



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

AGENDA - REGULAR MEETING
COWETA PUBLIC WORKS AUTHORITY
COWETA CITY HALL, 310 S. BROADWAY
IMMEDIATELY FOLLOWING THE MEETING
OF THE COWETA CITY COUNCIL
MONDAY, JANUARY 9, 2023 6:00 P.M.

MEETING PROCEDURE: 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 Trust Authority will act on an agenda item after comments from staff and the Trust Authority 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 Board of Trustees to be routine and will be enacted by one motion. Any Trustee may, however, remove an item from consent by request.)

1. MINUTES OF THE REGULAR MEETING

APPROVAL OF THE MINUTES OF THE COWETA PUBLIC WORKS AUTHORITY REGULAR MEETING HELD ON NOVEMBER 7, 2022. (JULIE CASTEEN, ASSISTANT TRUST MANAGER)

Documents:

[221107 MINUTES OF THE PWA.PDF](#)

2. APPOINTMENT OF AUDITOR

AFFIRMATION OF THE ACTIONS OF THE COWETA CITY COUNCIL REGARDING THE ENGAGEMENT OF ELFRINK & ASSOCIATES, PLLC TO PERFORM THE ANNUAL AUDIT OF THE COWETA PUBLIC WORKS AUTHORITY FOR THE FISCAL YEAR ENDING JUNE 30, 2023. (JULIE CASTEEN, ASSISTANT TRUST MANAGER)

3. SURPLUS PROPERTY

APPROVAL OF A DECLARATION OF SURPLUS ON THE FOLLOWING AND AUTHORIZATION FOR THE TRUST MANAGER TO DISPOSE OF ACCORDINGLY:

1. VERSATERM LX HANDHELD METER READING DEVICE #1
2. VERSATERM LX HANDHELD METER READING DEVICE #2
3. VERSATERM LX HANDHELD METER READING DEVICE #3
4. VERSATERM LX HANDHELD METER READING DEVICE #4

(JULIE CASTEEN, ASSISTANT TRUST MANAGER)

Documents:

[230109 STAFF REPORT SURPLUS METER READERS.PDF](#)

[SURPLUS FORM HANDHELD METER READER-1.PDF](#)
[SURPLUS FORM HANDHELD METER READER-2.PDF](#)
[SURPLUS FORM HANDHELD METER READER-3.PDF](#)
[SURPLUS FORM HANDHELD METER READER-4.PDF](#)

IV. OLD BUSINESS

1. FISCAL YEAR 2021-2022 AUDITED FINANCIAL REPORT AND OPERATING REPORT
ACKNOWLEDGEMENT OF THE RECEIPT OF THE AUDITED FINANCIAL REPORT AND
OPERATING REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022. (JULIE CASTEEN,
ASSISTANT TRUST MANAGER)

Documents:

[FY22 COC ANNUAL FINANCIAL REPORT-M.PDF](#)

V. NEW BUSINESS

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

VI. 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.**

MINUTES OF THE COWETA PUBLIC WORKS AUTHORITY REGULAR MEETING
November 7, 2022 6:17 P.M.

The Trustees of the Coweta Public Works Authority met in regular session on Monday, November 7, 2022 at 6:17 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, Randy Woodward.

TRUSTEES ABSENT: None.

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 Randy Woodward to approve the consent calendar items:

1. Approval of Minutes of the Coweta Public Works Authority Regular Meeting held on October 3, 2022.

Aye: Harold Chance
Randy Woodward
Evette Young
Naomi Hogue
Logan Brown

IV. OLD BUSINESS

1. Pump Purchase

Public Works Director Wes Richter discussed the need to purchase a six-inch mobile water pump.

Motion by Harold Chance, second by Randy Woodward, to approve the purchase of a six-inch Pioneer water pump from United Rentals in the amount not to exceed \$55,000.

Aye: Harold Chance
Randy Woodward
Evette Young
Naomi Hogue
Logan Brown

MINUTES OF THE COWETA PUBLIC WORKS AUTHORITY REGULAR MEETING
November 7, 2022 6:17 P.M.

V. NEW BUSINESS

There was no new business.

VI. ADJOURNMENT

Chairman Young adjourned the meeting at 6:19 p.m.

