	683	970,914
Change in assets and liabilities:			
(Increase) in accounts receivable	(250,579)	-	(250,579)
Decrease in due from other governments	144,853	-	144,853
(Increase) decrease in due from other funds	(1,885)	35,000	33,115
Increase in customer deposits	7,026	-	7,026
Increase (decrease) in accounts payable	(54,106)	130	(53,976)
(Decrease) in due to other funds	(44,525)	-	(44,525)
(Decrease) in advances from other funds	(42,634)	-	(42,634)
Increase in accrued expenses	6,412	-	6,412
(Decrease) in deferred inflow	(243,392)	-	(243,392)
(Increase) in deferred outflow	(167,135)	-	(167,135)
Increase in net pension liability	677,249	-	677,249
(Decrease) in compensated absences	(5,848)	-	(5,848)
Total adjustments	995,667	35,813	1,031,480
Net cash provided by (used in) operating activities	$ 1,438,642	$ (47,991)	$ 1,390,651
Noncash Activities			
Contributed capital assets	$ 185,944	$ 43,862	$ 229,806

The accompanying notes are an integral part of the basic financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.A. General Statement

The City's accounting and financial reporting policies conform with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1.B. Financial Reporting Entity

The City's financial reporting entity is comprised of the following:

Primary Government:	City of Coweta
Blended Component Units:	Coweta Public Works Authority Coweta Industrial Development Authority

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity" as amended by Statement 61, and includes all component units of which the City appointed a voting majority of the unit's board and for which the City is financially accountable.

Blended Component Units:

A blended component unit is a separate legal entity that meets the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. In addition, management and staff of the City are also the management and staff of the component unit. The component unit funds are blended into those of the City's by appropriate fund category to comprise the primary government presentation.
The City has two component units that are blended into the reporting fund categories of the City's report:

Coweta Public Works Authority (the "PWA")

The PWA was created August 10, 1964 pursuant to a Trust Indenture for the benefit of the City of Coweta, Oklahoma to acquire, construct, develop, equip, operate, maintain, repair, enlarge and remodel water, sewer, solid waste and ambulance service facilities. The PWA was established 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 PWA. The PWA generally retains title to assets which are acquired or constructed with PWA debt or other Authority generated resources. In addition, the City has leased the water, sanitary sewer and solid waste systems owned by the City to the PWA on a long-term basis. The City, as beneficiary of the Public Trust, receives title to any residual assets when the Public Trust is dissolved. Debt issued by the PWA requires two-thirds approval of the City Council. The PWA is reported as an enterprise fund. The PWA does not issue a separate annual financial report.

The Coweta Industrial Development Authority (the "CIDA")

The CIDA was created April 23, 1979 pursuant to a Trust Indenture for the benefit of the City of Coweta, Oklahoma to promote, finance and develop recreation, sports, culture, tourism, entertainment and communication media projects and other economic development projects. The CIDA is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes 1991, Section 176, et seq., and is governed by a board consisting of five trustees appointed by the City Council. The CIDA is exempt from State and Federal income taxes. The CIDA is reported as an enterprise fund. The CIDA does not issue a separate annual financial report.

1.C. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements: Fund financial statements of the reporting entity are organized into funds, each of which is considered a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. The City presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City, or if it meets the following criteria:

- Total assets plus deferred outflows or liabilities plus deferred inflows or revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- Total assets plus deferred outflows or liabilities plus deferred inflows or revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the City are described below:

GOVERNMENTAL FUNDS

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

b. Special Revenue Fund: Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds:

- Street and Alley Fund
- Library Fund
- E-911 Fund
- Cemetery Fund
- Self-Insurance Fund
- Rural Firefighters Fund

c. Debt Service Fund: The debt service fund is used to account for the accumulation of ad-valorem taxes levied by the City for use in retiring general obligation bonds, court-assessed judgements, and their related interest expense and fiscal agent fees. State law refers to this fund as the Sinking Fund. The City currently has no general long-term debt and no active Sinking Fund.

d. Capital Projects Fund: A capital projects fund is used to account for the resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes the following capital project funds:

- Capital Improvement Fund
- Community Development Block Grant (CDBG) Fund

PROPRIETARY FUNDS

a. Enterprise Fund: 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 following enterprise funds:

- Coweta Public Works Authority (PWA): Accounts for the operations of providing public works (water, sewer and solid waste) and ambulance service to the City.

- Coweta Industrial Development Authority (CIDA): Promotes the development of industry in the City. This fund does not meet the percentage criteria for a major fund, but the City has elected to treat this non-major fund as though it were a major fund for purposes of presentation within the proprietary funds of the financial statements rather than aggregating this information separately, solely for the benefit of user understandability of the financial statements.

MAJOR AND NON-MAJOR FUNDS
The funds are further classified as major or non-major as follows:

Major:	**Non-Major:**
General Fund	Street and Alley Fund
Capital Improvement Fund	Cemetery Fund
Coweta Public Works Authority	Library Fund
	Self-Insurance Fund
	E-911 Fund
	Rural Firefighters Fund
	Community Development Block Grant (CDBG) Fund
	Debt Service Fund
	Coweta Industrial Development Authority
	(treated as a major fund for presentation purposes)

1.D. Measurement Focus and Basis of Accounting

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

Measurement Focus
In the government-wide Statement of Net Position and the Statement of Activities both governmental and business-type activities are presented using the economic resources measurement focus as defined in item 2 below.

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

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

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

Basis of Accounting
In the government-wide Statement of Net Position and Statement of Activities both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred. All proprietary funds utilize the accrual basis of accounting.

1.E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

1. **Cash and Cash Equivalents:** For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of 12 months or less.

2. **Investments:** Investments are reported at fair value which is determined using selected bases. Securities traded on a national or international exchange are valued at the last reported sales

price at current exchange rates. All non-negotiable certificates of deposit are carried at cost. Additional cash and investment disclosures are presented in 3.A.

3. **Accounts Receivable/Due from Other Governments**: In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, gross receipts tax, franchise taxes and court fines. In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, gross receipts tax, franchise tax and grants and other similar intergovernmental revenues, since they are usually both measurable and available. Available has been defined by the City as collected within 60 days of year end. Proprietary fund receivables consist of all revenues earned at year-end and not yet received. Utility and ambulance accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon the periodic aging of accounts receivable.

4. **Restricted Assets:** Restricted assets reported in the fund financial statements include current assets that are legally restricted as to their use. The primary restricted assets are related to utility customer deposits and trustee accounts restricted for debt service.

5. **Inventories:** Due to their immaterial nature, the City has chosen to record consumable materials and supplies as expenditures/expenses at the time of purchase; therefore, no balances for inventory on-hand are reported on the balance sheet.

6. **Capital Assets:** General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the business-type activities column of the government-wide statement of net position and in the respective funds. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of $5,000 for the governmental and proprietary funds.

   The City's infrastructure consists of roads, bridges, culverts, curbs and gutter, streets and sidewalks, drainage systems and similar assets that are immovable and of value only to the City. Such infrastructure assets acquired are capitalized in accordance with the requirements of GASB 34. Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Prior to the implementation of GASB 89 in fiscal year 2018, interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

   Depreciation is computed using the straight-line method over the following estimated useful lives:

Class of Asset	Estimated Useful Life
Buildings	20 - 100 years
Furniture, Fixtures and Equipment	10 - 25 years

Land Improvements	10 - 40 years
Vehicles	5 - 20 years
Infrastructure	10 - 50 years

7. **Compensated Absences:** It is the City's policy to require employees to use all earned vacation by their next accrual date, unless otherwise approved by the City Manager. Full-time regular employees who have been employed continuously for at least 12 months are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. The expense and related liability for vested vacation benefits and compensatory time is recorded in the respective funds of the City or component unit as a current liability.

8. **Long-term Debt:** Accounting treatment of long-term debt varies depending upon the source of repayment and whether the debt is reported in the government-wide or fund financial statements.

   a. Government-wide Financial Statements: All long-term debts to be repaid from governmental and business-type component unit resources are reported as liabilities in the government-wide statements. The long-term debts accounted for in fiscal year 2021 consists of pension benefits, revenue bonds payable leases payable, and notes payable.

   b. Fund Financial Statements: Long-term debt of governmental funds is not reported as a liability in the fund financial statements. Payment of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

9. **Deferred Outflow/Inflow of Resources:** Deferred outflows and inflows are the consumption or acquisition of net position by the City that are applicable to a future reporting period. At June 30, 2021, the City's deferred outflows and deferred inflows of resources were comprised of pension related deferrals and unamortized asset retirement obligation costs. As discussed in Note 1.I., certain pension amounts are deferred, some as outflows and others as inflows, and amortized as a component of pension expense in future periods.

10. **Equity Classifications**

   a. Government-wide Financial Statements: Equity is classified as net position and is displayed in three components:

      1. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds, notes, leases or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

      2. Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

      3. Unrestricted – All other net position that does not meet the definition of "net investment in capital assets" or "restricted."

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

b. Fund Financial 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:

- 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.
- Restricted – consists of fund balance with constraints placed on the use of resources either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority. The City's highest level of decision-making authority is by ordinance.
- Assigned – includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process. City management has the authority to assign fund balance.
- 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, or represents deficit fund balances in non-general fund governmental funds.

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

1.F. Revenues, Expenditures and Expenses

1. **Sales Tax:** The City levies a three-cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The entire sales tax is recorded as revenue within the General Fund. The 3% sales tax levy is a permanent tax which funds general operation of the City. Sales tax resulting from sales occurring prior to year-end and received by the City after year end have been accrued and is included under the caption *Due From Other Governments* because they represent taxes on sales occurring during the reporting period.

2. **Property Tax:** Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonds and court-assessed judgments. As of June 30, 2021, the City had no outstanding general obligation bonds or judgements. No property tax was levied during the fiscal year ended June 30, 2021.

3. **Program Revenues:** In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each listed activity:

Activity	Program Revenue
General Government	Licenses and permits, fees, operating and capital grants.
Public Safety & Judiciary	Court fines, fire runs, operating and capital grants
Public Works	Motor fuel tax, commercial vehicle tax, cemetery sales
Cultural, Parks and Recreation	Library fines, park fees

   All other governmental revenues are reported as general. Aside from motor vehicle taxes, all taxes are classified as general revenue even if restricted for a specific purpose.

4. **Operating Revenues and Expenses:** Operating revenues and expenses for proprietary funds and similar discretely presented component units are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing or investing activities.

5. **Expenditures/Expenses:**

   a. Government-wide Financial Statements: In the government-wide financial statements, expenses are reported on the accrual basis and are classified by function for both governmental and business-type activities.

   b. Fund Financial Statements: In the fund financial statements, proprietary funds report expenses relating to use of economic resources. Governmental funds report expenditures of financial resources which are classified as follows:

      - Current (further classified by function)
      - Debt Service
      - Capital Outlay

1.G. Internal and Interfund Balances and Activities

1. **Government-wide Financial Statements:** In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified. The eliminations or reclassifications, if any, in the government-wide statements are as follows:

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

- Internal activities – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities.

2. **Fund Financial Statements:** Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

- Interfund loans – amounts provided with a requirement for repayment are reported as interfund receivables and payables.

- Interfund services – sales or purchases of goods and services between funds are reported as revenue and expenditures/expenses.

- Interfund reimbursements – repayments from funds responsible for certain expenditures or expenses to the funds that initially paid for them are not reported as reimbursements. Rather, the reimbursements are reported as adjustments to expenditures/expenses in the respective funds.

- Interfund transfers – flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

1.H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1.I. Pensions

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the City and its component units are subject to various federal, state and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources is detailed in Notes 2.A. through 2.D.

2.A. Fund Accounting Requirements

The City complies, in all material respects, with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include the following:

Fund	Required by
Debt Service Fund (Sinking Fund)	State Law
Coweta Public Works Authority Fund	Trust Indenture
Coweta Industrial Development Authority Fund	Trust Indenture

2.B. Revenue Restrictions

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

Revenue Source	Legal Restriction of Use
Sales Tax	See Note I
Gasoline Excise and Commercial Vehicle Tax	Street and alley purposes
Cemetery Sales	Cemetery maintenance
Wagoner County shared sales tax revenues	Rural fire operations and equipment
E-911 Revenue	E-911 Emergency Service Purposes
Ad Valorem Tax	Debt service on bonds and judgements
Grants Revenue	Based on individual grant agreements

For the year ending June 30, 2021, the City complied, in all material respects, with these revenue restrictions.

2.C. Debt Restrictions and Covenants

1. **General Obligation Debt:** Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation. For the year ended June 30, 2021, the City complied with the legal debt limit.

2. **Other Long-term Debt:** As required by the Oklahoma State Constitution, the City (excluding public trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without obtaining voter approval. For the year ended June 30, 2021, no such debt was incurred by the City.

3. **Revenue Bond and Notes Payable Debt:** The bond indenture and note agreements relating to the long-term issues of the PWA contain a number of restrictions or covenants that are financial related such as a required flow of funds through special accounts, required reserve account balances, and debt service coverage requirements. The following schedule presents a summary of the most significant requirements and the PWA's level of compliance thereon as of June 30, 2021:

Requirement	Level of Compliance
Flow of funds through General Fund and other bond accounts	All required accounts have been established and are used per bond indenture requirements
Bond Account	Monthly debt service payments received from the PWA are held in a Bond Account by the PWA's trustee bank to be transferred to the Sinking Fund as necessary.
Sinking Fund Account	Funds transferred to the Sinking Fund Account are used for the payment of principal and interest and for redemption of bonds.
Revenue Bond / 2019 OWRB CWSRF Promissory Note Requirement	For the year ended June 30, 2021, available sales tax and operating revenues, as defined by the bond indenture and loan agreement, were $4,786,046; the bond coverage requirement was 125% of annual principal and interest requirements, or $2,002,877. Actual coverage was 430%. In addition, available revenues without tax transfers, as defined by the bond indenture, were $2,106,937; the bond coverage requirement was 75% of annual principal and interest requirements. Actual coverage was 131%.

2.D. Fund Equity/Net Position Restrictions

Title 11, section 17-211 of the Oklahoma statutes prohibits the creation of a deficit fund balance in any individual fund of the City (excluding public trusts). The City had no fund balance deficits at June 30, 2021.

NOTE 3. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

3.A. Deposits and Investments

1. **Deposits:** Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The deposit policy of the City for custodial credit risk requires compliance with the provisions of state law. State law requires collateralization of all deposits with federal depository insurance, U.S. government issues, U.S. government insured securities, State of Oklahoma bonds or bonds of any county or school district of the State of Oklahoma. At June 30, 2021 the City's bank balances of $12,818,979 were not exposed to custodial credit risk.

2. **Investments:** The City may legally invest in direct obligations of the U.S. government and agency securities, certificates of deposit and savings accounts or savings certificates of savings and loan associations.

   Interest Rate Risk—Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The City's investment policy does not address interest rate risk.

Credit Risk—Investment credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy does not address credit risk.

Concentration of Credit Risk—The City places no limit on the amount that may be invested in any one issuer.
Custodial Credit Risk—Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial risk. However, the City's investments are in the City's name, thus the City has no custodial risk at June 30, 2021.

Investment Credit Risk—The City has no policy that limits its investment choices other than the limitation of state law as follows:

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

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

3) With certain limitation, negotiable certificates of deposit, prime banker's 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.

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

6) Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (1) through (4).

Fair Value Measurement—The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. For the year ended June 30, 2021, money market funds held by the City were valued using quoted prices in active markets (Level 1 inputs). The City had the following deposits and investments at June 30, 2021:

Type	Weighted Average Maturity (Months)	Standard & Poor's Credit Rating	Value
Demand deposits	N/A	(1)	$ 12,818,979
Petty cash and change funds	N/A	(1)	925
Short-term money market funds	1.54	AAAm	1,086,586
Certificates of deposit	15.24	(1)	3,936,115
			$ 17,842,605

(1) Not subject to rating

Reconciliation to Statement of Net Position	
Cash and cash equivalents	$ 14,128,918
Restricted Cash and cash equivalents	1,066,155
Investments	1,435,881
Restricted investments	1,211,651
	$ 17,842,605

3.B. Accounts Receivable

The accounts receivable of the governmental activities consist of hotel tax, franchise taxes, and court fines. The remaining receivables are intergovernmental revenues and/or due from various customers. The accounts receivable of the business-type activities are amounts due from utility customers and ambulance service operations. All receivables are expected to be collected within one year, except for court fines, which are expected within two years. Receivables detail at June 30, 2021 is as follows:

	Governmental Activities	Business-Type Activities	Total
Service receivables	$ -	$ 1,455,081	$ 1,455,081
Due from other governments	997,181	-	997,181
Municipal court fine receivable	504,784	-	504,784
Taxes receivable	456,674	-	456,674
Other receivables	384,599	9,280	393,878
Advance to other funds	574,366	-	574,366
Internal Balances	(1,548)	1,548	-
Allowance for uncollectible accounts	(615,802)	(643,197)	(1,258,999)
Net accounts receivable	$ 2,300,254	$ 822,712	$ 3,122,966

3.C. Accounts Payable

Accounts payable balances are payables to vendors. Accrued liabilities are salaries and wages payable as well as accrued insurance where applicable.

3.D. Restricted Assets

Certain assets of the City are restricted in their use through grant agreements, contracts or laws and ordinances. Cash and cash equivalents in the amount of $203,310 at June 30, 2021 has been restricted in use for E911 operations; $324,039 for street maintenance; $400,889 for cemetery maintenance; and $38,529 for library operations. Further, municipal court bonds received in relation to defendant warrants are restricted in their use toward resolution of the defendant's warrants. As of June 30, 2021, cash in the amount of $11,506 has been restricted for municipal court bonds.

Certain assets of the PWA are restricted in their use by bond and note indentures. Investments, classified as non-current, in the amount of $1,086,586 at June 30, 2021 have been restricted for debt service. Customer deposits received for water, sewer and solid waste services are restricted in their use toward the customer's final bill. As of June 30, 2021, cash and cash equivalents in the amount of $233,050, of which $107,984, is classified as current and $125,066 is classified as non-current, have been restricted for customer utility deposits.

3.E. Capital Assets

Governmental capital asset activity for the year ended is summarized as follows:

Governmental Activities	Balance 6/30/2020	Additions	Disposals	Balance 6/30/2021
Non-depreciable assets:				
Land	2,329,311	-	$ -	$ 2,329,311
Construction in progress	201,841	90,923	(166,504)	126,261
Total non-depreciable assets	2,531,152	90,923	(166,504)	2,455,572
Depreciable assets:				
Intangibles	24,855	-	-	24,855
Buildings and improvements	3,123,426	37,994	-	3,161,420
Furniture, fixtures and equipment	2,460,033	234,218	(128,949)	2,565,302
Vehicles	1,043,074	30,160	(75,829)	997,405
Infrastructure	8,421,587	670,747	-	9,092,334
Total depreciable assets	15,072,975	973,119	(204,778)	15,841,316
Less accumulated depreciation:				
Intangibles	(6,628)	(4,971)	-	(11,599)
Buildings and improvements	(892,606)	(94,279)	-	(986,885)
Furniture, fixtures and equipment	(1,652,928)	(153,436)	84,746	(1,721,618)
Vehicles	(731,301)	(73,891)	45,929	(759,263)
Infrastructure	(2,611,320)	(294,619)	-	(2,905,939)
Total accumulated depreciation	(5,894,783)	(621,195)	130,675	(6,385,303)
Net depreciable assets	9,178,192	351,924	(74,103)	9,456,013
Net governmental activities capital assets	$ 11,709,344	$ 442,847	$ (240,606)	$ 11,911,585

Business-type capital asset activity for the year ended is as follows:

Business-Type Activities	**Balance 6/30/2020**	**Additions**	**Disposals**	**Balance 6/30/2021**
Non-depreciable assets:				
Land	339,789	-	(10,000)	$ 329,789
Construction in progress	642,757	108,430	(604,317)	146,870
Other non-depreciable assets	1,934,635	-	-	1,934,635
Total non-depreciable assets	2,917,181	108,430	(614,317)	2,411,294
Depreciable assets:				
Intangibles	85,000	-	-	85,000
Buildings and improvements	1,000,350	-	(119,500)	880,850
Furniture, fixtures and equipment	693,532	653,105	(4,921)	1,341,716
Vehicles	1,144,617	185,944	(308,549)	1,022,012
Infrastructure	37,052,170	-	-	37,052,170
Total depreciable assets	39,975,669	839,049	(432,970)	40,381,748
Less accumulated depreciation:				
Intangibles	-	(17,000)	-	(17,000)
Buildings and improvements	(811,312)	(4,477)	19,642	(796,147)
Furniture, fixtures and equipment	(452,977)	(63,817)	4,566	(512,228)
Vehicles	(778,817)	(85,264)	286,137	(577,944)
Infrastructure	(13,289,870)	(800,357)	-	(14,090,227)
Total accumulated depreciation	(15,332,976)	(970,915)	310,345	(15,993,546)
Net depreciable assets	24,642,693	(131,866)	(122,626)	24,388,202
Net Business-Type activities capital assets	$ 27,559,874	$ (23,436)	$ (736,942)	$ 26,799,496