Evette Young, Chairman

Julie Casteen, Trust Secretary



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Memorandum

To: Honorable Chairman, Members of the Board of Trustees
From: Julie Casteen, Assistant Trust Manager
Re: Surplus Items
Date: January 6, 2023

BACKGROUND

Prior to the installation of the Automatic Meter Reading system, staff used handheld devices to manually record water usage. Three of the four original handheld devices are no longer operational, and the other one is in poor condition and has no value.

STAFF RECOMMENDATION

Staff recommends the surplus of four handheld meter reading devices.

ATTACHMENTS

(4) surplus forms.

**CITY OF COWETA/COWETA PUBLIC WORKS AUTHORITY
SURPLUS PROPERTY DECLARATION AUTHORIZATION**

This form is required to dispose of any City/Authority surplus property. Department Head completes this form and submits it to the City Manager.

Department: _____ Department Contact: _____ Date: _____

Items Requested to be Surplused: _____

ID/Asset Tag Number: _____

<u>PROPERTY DESCRIPTION</u>	<u>CONDITION</u> Excellent Good Fair Poor	<u>DATE PURCHASED</u>	<u>Approximate Current Value</u>
		<u>PURCHASE PRICE</u>	

Reason for being surplused: _____

Has it been offered for transfer to another Department within the City: Yes No

Has it been offered for transfer to another agency within the State: Yes No If so, to whom: _____

Name of agency: _____

Sold for scrap metal: Yes No If yes, to whom: _____

Amount received: _____

-----FINANCE USE ONLY-----

Date placed on surplus website: _____ Did item sell: Yes No

Date Sold: _____ Amount received: \$ _____

Name, Address, and Telephone Number of Buyer: _____

Item ready to be released to buyer with a copy of receipt attached: Yes No Date: _____

City Manager approval of the request for surplus: _____ Date: _____

Date surplus approved by City Council/Trustees: _____

Date, Amount, and receipt of funds from Public Surplus: _____

Date Insurance Cancelled: _____

Date Removed from Fixed Assets: _____

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Date, Amount, and receipt of funds from Public Surplus: _____

Date Insurance Cancelled: _____

Date Removed from Fixed Assets: _____

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, 2022**



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**CITY OF COWETA, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

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**CITY OF COWETA, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

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**CITY OF COWETA, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coweta, Oklahoma ("City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and other post-employment benefit schedules on pages 4-10 and 58-64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and budgetary schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

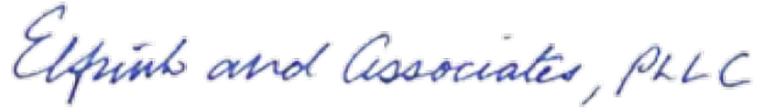
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the operating report on pages 70-73 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2022, 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.

A handwritten signature in blue ink that reads "Elfrink and Associates, PLLC". The signature is written in a cursive, flowing style.

Elfrink and Associates, PLLC

Tulsa, Oklahoma

December 26, 2022

City of Coweta, Oklahoma

Management's Discussion and Analysis

As of and For the Year Ended June 30, 2022

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, 2022. 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.

City of Coweta, Oklahoma
Management's Discussion and Analysis
As of and For the Year Ended June 30, 2022

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 2021 by \$2,434,800, compared to an increase of \$2,265,300 in fiscal year 2021. The increase in fund balance is largely attributed to an 8.9% increase in sales tax combined with a 9.3% increase in use tax resulting from continued strong grocery sales and online purchases.

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 2022, the General Fund made a transfer of \$5.2 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 2022.

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 2021 by \$1.4 million, compared to an increase of \$913,100 in fiscal year 2021. The change from fiscal year 2021 is mostly attributable to lower pension expenses in the Ambulance Services division.

City of Coweta, Oklahoma
Management's Discussion and Analysis
As of and For the Year Ended June 30, 2022

The net position of the CIDA increased from fiscal year 2021 by \$33,250, with the subsidy from the Capital Improvement fund outweighing economic development costs in fiscal year 2022. This compares to a loss of \$16,800 in fiscal year 2021 due to a loss on the sale of capital assets.