Depreciation expense was charged to functions in the Statement of Activities as follows:

Governmental Activities	
General government	$ 95,314
Public safety and judiciary	165,405
Public works	310,968
Cultural, parks and recreation	49,507
Total depreciation expense for governmental activities	$ 621,195
Business-Type Activities	
Water	$ 665,288
Sewer	253,319
Solid waste	35,580
Administrative	6,497
Ambulance	9,547
Economic development	683
Total depreciation expense for business-type activities	$ 970,915

3.F. Interfund Transfers and Loans

Interfund Transfers: Interfund transfers were made to comply with security agreements, economic development agreements, and to fund projects and/or cash shortages in various funds as needed. Interfund transfers reported in the fund financial statements for the year ended June 30, 2021, consisted of the following:

	TRANSFERS OUT					
TRANSFERS IN	**General Fund**	**Cemetery Fund**	**Rural Fire Fund**	**Capital Improvement Fund**	**PWA**	**Total Transfers Out**
General Fund	$ -	$ 56,875	$ -	$ 437,000	$ 4,786,046	$ 5,279,921
Cap. Imp. Fund	-	-	-	-	-	-
CIDA	57,844	-	-	75,000	-	132,844
PWA	4,786,046	-	126,800	1,153,244	-	6,066,090
Total Transfers In	$ 4,843,889	$ 56,875	$ 126,800	$ 1,665,244	$ 4,786,046	$ 11,478,854

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	$ 5,279,921	$ (6,506,864)	$ (1,226,944)
Enterprise Funds	6,198,933	(4,786,046)	1,412,888
Total Transfers	$ 11,478,854	$ (11,292,910)	$ 185,944

Reconciliation to Statement of Activities:

Net Transfers Governmental funds	$ (1,226,944)
Capital outlay for governmental capital project funds reported as transfers to business-type activities	(185,944)
Net Transfers/Internal Activity	$ (1,412,888)

The General Fund transferred sales tax revenues totaling $4,786,046 to the PWA in order to satisfy the terms of a security agreement related to the issuance of revenue bonds by the PWA. The PWA transferred the full amount back to the General Fund.

Interfund Loans Receivables and Payables: The Capital Improvement Fund made advances to the PWA during fiscal year 2020 and 2021 to fund improvements to the water system. The balance of this advance at June 30, 2021 was $574,366 and is scheduled to be paid over a ten-year period in equal installments, including 1% interest per annum.

	Interfund Loan Receivable	**Interfund Loan Payable**
Capital Improvement Fund	$ 574,366	$ -
PWA	-	574,366
Total	$ 574,366	$ 574,366

3.G. Fund Balances and Net Position

Fund balance is classified as Nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon use of the resources in the governmental funds. The constraints placed on fund balance for the governmental funds are presented below:

Government-Wide Financial Statements:

Net Position Restrictions at June 30, 2021 were as follows:

Fund	Restricted By	Amount
Streets & Alley	State Statute 11 O.S. § 36-114	$ 324,039
Cemetery	State Statute 11 O.S. § 26-109	400,889
Library	Shared Revenue Agreement with State	38,529
E-911	State Statutes 62 O.S. § 28.11-.21 and 63 O.S. § 2843.2	203,310
Rural Fire	State Statute 68 O.S. § 2701-06	209,343
		$ 1,176,110

Fund Level Financial Statements:

Fund Balance	General Fund	Capital Improvement Fund	Other Governmental Funds	Total
Nonspendable:				
Advance to other funds	$ -	$ 574,366	$ -	$ 574,366
Prepaid item	1,906	-	-	1,906
Total Nonspendable	1,906	574,366	-	576,272
Restricted For:				
Streets and Alleys	-	-	324,039	324,039
Cemetery	-	-	400,889	400,889
Library operations	-	-	38,529	38,529
E-911	-	-	203,310	203,310
Rural Fire operations	-	-	209,343	209,343
Total Restricted	-	-	1,176,110	1,176,110
Committed For:				
Court Technology	19,669	-	-	19,669
Total Committed	19,669	-	-	19,669
Assigned For:				
Capital Improvements	-	4,315,329	258,674	4,574,003
Health/Wellness	-	-	119,795	119,795
Rural Fire operations	-	-	195,969	195,969
Total Assigned	-	4,315,329	574,438	4,889,767
Unassigned:	7,274,281	-	-	7,274,281
Total Committed	7,274,281	-	-	7,274,281
TOTAL FUND BALANCE	$ 7,295,856	$ 4,889,695	$ 1,750,548	$ 13,936,099

3.H. Long-term Debt

The City's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

1. **Governmental Activities:** As of June 30, 2021, the long-term debt payable from governmental activities consisted of the following:

Capital Leases Obligations:		**Balance 6/30/21**
$143,219 capital lease with Motorola for CallWorks dispatch equipment, interest rate of 0% for the first year, 6.32% thereafter; first payment due 4/1/2021 followed by annual installments commencing August 1, 2021 through August 1, 2026.	$	119,615
Total Capital Leases	$	119,615
Current portion	$	21,042
Non-current portion		98,573
Total Capital Leases	$	119,615

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2. **Business-Type Activities:** As of June 30, 2021, the long-term debt payable from business-type activities resources consisted of the following:

Revenue Bonds:		**Balance 6/30/21**
Series 2016A Tax-Exempt Capital Improvement Revenue Bonds dated September 30, 2016 (publicly traded), original issue amount of $23,980,000, interest rates range from 2.0% to 4.0%, semiannual interest and annual principal installments commencing August 1, 2017 through August 1, 2039.	$	22,185,000
Total Revenue Bonds Payable	$	22,185,000
Current portion	$	825,000
Non-current portion		21,360,000
Total Revenue Bonds Payable	$	22,185,000

Notes Payable (Direct Borrowing):		**Balance 6/30/21**
Series 2019 Clean Water SRF Promissory Note to the Oklahoma Water Resources Board, not to exceed $11,373,000, secured by utility revenues and Sales tax revenue, interest rate of 1.58% and administrative fee of 0.5%, semiannual principal installments commence the earlier of (i) the March 15th or September 15th following the date the project is complete, or (ii) September 15, 2022. Remaining funds left to draw are $10,993,170. Final maturity March 2052. The loan is collateralized by the pledge of revenues. In the event of default, the lender may file suit to require any or all of the borrower covenants to be performed; accelerate the payment of principal and interest accrued on the note; appoint temporary trustees to take over, operate and maintain the System on a profitable basis; or file suit to enforce or enjoin the action or inaction of the Borrower under the provisions of the loan agreement.	$	379,830
Total Notes Payable	$	379,830
Current portion	$	-
Non-current portion		379,830
Total Notes Payable	$	379,830

The 2016 A and 2016B revenue bonds and the 2019 OWRB Note are not indebtedness of the State of Oklahoma or of the City but are obligations payable solely from resources of the PWA. The revenue bonds are collateralized by utility revenues from the PWA and pledged sales tax from the City.

Customer Deposits
Deposits totaling $233,050 are included in the current liabilities if the PWA:

Deposits Subject to Refund		**Balance 6/30/21**
Current portion	$	233,050
Total Deposits Subject to Refund	$	233,050

3.I. Applicability of Federal Arbitrage Regulations

Certain debt issuances of the PWA issued after the Tax Reform Act of 1986 are subject to the federal arbitrage regulations. The arbitrage rebate regulations require that all earnings from the investment of gross proceeds of an issue in excess of the amount that could have been earned had the yield on the investment been equal to the yield on the bonds be remitted to the federal government. These carry strict penalties for noncompliance including taxability of interest retroactive to the date of the issue. The City's management believes it is in compliance with these rules and regulations.

3.J. Changes in Long-term Obligations

Changes in the long-term obligations for the year ended June 30, 2021 are summarized below:

Business-type Activities:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
Revenue Bond 2016A	22,680,000	-	$ (495,000)	$ 22,185,000
Revenue Bond 2016B	315,000	-	(315,000)	-
OWRB Note	271,400	108,430	-	379,830
Total	$ 23,266,400	108,430	$ (810,000)	$ 22,564,830

3.K. Maturities of Long-term Debt

The debt service maturities for long-term indebtedness in the coming years are as follows:

Business-type Activities:

Year Ending June 30,	Principal	Interest	Total
2022	$ 825,000	$ 776,581	$ 1,601,581
2023	857,000	751,381	1,608,381
2024	872,000	721,156	1,593,156
2025	917,000	685,456	1,602,456
2026	947,000	648,256	1,595,256
2027-2031	5,355,000	2,629,080	7,984,080
2032-2036	6,475,000	1,501,234	7,976,234
2037-2041	7,182,000	394,722	7,576,722
2042-2046	4,318,000	-	4,318,000
2047-2051	4,791,000	-	4,791,000
2052	1,019,000	-	1,019,000
	$ 33,558,000	$ 8,107,866	$ 41,665,866
Remaining loan proceeds to be drawn:			
	(10,993,170)		
	$ 22,564,830		

3.L. Pledge of Future Revenues

Sales Tax Pledge: The City has pledged future sales tax revenues to repay $25,175,000 of Series 2016A and 2016B Utility System Revenue Bonds and $11,373,000 of OWRB Note Payable Series 2019. The Series 2019 Note was secured on a parity with the existing bonds with the priority of the liens shared in the collateral on a proportionate, co-equal basis. Proceeds from the bonds and notes provided financing for capital assets and for defeasing and refunding the PWA's 2009A and 2009B Utility System Revenue Bonds, and to pay the costs of issuance for the Series 2016 Bonds and the 2019 Note. The bonds and note are payable from pledged sales tax revenues and further secured by net water, sewer and solid waste revenues. The 2016A and 2016B bonds are payable through 2039 and 2040 respectively. The total principal and interest payable for the remainder of the life of the bonds is $30,292,866. The Series 2019 Note is payable through 2052; the amortization schedule for interest and administrative fees of the Series 2019 Note has not yet been determined. Pledged sales taxes received in the current year were $4,786,046 and net utility revenues were $2,106,936. Debt service payments of $1,602,301 for the bonds and note for the current fiscal year were 33% of the pledged sales taxes and 23% of both pledged sales taxes and net utility revenues combined.

An annual appropriation for the transfer of pledged sales tax is made based on estimated sales tax revenues. Net utility revenues are used first to service the debt for the bonds, with any remaining pledged sales taxes transferred back to the General Fund. The total amount of pledged sales taxes used to service the debt in fiscal year 2021 was $0.

NOTE 4. EMPLOYEE PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

4.A. Pension Plan Obligations

Each qualified employee participates in one of the three retirement plans in which the City participates. These are the Oklahoma Firefighters Pension & Retirement System (FPRS), the Oklahoma Police Pension and Retirement System (OPPRS) and the Oklahoma Municipal Retirement Fund (OkMRF):

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

A summary of all the amounts recorded in the City's financial statements for the Defined Benefit pension plans is as follows:

	Governmental Activities	Business-type Activities	Plan Totals
Net Pension Liability:			
Police	$ 277,603	$ -	$ 277,603
Firefighters	2,517,604	2,598,542	5,116,146
Total	$ 2,795,207	$ 2,598,542	$ 5,393,749
Deferred Outflows of Resources:			
Police	$ 473,986	$ -	$ 473,986
Firefighters	881,867	909,615	1,791,482
Total	$ 1,355,853	$ 909,615	$ 2,265,468
Deferred Inflows of Resources:			
Police	$ 87,470	$ -	$ 87,470
Firefighters	293,199	310,872	604,071
Total	$ 380,669	$ 310,872	$ 691,541
Pension Expense:			
Police	$ 324,910	$ -	$ 324,910
Firefighters	551,139	569,248	1,120,387
Total	$ 876,049	$ 569,248	$ 1,445,297

1. Oklahoma Police Pension & Retirement System (OPPRS)
Summary of Significant Accounting Policies

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

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

Benefits provided – OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later. Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

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

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

Contributions – The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were $105,981. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of $69,536 during the calendar year and this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of $97,401. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the City reported a liability of $277,603 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2020. Based upon this information, the City's proportion was 0.2417%.

For the year ended June 30, 2021, the City recognized pension expense of $324,910. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,182	$ 75,390
Changes of assumptions	28,518	-
Net difference between projected and actual earnings on pension plan investments	327,528	-
Changes in proportion	3,534	4,250
City contributions during measurement date	1,243	7,830
City contributions subsequent to the measurement date	105,981	-
Total	$ 473,986	$ 87,470

In the year ending June 30, 2021, $105,981 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	$ 38,813
2023	81,498
2024	104,930
2025	60,914
2026	(5,620)
	$ 280,535

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

Inflation:	2.75%
Salary increases:	3.5% to 12.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Cost-of-living adjustments:	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes

pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).

Mortality rates: Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.

Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.

Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years.

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

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

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	5.11%
Domestic equity	6.80%
International equity	11.45%
Real estate	8.60%
Private equity	11.58%
Commodities	0.00%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	$ 980,659	$ 277,603	$ (317,035)

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

2. Oklahoma Firefighter's Pension and Retirement Fund (FPRS)
Summary of Significant Accounting Policies

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

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

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

Normal Retirement:

- Hired Prior to November 1, 2013
  Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is $150.60 per month.

- Hired After November 1, 2013

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

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

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

Contributions – The contribution requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were $173,322. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of $418,109 during the calendar year; $199,597 of this amount is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance; the remaining $218,512 has been recognized as revenue in the PWA Statement of Revenues, Expenses and Changes in Net Position. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of $430,217. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the City reported a liability of $5,116,146 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2020. Based upon this information, the City's proportion was 0.415301%.

For the year ended June 30, 2021, the City recognized pension expense of $1,120,387. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 652,055	$ 68,646
Changes of assumptions	-	86,698
Net difference between projected and actual earnings on pension plan investments	75,202	-
Changes in proportion	876,799	429,485
City contributions during measurement date	14,104	19,242
City contributions subsequent to the measurement date	173,322	-
Total	$ 1,791,482	$ 604,071

In the year ending June 30, 2021, $173,322 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	$ 232,466
2023	350,977
2024	263,625
2025	167,020
	$ 1,014,088

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

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

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

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

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

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

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	$ 6,644,263	$ 5,116,146	$ 3,837,640

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

3. Oklahoma Municipal Retirement Fund (OkMRF)

Defined Contributions Plan

The City has provided a defined contribution plan and trust known as the City of Coweta Plan and Trust (the "Plan") in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF). OkMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The plan is administered by JP Morgan Chase of Oklahoma City. The OkMRF Plan issues a separate financial report that may be obtained from OkMRF. The defined contribution plan is available to all full-time employees except those participating in state fire or police program and the City Manager. Employees are eligible 6 months following the employee's employment commencement date. Each employee shall be required to contribute 5% of his or her compensation. The City, as employer, is required to make contributions to the plan, under the government pick-up option, at a rate of 6% of covered payroll. The City's contributions for each employee (and interest allocated to the employee's account) are vested at a rate of 20% after completion of one year of service and then 20% per year for the next four years. The employee is fully vested after 5 years of service. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting are allocated back to remaining eligible participants. Benefits depend solely on amounts contributed to the plan plus investment earnings. The authority to establish and amend the provisions of the plan rests with the City Council and PWA Board. Participants are permitted to make voluntary deductible contributions to the plan. For the year ended June 30, 2021, the following amounts were paid into the defined contribution plan:

Employee contributions made:	$76,960
Employer (City) contributions made:	$92,371

Defined Contributions Plan - CMO

The City has also provided a defined contribution plan in the form of The Oklahoma Municipal Retirement System Customized Manager Option Plan (OkMRF-CMO). The defined contribution plan is available to any person who is in the position of City Manager as of January 1, 2010. Employees are eligible on the employee's employment commencement date. The City has elected the variable funding option. The City intends to contribute to the Plan for the benefit of the participants on a monthly basis. The contribution may be varied from year to year by the City. The City's contributions for each employee (and interest allocated to the employee's account) are vested at 100% immediately upon the participation date. Benefits depend solely on amounts contributed to the plan plus investment earnings. The authority to establish and amend the provisions of the plan rests with the City Council. The City contributes 14% to the plan and the employee contributes 5% to the plan.

Employee contributions made:	$6,280
Employer (City) contributions made:	$17,584

OkMRF issues a publicly available financial report that includes financial statements and required supplementary information for the fund. That report may be obtained by writing to:
Oklahoma Municipal Retirement System, 525 Central Park Drive, Oklahoma City, OK 73105
or by calling 888-394-6673.

4.B. Other Post-Employment Benefits (OPEB)

The City does not provide health insurance benefits for retirees and is subject to other post-employment benefits only to the extent that benefits may be provided to former employees under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

NOTE 5. 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's health and life; and natural disasters. The City manages these various risks of loss as follows:

Type of Loss	Method Managed	Risk of Loss Retained
1. General Liability: • Torts • Errors and omissions • Police liability • Vehicles	Purchased commercial insurance through Oklahoma Municipal Assurance Group (OMAG).	None
2. Physical Property: • Theft • Damage to assets • Natural disasters	All physical property is insured through OMAG with a deductible of $1,000 ($500 for vehicles).	None
3. Workers' Compensation: • Employee injures	Participates in the OMAG risk entity pool. Participation fee includes an actuarially determined amount held by OMAG as the loss reserve fund, to pay claims incurred. Claims are administered by the State Insurance Fund.	Specific aggregate stop loss coverage is provided by the State Insurance Fund and covers all claims above the loss reserve fund.
4. Health and Life • Medical and dental	All group coverage is insured through a commercial carrier.	None

Management believes such coverage is sufficient to preclude any significant uninsured losses to the City.

(1) Oklahoma Municipal Assurance Group (OMAG)
Workers' Compensation Plan

The title to all assets acquired by the Plan are vested in the Plan. In the event of termination of the Plan, such property shall belong to the then members of the Plan in equal shares. Each participating city pays for all costs, premiums, or other fees attributable to its respective participation in the Plan, policy or service established under the agreement establishing the Oklahoma Municipal Assurance Group and is responsible for its obligations under any contract entered into with the Plan.

Reserves for policy and contract claims provide for reported claims on a case basis and a provision for incurred but not reported claims limited to specific retention levels for each member as outlined in the Plan's reinsurance agreement.

The Plan's workers' compensation coverage is reinsured for losses in excess of respective retention levels. The reinsurance agreement covers losses incurred within the effective period of the agreement. Each Plan member's liability for claims losses is limited to their individual retention levels as outlined in the Plan's reinsurance agreement.

NOTE 6. CONTINGENT LIABILITIES

Construction Commitments
At June 30, 2021, the City had awarded engineering contracts totaling $250,000 for the engineering design of upgrades to the wastewater plant. Of this amount, $103,130 was outstanding to be paid from draws from the OWRB loan. A construction contract is expected to be awarded in fiscal year 2022.

Grant Program Involvement
In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency to ensure compliance with specific provisions of the grant or loan. Any liability or reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Litigation
The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. This statutory taxing ability is not available to the City's public trusts (Authorities). 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.

Global Pandemic
In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The City initially took steps to limit non-essential spending, while continuing to provide safe and essential services to residents. However, sales tax revenues have continued to climb as a result of changes in consumer shopping habits that have been favorable for the City. The City continues to actively monitor developments and will take steps to respond accordingly to current situations.