The City as a Whole

For the year ended June 30, 2022, 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	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current assets	\$ 15,721	\$ 12,846	\$ 6,969	\$ 5,474	\$ 22,690	\$ 18,320
Non-current assets	2,476	1,342	13,492	1,305	15,968	2,647
Capital assets	14,283	11,912	26,082	26,799	40,365	38,711
Total Assets	32,480	26,100	46,543	33,578	79,023	59,678
DEFERRED OUTFLOW OF RESOURCES						
Pension related	1,020	1,356	837	909	1,857	2,265
Unamortized asset retirement obligation	-	-	1,235	849	1,235	849
Total Deferred Outflows	1,020	1,356	2,072	1,758	3,092	3,114
LIABILITIES						
Current liabilities	1,439	275	1,968	1,537	3,407	1,812
Non-current liabilities	1,653	2,894	36,292	25,859	37,945	28,753
Total Liabilities	3,092	3,169	38,260	27,396	41,352	30,565
DEFERRED INFLOW OF RESOURCES						
Pension related	2,201	381	1,357	311	3,558	692
Total Deferred Inflows	2,201	381	1,357	311	3,558	692
NET POSITION						
Net investment in capital assets	13,777	11,792	3,467	4,235	17,244	16,027
Restricted	1,241	1,176	13,272	1,086	14,513	2,262
Unrestricted	13,189	10,938	(7,742)	2,309	5,447	13,247
Total Net Position	\$ 28,207	\$ 23,906	\$ 8,997	\$ 7,630	\$ 37,204	\$ 31,536

The City's combined net position increased from \$31.5 million to \$37.2 million between fiscal years 2021 and 2022, with an increase of 18% in net position for fiscal year 2022, and the City is able to report a positive balance in net position, with a 58% decrease 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,

City of Coweta, Oklahoma
Management's Discussion and Analysis
As of and For the Year Ended June 30, 2022

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 \$480,100, or 8.9% over fiscal year 2021 due to continued increases in grocery sales and purchases from online retailers. In addition, gross receipts tax revenues increased by \$1,009,400, or 58.8% over fiscal year 2021 due to higher natural gas prices. Total expenses for governmental activities decreased by \$719,700, or -11.6% compared to fiscal year 2021, mostly due to decreases in public safety pension liabilities.

Governmental activities increased the City's net position by \$4.3 million in fiscal year 2022. The details of the increase are summarized on the following page.

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City of Coweta, Oklahoma
Management's Discussion and Analysis
As of and For the Year Ended June 30, 2022

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program Revenues:						
Charges for services	\$ 650	\$ 658	\$ 5,239	\$ 5,098	\$ 5,889	\$ 5,756
Operating and capital grants and contributions	1,342	1,250	293	345	1,635	1,595
General Revenues:						
Sales and use taxes	5,858	5,378	-	-	5,858	5,378
Other taxes	3,675	2,594	-	-	3,675	2,594
Other general revenue	103	116	86	72	189	188
Total Revenues	<u>11,628</u>	<u>9,996</u>	<u>5,618</u>	<u>5,515</u>	<u>17,246</u>	<u>15,511</u>
EXPENSES						
General Government	1,217	1,168	650	630	1,867	1,798
Public Safety and Judiciary	3,019	3,841	-	-	3,019	3,841
Public Works	835	834	-	-	835	834
Cultural, parks and recreation	412	359	-	-	412	359
Water Service	-	-	1,504	1,440	1,504	1,440
Sewer Service	-	-	551	482	551	482
Solid Waste	-	-	640	579	640	579
Ambulance	-	-	1,091	1,586	1,091	1,586
Economic development	-	-	108	83	108	83
Non-Departmental	-	-	391	350	391	350
Interest on long-term debt	-	-	1,161	808	1,161	808
Loss on disposal of assets	-	49	-	73	-	122
Total Expenses	<u>5,483</u>	<u>6,251</u>	<u>6,096</u>	<u>6,031</u>	<u>11,579</u>	<u>12,282</u>
Increase (decrease) in net position before transfers	6,145	3,745	(478)	(516)	5,667	3,229
Transfers	(1,844)	(1,413)	1,844	1,413	-	-
Increases (decreases) in net position	4,301	2,332	1,366	897	5,667	3,229
Net position - beginning of year	23,906	21,574	7,631	6,734	31,537	28,308
Net position - end of year	<u>\$ 28,207</u>	<u>\$ 23,906</u>	<u>\$ 8,997</u>	<u>\$ 7,631</u>	<u>\$ 37,204</u>	<u>\$ 31,537</u>