NOTE 7. DEBT COVERAGE

There are two net revenue percentage covenants regarding bond debt servicing as per the Bond Indenture dated November 1, 2016 and the Loan Agreement for the Clean Water SRF Loan dated October 1, 2019. The PWA must meet both these requirements to remain in compliance with their agreements. The debt service funding requirement for the fiscal year ending June 30, 2021 was as follows:

	Debt Service Requirements
Annual interest payments - 2016 Series Revenue Bonds	$797,119
Annual principal payments - 2016 Series Revenue Bonds	795,000
Annual interest payments - 2019 Series CWSRF Note	3,404
Annual principal payments - 2019 Series CWSRF Note	6,778
Total Debt Service Requirements	$ 1,602,301

The first test per the indenture and loan agreement is 125% of net revenues to debt service funding requirements, excluding from net revenues depreciation, non-cash contributions and interest expense on said bonds and notes. The net revenues for this test are revenues from the mortgaged property reduced by actual expenses associated with that revenue. Allocated overhead expenses also reduce revenues. For this test, sales taxes transferred in are added to revenues. The PWA met this covenant for fiscal year 2021 as outlined on the following page:

Utility Operating Revenues	$	4,135,300
Sales Tax transfers in		4,786,046
Direct Utility Expenses		(1,546,068)
Allocated Overhead (% of Dept. Expenses)		(482,296)
Net Revenues for 125%	$	6,892,982
Revenues required for 125% coverage of debt service:	$	2,002,877
Actual Net Revenues		6,892,982
Actual coverage		430%

The second test per the indenture is 75% of revenues based solely on net utility revenue of the PWA, consequently Sales Tax is subtracted from the net revenue number. For this test, sales taxes transferred in are added to revenues. The PWA met this covenant for fiscal year 2021 as outlined below:

Net Revenues (from above)	$	6,892,982
Sales Tax (from above)		(4,786,046)
Net Revenues for 75%	$	2,106,936
Total Debt Service Requirements	$	1,602,301
Actual coverage		131%

Thus, according to the coverage requirement, the PWA has the resources to pay its obligations, but will continue to examine its rate structure to implement strategies to continue to satisfy both tests in the future. A 1.8% increase was implemented in fiscal year 2021, with plans for additional increases in future years based on the Consumer Price Index.

NOTE 8. TAX ABATEMENTS

The City attracts and/or maintains business development through the CIDA, which has the ability to induce developers with a sales tax and/or hotel-motel tax abatement agreement. These incentives stimulate economic growth and are seen as a benefit to all the residents and business owners throughout the City. Some of the factors considered are the jobs created during the development of the project, the permanent jobs that will remain after the completion of the project, the cost of the improvements to the property and the amount of sales tax that is expected to be generated by the business.

For the fiscal year ended June 30, 2021 the CIDA abated hotel-motel tax that would have otherwise been remitted to the City totaling $11,648 under an agreement with one entity for the development of a hotel which generates tax and other revenue to fund government services. The amount abated represents 50% of the hotel-motel taxes generated by the entity.

Due to the confidentiality laws in Oklahoma Statutes, Title 68, Section 1354.11, the amounts of sales taxes rebated will not be disclosed. The City had two active agreements that resulted in sales tax abatements as of June 30, 2021:

1. Under the terms of a sales tax rebate agreement, a business received rebated sales taxes during fiscal year 2021 for the redevelopment of a restaurant site. The agreement allows for a rebate of 50% of the taxes collected for a period of seven years, not to exceed $250,000. The amount abated in fiscal year 2021 represents 50% of the sales tax generated by the entity in fiscal year 2021.

2. Under the terms of a sales tax rebate agreement, a business received rebated sales taxes during fiscal year 2021 for the development of a restaurant site. The agreement allows for a rebate of 50% of the taxes collected for a period of five years, not to exceed $150,000. The amount abated in fiscal year 2021 represents 50% of the sales tax generated by the entity in fiscal year 2021.

NOTE 9. RECENTLY ISSUED ACCOUNTING STANDARDS

In May of 2020, the GASB issued Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance”, effective immediately to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. Certain Statements that first became effective after June 15, 2018 and later have been postponed by one year up to 18 months depending upon the pronouncement.

GASB Statement No. 87, “Leases” — GASB No. 87 was issued June 2017. The primary objective of this Statement is to increase the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about activities. This Statement is effective for periods beginning after June 15, 2021. The City has not yet determined the impact that implementation of GASB 87 will have on its net position.

GASB Statement No. 91, “Conduit Debt Obligations” — The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged. At this time, the City does not expect that implementation of this statement will impact its financial position as the City has not issued any conduit debt.

Statement No. 92, “Omnibus 2020” — The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The treatment of insurance recoveries and terminology used to refer to derivative instruments were effective upon issuance and did not impact the City’s financial presentation. The remaining requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The impact to the City's financial reporting for these remaining requirements has not been determined.

Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements" — The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The impact to the City's financial reporting for these remaining requirements has not been determined.

Statement No. 96, "Subscription-Based Information Technology Arrangements" — This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The impact to the City's financial reporting has not been determined.

Statement No. 97, "Certain component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" — The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. The impact to the City's financial presentation has not been determined.

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REQUIRED SUPPLEMENTARY INFORMATION

- Budgetary Comparison Schedule – General Fund
- Notes to the Budgetary Comparison Schedule
- Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)
  – Oklahoma Police Pension & Retirement System
  – Oklahoma Firefighters Pension & Retirement System
- Schedule of the City's Contributions
  – Oklahoma Police Pension & Retirement System
  – Oklahoma Firefighters Pension & Retirement System

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City of Coweta, Oklahoma
Budgetary Comparison Schedule
General Fund
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance With Final Budget
	Original Budget	Final Budget	Actual	Over (Under)
Beginning Budgetary Fund Balance	$ 3,797,051	$ 3,797,051	$ 5,030,514	$ 1,233,463
Resources (Inflows)				
TAXES				
Sales Tax	3,623,932	4,819,088	4,810,053	(9,035)
Use Tax	285,000	285,000	568,300	283,300
Hotel-Motel Tax	28,000	28,000	34,877	6,877
Franchise Tax	265,000	265,000	266,352	1,352
Total Taxes	4,201,932	5,397,088	5,679,582	282,494
LICENSES & PERMITS				
Building Permits	65,000	65,000	116,216	51,216
Licenses	20,000	20,000	19,875	(125)
Park & Recreation Fee	7,500	7,500	16,667	9,167
Total Licenses & Permits	92,500	92,500	152,758	60,258
CHARGES FOR SERVICES				
Fire Runs	2,000	2,000	5,949	3,949
Zoning Fees	1,000	1,000	3,789	2,789
Animal Shelter Fees	1,500	1,500	2,758	1,258
Copy Fees	825	825	1,012	187
License Plate Seizures	400	400	1,040	640
Special Assessments	350	350	840	490
Abatements	1,000	1,000	3,688	2,688
Rent Receipts	-	-	12,240	12,240
Special Police Services	15,000	15,000	13,337	(1,663)
Total Charges for Services	22,075	22,075	44,653	22,578
INTERGOVERNMENTAL				
Alcohol Beverage Tax	130,000	130,000	167,196	37,196
Cigarette Tax	30,000	30,000	44,156	14,156
Grants	-	588,874	596,480	7,606
Total Intergovernmental	160,000	748,874	807,832	58,958
FINES & FORFEITURES				
Fines and Forfeitures	200,000	200,000	216,409	16,409
Technology Fee	8,000	8,000	10,247	2,247
Total Fines & Forfeitures	208,000	208,000	226,656	18,656
INVESTMENT INCOME				
Interest Earned	10,000	10,000	17,341	7,341
Total Investment Income	10,000	10,000	17,341	7,341
OTHER				
Miscellaneous	-	2,532	40,070	37,538
Collection fees	-	15,000	14,394	(606)
UBCC Permit Fee	2,050	2,050	715	(1,335)
Insurance Reimbursements	-	2,074	2,073	(1)
Sale of Assets	-	-	25,556	25,556
Transfers in	4,070,807	4,117,807	5,279,921	1,162,114
Total Other	4,072,857	4,139,463	5,362,729	1,223,266
Total Resources (Inflows)	8,767,364	10,618,000	12,291,551	1,673,551
Amounts Available for Appropriation	12,564,415	14,415,051	17,322,065	2,907,014

City of Coweta, Oklahoma
Budgetary Comparison Schedule
General Fund
FOR THE YEAR ENDED JUNE 30, 2021

Charges to Appropriations (outflows)	Budgeted Amounts Original Budget	Budgeted Amounts Final Budget	Actual	Variance With Final Budget Over (Under)
GENERAL GOVERNMENT				
CITY COUNCIL				
Personal services	17,845	17,845	17,291	(554)
Materials and supplies	475	475	-	(475)
Other services and charges	500	500	266	(234)
Total City Council	18,820	18,820	17,557	(1,263)
CITY MANAGER				
Personal services	144,417	166,721	156,009	(10,712)
Materials and supplies	13,050	13,050	6,824	(6,226)
Other services and charges	15,730	15,730	6,852	(8,878)
Capital Outlay	-	-	-	-
Total City Manager	173,197	195,501	169,685	(25,816)
FINANCE				
Personal services	107,905	110,505	98,893	(11,612)
Materials and supplies	9,850	12,350	10,270	(2,080)
Other services and charges	17,620	27,095	14,818	(12,277)
Capital Outlay	-	-	-	-
Total Finance	135,375	149,950	123,981	(25,969)
CITY ATTORNEY				
Personal services	14,000	14,000	6,000	(8,000)
Personal services	-	-	-	-
Total City Attorney	14,000	14,000	6,000	(8,000)
COMMUNITY DEVELOPMENT:				
Personal services	360,056	303,352	287,693	(15,659)
Materials and supplies	18,800	18,800	9,373	(9,427)
Other services and charges	19,824	76,524	62,809	(13,715)
Capital Outlay	-	-	-	-
Total Community Development	398,680	398,676	359,875	(38,801)
NON-DEPARTMENTAL:				
Materials and supplies	17,700	16,400	10,204	(6,196)
Other services and charges	483,897	473,979	355,465	(118,514)
Capital Outlay	-	5,100	5,060	(40)
Total Non-Departmental	501,597	495,479	370,729	(124,750)

(continued)

City of Coweta, Oklahoma
Budgetary Comparison Schedule
General Fund
FOR THE YEAR ENDED JUNE 30, 2021

Charges to Appropriations (outflows) *(continued)*	**Budgeted Amounts**			**Variance With Final Budget**
	Original Budget	**Final Budget**	**Actual**	**Over (Under)**
PUBLIC SAFETY AND JUDICIARY				
MUNICIPAL COURT				
Personal services	89,344	108,379	106,703	(1,676)
Materials and supplies	2,200	2,200	1,884	(316)
Other services and charges	30,646	28,411	21,488	(6,923)
Capital Outlay	-	-	-	-
Total Municipal Court	122,190	138,990	130,075	(8,915)
POLICE:				
Personal services	1,595,484	1,595,984	1,549,224	(46,760)
Materials and supplies	68,870	74,756	67,825	(6,931)
Other services and charges	55,405	76,838	72,583	(4,255)
Capital Outlay	2,000	9,066	8,240	(826)
Total Police	1,721,759	1,756,644	1,697,872	(58,772)
ANIMAL CONTROL				
Personal services	61,982	62,882	55,842	(7,040)
Materials and supplies	10,300	7,225	4,708	(2,517)
Other services and charges	10,200	14,200	10,328	(3,872)
Capital Outlay	-	-	-	-
Total Animal Control	82,482	84,307	70,878	(13,429)
FIRE:				
Personal services	969,500	974,800	836,253	(138,547)
Materials and supplies	60,790	77,851	62,641	(15,210)
Other services and charges	62,900	51,339	48,847	(2,492)
Capital Outlay	-	-	-	-
Total Fire	1,093,190	1,103,990	947,741	(156,249)
CIVIL DEFENSE				
Materials and supplies	1,580	5,580	5,096	(484)
Other services and charges	6,400	2,400	2,340	(60)
Capital Outlay	-	-	-	-
Total Civil Defense	7,980	7,980	7,436	(544)
PUBLIC WORKS				
CEMETERY:				
Personal services	80,135	81,935	76,950	(4,985)
Materials and supplies	12,350	16,250	12,383	(3,867)
Other services and charges	3,940	1,440	993	(447)
Capital Outlay	-	-	-	-
Total Cemetery	96,425	99,625	90,326	(9,299)
STREETS:				
Personal services	261,601	225,101	186,831	(38,270)
Materials and supplies	60,300	57,700	37,791	(19,909)
Other services and charges	30,850	108,950	104,459	(4,491)
Capital Outlay	-	6,900	6,263	(637)
Total Streets	352,751	398,651	335,344	(63,307)

(continued)

Charges to Appropriations (outflows) ***(continued)***	**Budgeted Amounts**			**Variance With Final Budget**
	Original Budget	**Final Budget**	**Actual**	**Over (Under)**
CULTURAL, PARKS AND RECREATION				
LIBRARY				
Personal services	171,157	173,757	130,891	(42,866)
Materials and supplies	10,465	29,865	27,867	(1,998)
Other services and charges	41,780	40,280	28,063	(12,217)
Capital Outlay	18,000	100	-	(100)
Total Library	241,402	244,002	186,821	(57,181)
PARKS				
Personal services	91,704	92,904	65,064	(27,840)
Materials and supplies	20,200	20,200	14,300	(5,900)
Other services and charges	22,680	21,280	17,919	(3,361)
Capital Outlay	-	-	-	-
Total Parks	134,584	134,384	97,283	(37,101)
ARTS & HUMANITIES				
Materials and supplies	-	-	-	-
Other services and charges	-	-	-	-
Total Arts & Humanities	-	-	-	-
OTHER FINANCING USES				
Transfers out	3,672,932	5,483,802	5,414,603	(69,199)
Total Other Financing Uses	3,672,932	5,483,802	5,414,603	(69,199)
Total Charges to Appropriations	8,767,364	10,724,801	10,026,206	(698,595)
Ending Budgetary Fund Balance	$ 3,797,051	$ 3,690,250	$ 7,295,859	$ 3,605,609
Ending Unobligated Budgetary Fund Balance			$ 7,295,859	

Reconciliation to Statement of Revenues, expenditures and changes in Fund Balance:

Total Resources per Budgetary Comparison Schedule	$ 12,291,551
State payments made on-behalf of police and fire pension not considered a budgetary resource	269,133
Less Transfer in	(5,279,921)
Total Revenues per Statement of Revenues, Expenditures and Changes in Fund Balance	$ 7,280,763
Total Charges to Appropriations per Budgetary Comparison Schedule	$ 10,026,206
State payments made on-behalf of police and fire pensions	269,133
Less Transfer out	(5,414,603)
Total Expenditures per Statement of Revenues, Expenditures and Changes in Fund Balance	$ 4,880,736

BUDGETARY INFORMATION

The City prepares its annual operating budget under the provisions of the Municipal Budget Act of 1979 (the “Budget Act”). In accordance with those provisions, the following process is followed to adopt the annual budget:

1. Prior to July 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1.
2. Public hearings are held at regular or special meetings to obtain taxpayer input. At least one public hearing must be held no later than 15 days prior to July 1.
3. Subsequent to the public hearings, but no later than seven days prior to July 1, the budget is adopted by resolution of the City Council.
4. The adopted budget is filed with the Office of the State Auditor and Inspector.

All funds of the City with revenues and expenditures are required to have annual budgets. The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund.

All supplemental appropriations require City Council approval. The City Manager may transfer appropriations between departments without City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

The annual operating budgets are prepared and presented on a non-GAAP budgetary basis of accounting. This basis records revenues when available and measurable. Encumbrances are recorded when purchase orders are issued but generally are not considered expenditures until liabilities for payments are incurred pursuant to the purchase order.

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SCHEDULE OF THE CITY OF COWETA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021
City's proportion of the net pension liability (asset)	0.2404%	0.2398%	0.2330%	0.2522%	0.2327%	0.2459%	0.2417%
City's proportionate share of the net pension liability (asset)	$ (80,942)	$ 9,780	$ 356,874	$ 19,399	$ (110,853)	$ (15,700)	$ 277,603
City's covered-employee payroll	$ 700,714	$ 677,963	$ 687,230	$ 777,572	$ 664,431	$ 801,400	$ 780,023
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-11.55%	1.44%	51.93%	2.49%	-16.68%	-1.96%	35.59%
Plan fiduciary net position as a percentage of the total pension	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021
City's proportion of the net pension liability	0.3483%	0.3555%	0.3404%	0.3794%	0.3670%	0.3654%	0.4153%
City's proportionate share of the net pension liability	$3,581,961	$3,773,288	$4,158,431	$4,771,623	$4,131,329	$3,861,258	$5,116,146
City's covered-employee payroll	$ 953,022	$ 967,448	$ 950,302	$ 967,672	$1,089,014	$1,130,300	$1,238,014
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	376%	390%	438%	493%	379%	342%	413%
Plan fiduciary net position as a percentage of the total pension	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%

Notes to Schedule:
The amounts present for each fiscal year were determined as of 6/30

SCHEDULE OF THE CITY OF COWETA'S CONTRIBUTIONS

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021
Statutorially required contribution	$ 88,135	$ 89,340	$ 101,084	$ 86,376	$ 104,182	$ 101,403	$ 105,981
Contributions in relation to the statutorially required contribution	88,135	89,340	101,084	86,376	104,182	101,403	105,981
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 677,963	$ 687,230	$ 777,572	$ 664,431	$ 801,400	$ 780,023	$ 815,238
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021
Statutorially required contribution	$ 135,443	$ 133,174	$ 135,470	$ 152,462	$ 158,242	$ 180,521	$ 173,322
Contributions in relation to the statutorially required contribution	135,443	133,174	135,470	152,462	158,242	180,521	173,322
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 967,448	$ 950,302	$ 967,672	$1,089,014	$1,130,300	$1,289,436	$1,238,014
Contributions as a percentage of covered-employee payroll	14.00%	14.01%	14.00%	14.00%	14.00%	14.00%	14.00%

* Only seven fiscal years are presented because 10-year date is not yet available

Notes to Schedule:
The amounts present for each fiscal year were determined as of 6/30

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information (OSI) includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Combining Statements – Nonmajor governmental funds

- Budgetary Comparison Schedule - Major governmental funds (Capital Improvement Fund)

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CITY OF COWETA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2021

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS	
	Street & Alley	Cemetery	Library	Self Insurance	E-911	Rural Firefighters	Grants Fund	Total Non-Major Governmental Funds
Assets								
Cash and cash equivalents	$ -	$ -	$ -	$ 58,527	$ -	$ 192,237	$ 271,767	$ 522,531
Investments	-	-	-	62,533	-	-	-	62,533
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	9,135	-	-	-	12,702	209,343	-	231,180
Accounts receivable, net	-	1,500	-	-	-	3,732	-	5,232
Restricted assets:								
Cash and cash equivalents	318,139	399,389	38,529	-	190,608	-	-	946,665
Total assets	$ 327,274	$ 400,889	$ 38,529	$ 121,060	$ 203,310	$ 405,312	$ 271,767	$ 1,768,141
Liabilities and Fund Balances:								
Liabilities								
Accounts Payable	$ 3,235	$ -	$ -	$ 1,265	$ -	$ -	$ 11,208	$ 15,708
Due to other funds	-	-	-	-	-	-	1,885	1,885
Total liabilities	$ 3,235	$ -	$ -	$ 1,265	$ -	$ -	$ 13,093	$ 17,593
Fund balances								
Assigned	-	-	-	119,795	-	195,969	258,674	574,438
Restricted	324,039	400,889	38,529	-	203,310	209,343	-	1,176,110
Total fund balances	324,039	400,889	38,529	119,795	203,310	405,312	258,674	1,750,548
Total liabilities and fund balance	$ 327,274	$ 400,889	$ 38,529	$ 121,060	$ 203,310	$ 405,312	$ 271,767	$ 1,768,141

CITY OF COWETA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS	Total Non-Major Governmental Funds
	Street & Alley	Cemetery	Library	Self Insurance	E-911	Rural Firefighters	Grants Fund	
Revenues								
Charges for services	$ -	$ 86,700	$ 797	$ -	$ -	$ 166,673	$ -	$ 254,170
Intergovernmental	89,150	-	21,718	-	106,613	151,828	13,760	383,069
Interest income	342	191	21	440	89	95	265	1,443
Miscellaneous	-	-	-	5,240	-	109	-	5,349
Total Revenues	89,492	86,891	22,536	5,680	106,702	318,705	14,025	644,031
Expenditures								
General government	-	-	-	15,362	-	-	-	15,362
Public safety	-	-	-	-	54,857	74,292	13,760	142,909
Highways and roads	100,030	3,737	-	-	-	-	-	103,767
Cultural and recreational	-	-	25,629	-	-	-	-	25,629
Debt Service							-	-
Principal	-	-	-	-	23,604	-	-	23,604
Capital outlay	-	-	-	-	143,219	-	-	143,219
Total expenditures	100,030	3,737	25,629	15,362	221,680	74,292	13,760	454,490
Excess (deficiency) of revenues over expenditures	(10,538)	83,154	(3,093)	(9,682)	(114,978)	244,413	265	189,541
Other financing sources (uses):								-
Capital lease proceeds	-	-	-	-	143,219	-	-	143,219
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(56,875)	-	-	-	(126,800)	-	(183,675)
Total other financing sources (uses)	-	(56,875)	-	-	143,219	(126,800)	-	(40,456)
Net change in fund balances	(10,538)	26,279	(3,093)	(9,682)	28,241	117,613	265	149,085
								-
Fund balances - beginning of year	334,577	374,610	41,622	129,477	175,069	287,699	258,409	1,601,463
Fund balance - end of year	$ 324,039	$ 400,889	$ 38,529	$ 119,795	$ 203,310	$ 405,312	$ 258,674	$ 1,750,548