Business-type Activities

Revenues from charges for services in fiscal year 2022 increased over prior year revenues by approximately \$141,300 or 2.8%. An operating profit of \$520,400 was recorded in fiscal year 2022, compared with a profit of approximately \$359,200 in fiscal year 2021. Lower pension costs in the Ambulance division contributed to this increase in profit.

General Fund Budgetary Highlights

Fiscal year 2022 actual revenues exceeded budget by \$1,640,577, or 15.0%, with use tax receipts exceeding budget by 46.1%, building permits exceeding budget by 37.1%, utility franchise tax exceeding budget by 25.9% and intergovernmental revenues exceeding budget by 10.0%. In addition, actual

City of Coweta, Oklahoma
Management's Discussion and Analysis
As of and For the Year Ended June 30, 2022

Transfers-In exceeded budget by \$1,363,017 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 \$666,510, or 6.15% 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 2022. More detailed information on capital asset activity and long-term debt activity is contained in the accompanying notes to the financial statements on pages 34 to 35; and, pages 38 to 41, respectively.

Capital Assets

At the end of June 30, 2022, the City had \$40.4 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	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Land	\$ 2,329	\$ 2,329	\$ 330	\$ 330	\$ 2,659	\$ 2,659
Construction-in-progress	766	126	254	147	1,020	273
Other non-depreciable assets	-	-	1,935	1,935	1,935	1,935
Intangibles	25	25	85	85	110	110
Buildings & Improvements	3,171	3,161	881	881	4,052	4,042
Furniture & Equipment	2,791	2,565	1,342	1,342	4,133	3,907
Vehicles	1,472	997	1,022	1,022	2,494	2,019
Infrastructure	10,768	9,092	37,217	37,052	47,985	46,144
	21,322	18,295	43,066	42,794	64,388	61,089
Less: Depreciation	(7,039)	(6,385)	(16,984)	(15,994)	(24,023)	(22,379)
Totals	\$ 14,283	\$ 11,910	\$ 26,082	\$ 26,800	\$ 40,365	\$ 38,710

Debt Administration

At the end of fiscal year 2022, the City had \$34.8 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	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Revenue bonds payable	\$ -	\$ -	\$ 21,360,000	\$ 22,185,000	\$ 21,360,000	\$ 22,185,000
Notes payable	-	-	12,918,715	379,830	12,918,715	379,830
Leases payable	505,848	119,615	-	-	505,848	119,615
Totals	\$ 505,848	\$ 119,615	\$ 34,278,715	\$ 22,564,830	\$ 34,784,563	\$ 22,684,445

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

City of Coweta, Oklahoma

Management's Discussion and Analysis

As of and For the Year Ended June 30, 2022

Economic Factors and Next Year's Budget

Due to concerns over a slowdown in the economy, the City took a conservative approach and projected a 8.1% decrease in sales and use tax collections for fiscal year 2023. Projected expenditures were then balanced against those estimates, including funding a \$1.2 million reserve.

The fiscal year 2023 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. New capital projects totaling over \$700,000 are underway, funded by gross receipts taxes.

The City of Coweta is located in the Tulsa Metropolitan Statistical Area (MSA), which has seen a 15.1% 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.

Coweta's electors approved an additional 1¢ sales tax in February of 2022, that becomes effective on July 1, 2022. This additional tax, expected to raise an additional \$1.5 million in revenue annually, is restricted to fund infrastructure projects and capital purchases. The initial project list contains approximately \$41 million in projected costs.

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.