City of Coweta, Oklahoma
Budgetary Comparison Schedule
Major Governmental Fund (Capital Improvement Fund)
FOR THE YEAR ENDED JUNE 30, 2021

	CAPITAL IMPROVEMENT FUND			
	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance With Final Budget Over (Under)
Revenues				
Gross Receipts Tax	$ 1,850,000	$ 1,850,000	$ 1,716,712	$ (133,288)
Other	65,835	65,835	-	(65,835)
Grants	-	1,140,442	22,702	(1,117,740)
Interest income	21,166	21,166	14,033	(7,133)
Total Revenues	1,937,001	3,077,443	1,753,447	(1,323,996)
Expenditures				
Police	21,490	23,490	18,126	(5,364)
Animal Control	44,000	46,225	45,561	(664)
Fire	65,000	40,000	34,870	(5,130)
Community Development	-	40,000	15,000	(25,000)
Streets	200,000	568,431	201,647	(366,784)
Library	-	28,350	24,126	(4,224)
Wastewater	-	234,150	34,660	(199,490)
Solid Waste	-	185,948	185,944	(4)
General Government	75,320	98,117	72,702	(25,415)
Total expenditures	405,810	1,264,711	632,636	(632,075)
Excess (deficiency) of revenues over expenditures	1,531,191	1,812,732	1,120,811	(691,921)
Other financing sources (uses):				
Transfers in	-	-	570,713	570,713
Transfers out	(1,410,000)	(1,505,300)	(1,479,300)	26,000
Total other financing sources (uses)	(1,410,000)	(1,505,300)	(908,587)	596,713
Net change in fund balances	121,191	307,432	212,224	(95,208)
Fund balances - beginning of year	3,988,787	5,115,137	4,677,471	(437,666)
Fund balance - end of year	$ 4,109,978	$ 5,422,569	$ 4,889,695	$ (532,874)

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

To the Honorable Mayor and City Council
City of Coweta, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Coweta, Oklahoma ("City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated December 17, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Elfrink and Associates, PLLC

Elfrink and Associates, PLLC

Tulsa, Oklahoma
December 17, 2021

Elfrink and Associates, PLLC
Certified Public Accountants

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

To the Honorable Mayor and City Council
City of Coweta, Oklahoma

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed no instance of noncompliance which is required to be reported in accordance with the Uniform Guidance.

Report on Internal Control over Compliance

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

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anne.elfrink@CPA.com
Government Accounting and Auditing

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

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

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

Elfrink and Associates, PLLC

Elfrink and Associates, PLLC

Tulsa, Oklahoma

December 17, 2021

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City of Coweta, Oklahoma
Schedule of Expenditures of Federal Awards
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass-Through Grantor / Program Title		Federal CFDA Number	Entity Identifying Number	Federal Expenditures
U.S. Department of the Treasury				
Passed through Oklahoma Office of Management and Enterprise Services				
COVID-19 Coronavirus Relief Fund	(Note 1)	21.019	FA-010902	$ 773,269
Passed through Oklahoma Ambulance Association				
COVID-19 Coronavirus Relief Fund		21.019	131	19,425
Total U.S. Department of Treasury				792,694
U.S. Department of Transportation				
Passed through Oklahoma Department of Transportation:				
Highway Planning and Construction		20.205	TAP 273A (049) IG, JP # 33041 (04)	348,496
Total U. S. Department of Tranaportation				348,496
U.S. Department of Health and Human Services:				
COVID-19 Provider Relief Fund		93.498	xxxx721492	16,773
Total U.S. Department of Health and Human Services				16,773
Environmental Protection Agency:				
Capitalization Grants for Clean Water State Revolving Funds				
Passed through Oklahoma Water Resources Board				
Clean Water State Revolving Fund Loan	(Note 5)	66.458	ORF-19-002-CW	108,430
Total Environmental Protection Agency				108,430
U. S. Department of Homeland Security				
Federal Emergency Management Agency				
Passed through Oklahoma Department of Emergency Management:				
Disaster Grants - Public Assistance		97.036	4438-DR-OK	7,607
COVID-19 FEMA CARES PPE Reimbursement		97.036	4530-DR-OK	13,760
Total U.S. Department of Homeland Security				21,367
Total of Expenditures of Federal Awards				$ 1,287,760

Note 1: Reporting Entity
The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity or expenditure of federal awards programs of the City of Coweta, Oklahoma under programs of the federal government for the year ended June 30, 2021. The City's reporting entity is defined in Note 1 of the basic financial statements. All expenditure of federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the Schedule. Because the Schedule presents only a selected portion of the operations of the City, it is not intended and does not present the financial position, changes in net position or cash flows of the City.

Note 2: Summary of Significant Accounting Policies
Expenditures reported on the Schedule are reported on the modified accrual basis of accounting consistent with the presentation of the basic financial statements. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Note 3: Indirect Cost Rate
The City did not elect to use the 10% de Minimis indirect cost rate for fiscal year 2021. There were no indirect cost allocations made to any of the federal grants as listed in the Schedule.

Note 4: COVID-19 Coronavirus Relief Fund Expenditures
The amount listed on the Schedule for the Coronavirus Relief Fund passed through the Oklahoma Office of Management and Enterprise Services includes fiscal year 2020 expenditures of $179,853 not recognized in the fiscal year 2021 basic financial statements.

Note 5: Federal Loans Outstanding
At the beginning of the year, the City's Clean Water SRF Promissory Note to the Oklahoma Water Resources Board had an outstanding balance of $271,400, issued an additional $108,430 during the year, and had an outstanding balance of $379,830 at June 30, 2021. The remaining funds left to draw are $10,993,170.

City of Coweta
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Summary of Auditors' Results

1. The opinion expressed in the independent accountants' report was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

2. The independent accountants' report on internal control over financial reporting described:

   Significant deficiencies? ☐ Yes ☒ None Reported

   Material weaknesses? ☐ Yes ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

4. The independent accountants' report on internal control over compliance for major federal awards programs described:

   Significant deficiencies? ☐ Yes ☒ None Reported

   Material weakness? ☐ Yes ☒ No

5. The opinion expressed in the independent accountants' report for major federal awards was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

6. The audit disclosed findings required to be reported by Uniform Guidance? ☐ Yes ☒ No

7. The City's major program was:

Program	**CFDA Number**
COVID 19 – Coronavirus Relief Fund	21.019

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was $750,000.

9. Auditee qualified as a low-risk auditee as that term is defined in the Uniform Guidance. ☐ Yes ☒ No

Status of Previous Year's Findings

There were no findings in the previous year's report

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CITY OF COWETA, OKLAHOMA
OPERATING REPORT
FOR THE YEAR ENDED JUNE 30, 2021

- Fiscal Year 2021 Operating Report (Exhibit E Economic and System Information)

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EXHIBIT E
ECONOMIC AND SYSTEM INFORMATION

The City of Coweta (the “City”) is located at the intersection of US62/SH 72 and SH 51. The nearest interstate highway is I-44, approximately 18 miles to the north. Coweta has a Council-Manager type of government. There is a comprehensive city plan, subdivision regulations, and a zoning code. The City provides garbage service, fire protection, law enforcement services, emergency medical services, water and wastewater treatment and library services.

Coweta has 23 full-time fire/EMS personnel, 1 part-time volunteer fire/EMS personnel and 16 full-time police officers. The City’s fire insurance has a 5 classification while the adjacent area has an 8B classification.

Utility services are provided primarily by the following carriers:

Electric – Public Service Company of Oklahoma (AEP/PSO)
Natural Gas – Oklahoma Natural Gas Company (ONG)
Telephone – Windstream and Cox

The nearest commercial airport is 18 miles from Coweta in Tulsa, Oklahoma. This airport is a full-service field with three runways, the longest having a total runway length of 10,000 feet. There are at least 5 major commercial airlines operating out of the Tulsa International Airport with several airfreight companies operating there.

The nearest water transportation is the Port of Catoosa. It is 18 miles from Coweta and has a channel depth of 9 feet. It is connected via the Arkansas River to the Mississippi River and the Gulf of Mexico.

Rail service is available from Union Pacific Railroad, which operates two local trains daily. Coweta has 3,844 dwelling units. The largest banquet room in Coweta seats 250. There are 21 Protestant churches, one Catholic Church, and one Jehovah Witness in the area. Coweta has one weekly newspaper. There are sixteen television stations with additional HD television channels and cable availability.

POPULATION

Year	City of Coweta	Wagoner County
1970	2,457	22,163
1980	4,554	41,801
1990	6,159	47,883
2000	7,554	57,491
2010	9,943	73,085
2020	9,654	80,981

BUILDING PERMITS

Year	New Residential	New Commercial	Commercial Remodel	All other Permits
2000	49			
2001	70			
2002	105			
2003	87			
2004	141	5	0	182
2005	135	4	0	191
2006	144	2	1	250
2007	100	6	4	248
2008	34	4	3	240
2009	45	5	4	200
2010	15	1	4	207
2011	15	2	3	175
2012	15	2	8	183
2013	25	3	3	338
2014	30	4	6	300
2015	42	3	4	347
2016	39	4	6	347
2017	89	6	7	495
2018	32	4	5	301
2019	81	2	12	484
2020	106	4	7	211
2021*	87	1	7	145

*From January 1, 2021 to October 31, 2021

MAJOR EMPLOYERS

Employer	Product/Service	Number of Employees
Coweta Public Schools	Education Services	549
Wal-Mart	Retail Store	250
Koweta Indian Health Facility	Health Care	124
City of Coweta	Government Services	105
Coweta Manor	Nursing Home	88
Country Mart	Retail Grocery	63
Calpine Power Plant	Power Generator	28
Sun Manufacturing	Metal Stamping	19
QuikTrip	Gasoline Station	30
Casey's General Store	Gasoline Station	13

SALES TAX COLLECTIONS

Fiscal Year Ending June 30	Sales Tax Collections	Rate of Taxation
2000	$1,280,076	3%
2001	$1,446,714	3%
2002	$1,564,980	3%
2003	$1,475,322	3%
2004	$1,425,668	3%
2005	$1,590,202	3%
2006	$1,759,340	3%
2007	$1,878,909	3%
2008	$2,188,385	3%
2009	$1,960,457	3%
2010	$2,520,893	3%
2011	$2,690,019	3%
2012	$2,768,921	3%
2013	$2,925,122	3%
2014	$3,095,281	3%
2015	$3,376,708	3%
2016	$3,585,119	3%
2017	$3,581,177	3%
2018	$3,642,134	3%
2019	$3,801,593	3%
2020	$4,153,127	3%
2021	$4,786,046	3%
2022*	$2,182,216	3%

*5 months collections

EDUCATION

Coweta has 8 primary and secondary schools with approximately 3,397 students and approximately 230 teachers.

Type	Grades	Facilities	Enrollment	Teachers
Public	Pre-K-3	3	1,168	80
Public	4-6	2	762	53
Public	7-8	1	505	34
Public	9	1	255	20
Public	10-12	1	707	43
Total		8	3,397	230

Coweta is near several fine institutions of higher education. The University of Tulsa, Oral Roberts University, Tulsa Community College, OU/OSU-Tulsa, Bacone College, Rogers State College, and Northeastern State University are all within 45 miles of the community. The Tulsa Technology Center and Indian Capital Technology Center also provide support. There is a public library in Coweta with 25,633 volumes.

NET ASSESSED VALUATION

Fiscal Year	Amount
2000	$15,482,085
2001	17,035,062
2002	18,474,813
2003	62,576,676
2004	68,791,793
2005	71,159,415
2006	72,964,265
2007	65,204,042
2008	60,800,952
2009	65,169,845
2010	73,551,888
2011	74,484,331
2012	75,633,180
2013	83,374,898
2014	80,141,148
2015	83,498,447
2016	81,267,614
2017	85,199,028
2018	86,315,223
2019	89,390,034
2020	108,115,651
2021	115,137,045

UTILITY CONNECTIONS

Year	Water Connections	Sewer Connections	Garbage
2000	2,606	2,447	2,634
2001	2,620	2,496	2,649
2002	2,683	2,563	2,693
2003	2,760	2,680	2,793
2004	2,857	2,794	2,901
2005	2,953	2,921	3,033
2006	3,095	3,065	3,175
2007	3,146	3,133	3,260
2008	3,188	3,186	3,310
2009	3,198	3,195	3,323
2015	3,328	3,438	3,396
2016	3,373	3,335	3,450
2017	3,137	3,381	3,455
2018	3,188	3,483	3,557
2019	3,243	3,542	3,618
2020	3,236	3,590	3,736
2021	3,711	4,210	4,334

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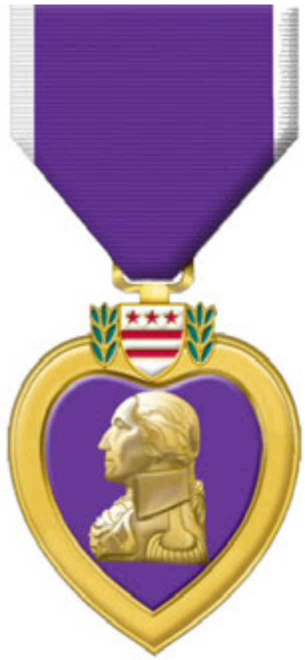

Coweta, Oklahoma
A Purple Heart City

CITY OF
Coweta

PO BOX 850
Coweta, OK 74429-0850
(918) 486-2189

Elfrink and Associates, PLLC
Certified Public Accountants

January 3, 2022

To the City Council, Roger G. Kolman, City Manager, and Julie A. Casteen, Assistant City Manager

City of Coweta
1501 N Coweta Road
Coweta, OK 73064

We are pleased to confirm our understanding of the services we are to provide for City of Coweta, Oklahoma for the year ended June 30, 2022.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information, including the disclosures, which collectively comprise the basic financial statements, of the City of Coweta, Oklahoma ("City") as of and for the year ended June 30, 2022. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1) Management's Discussion and Analysis.
2) Pension Schedules
3) Budgetary Comparison Schedules

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements.

1) Schedule of expenditures of federal awards.
2) Budgetary Comparison Schedules
3) Combining schedules

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would

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Government Accounting and Auditing

influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Preparation of the Annual Survey of City and Town Finances (SAI2643)

We will also prepare the Annual Survey of City and Town Finances (SAI 2643) for the year ended June 30, 2022, in a form prescribed by the Oklahoma State Auditor and Inspector. The preparation is limited to presenting in the prescribed form information that is representative of the City's management. We will not audit or review the SAI 2643 and, accordingly, will not express an opinion or any other form of assurance on it.

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

Audit standards require that we communicate our identification of significant risks of material misstatement that have been incorporated in our audit testing. Risk assessment is the identification of what could go wrong, and is not specific to the City of Coweta, but, instead, planned for a municipal client. If we become aware of an additional risk area in our planning procedures, we may design additional procedures specifically for the City of Coweta. However, based on our assessment of an Oklahoma municipal client, we have identified the following significant risks of material misstatement as part of our audit planning and will incorporate the consideration in our testing, however we do not provide assurance that it did not occur:

- Ownership and valuation of bank accounts and investments may not be properly recorded; restrictions on cash may not be properly disclosed; and/or transfers from another bank account or between entities may not be properly recorded.
- Revenue is may not recorded or recorded in the wrong account; utility billing rates may not have been properly set up and applied; and/or revenue that is earmarked for a specific purpose is not spent appropriately
- A disbursement may be recorded to the general ledger and be miscoded or may not exist; invoices at the department level may be retained and not submitted until the next year due to budget considerations; expenditures may be made for a personal or non-public purpose; competitive bidding requirements may not be followed, or be made for a personal purpose, or split to avoid the requirement; a payment document may be falsified to conceal misappropriating or embezzling of public resources for personal gain; purchase commitments may be in excess of available appropriation or legal spending limits; accounts may be misclassified due to budgetary considerations; and/or an invoice may be recorded when paid and not when goods or services are received.
- Payroll payments may be made to an unauthorized or non-existent employee; employees with payroll control may be overpaying themselves or others; errors may occur in determining accruals for employee benefits, an employee may not be properly enrolled in a benefit category or may be receiving benefits s/he does not qualify for; time worked or leave earned/taken may be falsified in time records; paid overtime is unneeded (abuse or waste); an employee may have been paid at an unauthorized rate or misclassified in the ledger; and/or non-payroll expenditures could be classified as payroll or vice-versa.
- Capital assets shown on the asset listing may not be owned or in use by the City; assets meeting the capitalization threshold may have been expensed; assets may be shown that are not owned by or titled to the City; asset cost may have been capitalized in error; the asset may have been reported and depreciated in the wrong fund or entity; and/or invoices related to an asset addition may not have been recorded to the general ledger.
- The City may show debt that has been fully paid, or has incurred a debt obligation that is not recorded; debt may not be an obligation of the City but is recorded to the ledger; the City may not be complying with contractual debt covenants; debt may be recorded to the wrong entity; and/or a payment may have been made that is not recorded or vice-versa.
- A fund may be shown in the ledger that no longer exists or has been omitted from the ledger inappropriately; fund balances may not be properly classified as restricted, committed, assigned, etc.; the equity in the trial balance may not agree with the prior year financial statements; transfers and due from/due to accounts may not balance; and/or transfers may be unauthorized or unrecorded.
- The City may have exposure for self-insurance that is not disclosed; a paid claim may not be recorded; the City's insurance may have been cancelled or non-renewed; the entity may show insured property that it does not own or has not recorded; the reserve account for self-insurance may not have been properly valued; and/or a policy may have been paid that materially overlaps fiscal years and no prepaid amount is shown.
- The City may have grant revenue that is misclassified or not recorded; grant receipts may have been recorded in the incorrect entity or fund; grant receipts may have been recorded as a credit to an expense account instead of revenue resulting in "netting"; the City may have received advance payments on grants that are unearned but has recorded a revenue instead of a liability; the City may not have met the material provisions of the grant.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We understand that City management will prepare the financial statements and supporting schedules and that we will not be expected to provide any non-audit services. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes), rules, and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review on July 1, 2022.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal awards. You also agree to [include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities for the financial statements, schedule of expenditures of federal awards, and related notes. It is our understanding that City has engaged another accounting firm to assist in the preparation of the financial statements and that we are not expected to perform any non-audit services. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Elfrink and Associates, PLLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Oklahoma State Auditor and Inspector's Office or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Elfrink and Associates, PLLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Oklahoma State Auditor's Office. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Anne Elfrink is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to them. We expect to begin our audit on approximately July 1, 2022.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed $21,000, plus an additional $2,700 if a single audit is required (an additional $1,000 for each major program more than one). Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly.

Reporting

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to Management and the City Council of the City of Coweta, Oklahoma. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of 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, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We appreciate the opportunity to be of service to the City of Coweta, Oklahoma and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

Elfrink and Associates, PLLC

Elfrink and Associates, PLLC

RESPONSE:

This letter correctly sets forth the understanding of the City of Coweta, Oklahoma.

Management signature: ______________________________

Title: ____

Date: ____

Governance signature: ______________________________

Title: ____

Date: ____

MINUTES OF THE COWETA INDUSTRIAL DEVELOPMENT AUTHORITY REGULAR MEETING OCTOBER 4, 2021 8:44 P.M.

The Trustees of the Coweta Industrial Development Authority met in regular session on Monday, October 4, 2021 at 8:44 p.m. following the meeting of the Coweta City Council at the Coweta City Hall, 310 S Broadway, Coweta, Oklahoma.

TRUSTEES PRESENT: Evette Young, Harold Chance, Naomi Hogue, Logan Brown.

TRUSTEES ABSENT: Randy Woodward.

I. CALL TO ORDER

The meeting was called to order by Chairman Young.

II. ROLL CALL

Roll call taken. Trustees were present as shown above.

III. CONSENT

Motion by Harold Chance, second by Logan Brown to approve the consent calendar items:

1. Affirmation of the action taken by the Coweta City Council as it pertains to the approval of the City of Coweta 2022 Meeting schedules and 2022 Holiday Calendar.
2. Minutes of the Coweta Industrial Development Authority Regular Meeting held on September 13, 2021.
3. Affirmation of the action taken by the Coweta City Council pertaining to an employment agreement with Roger Kolman as Trust Manager.

Aye: Harold Chance
Logan Brown
Evette Young
Naomi Hogue

IV. NEW BUSINESS

There was no new business.

V. ADJOURNMENT

Chairman Young adjourned the meeting at 8:45 p.m.

Evette Young, Chairman	Harold Chance, Trust Secretary