**CITY OF COWETA, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

BASIC FINANCIAL STATEMENTS

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CITY OF COWETA
STATEMENT OF NET POSITION
June 30, 2022

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 11,062,188	\$ 6,054,496	\$ 17,116,684
Restricted cash and cash equivalents	1,798,343	107,125	1,905,468
Accounts receivable, net	272,303	807,335	1,079,638
Taxes receivable	1,010,178	-	1,010,178
Due from other governments	1,073,178	-	1,073,178
Advance to other funds	505,046	-	505,046
Total current assets	<u>15,721,236</u>	<u>6,968,956</u>	<u>22,690,192</u>
Non-current assets			
Net pension asset	1,130,141	-	1,130,141
Investments, unrestricted	1,345,235	94,222	1,439,457
Investments, restricted	-	13,397,824	13,397,824
Capital assets, non-depreciable	3,095,018	2,518,827	5,613,845
Other capital assets, net	11,187,887	23,563,377	34,751,264
Total non-current assets	<u>16,758,281</u>	<u>39,574,250</u>	<u>56,332,531</u>
Total assets	<u>32,479,517</u>	<u>46,543,206</u>	<u>79,022,723</u>
DEFERRED OUTFLOW OF RESOURCES			
Related to pensions	1,020,438	836,240	1,856,678
Unamortized asset retirement obligation	-	1,235,495	1,235,495
Total deferred outflows of resources	<u>1,020,438</u>	<u>2,071,735</u>	<u>3,092,173</u>
LIABILITIES			
Current liabilities:			
Accounts payable	207,447	63,649	271,096
Accrued payroll	108,607	65,431	174,038
Accrued interest payable	8,426	403,547	411,973
Accrued compensated absences	118,163	54,578	172,741
Deposits subject to refund	-	232,755	232,755
Leases payable	116,373	-	116,373
Notes payable	-	293,000	293,000
Current portion of long-term obligations	-	855,000	855,000
Unearned revenue - ARPA grant	876,071	-	876,071
Amounts held in escrow	3,452	-	3,452
Total current liabilities	<u>1,438,539</u>	<u>1,967,960</u>	<u>3,406,499</u>
Non-current liabilities:			
Net pension liability	1,264,068	1,246,586	2,510,654
Asset retirement obligation	-	1,410,000	1,410,000
Advance from other funds	-	505,046	505,046
Leases payable	389,475	-	389,475
Noncurrent portion of long-term obligations	-	33,130,715	33,130,715
Total non-current liabilities	<u>1,653,543</u>	<u>36,292,347</u>	<u>37,945,890</u>
Total liabilities	<u>3,092,082</u>	<u>38,260,307</u>	<u>41,352,389</u>
DEFERRED INFLOW OF RESOURCES			
Related to employee pension plans	2,201,080	1,357,354	3,558,434
Total deferred inflows of resources	<u>2,201,080</u>	<u>1,357,354</u>	<u>3,558,434</u>
NET POSITION			
Net investment in capital assets	13,777,057	3,466,898	17,243,955
Restricted by:			
Enabling legislation	1,241,085	-	1,241,085
External contracts	-	13,272,195	13,272,195
Unrestricted	13,188,651	(7,741,813)	5,446,838
Total net position	<u>\$ 28,206,793</u>	<u>\$ 8,997,280</u>	<u>\$ 37,204,073</u>

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, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government:					
General government	\$ 833,962	\$ 37,140	\$ -	\$ -	\$ (796,822)
Code and planning	382,547	100,189	-	-	(282,358)
Total general government	<u>1,216,509</u>	<u>137,329</u>	<u>-</u>	<u>-</u>	<u>(1,079,180)</u>
Public safety and judiciary:					
Municipal court	137,103	223,561	-	-	86,458
Fire and Emergency Management	1,074,308	139,446	144,735	-	(790,127)
Police and Animal Control	1,808,082	18,375	66,831	-	(1,722,876)
Total public safety and judiciary	<u>3,019,493</u>	<u>381,382</u>	<u>211,566</u>	<u>-</u>	<u>(2,426,545)</u>
Public Works:					
Cemetery	106,505	128,600	-	-	22,095
Streets	728,460	-	-	1,118,599	390,139
Total public works	<u>834,965</u>	<u>128,600</u>	<u>-</u>	<u>1,118,599</u>	<u>412,234</u>
Cultural, parks and recreation:					
Library	269,864	3,293	12,200	-	(254,371)
Parks and arts & humanities	142,511	-	-	-	(142,511)
Total cultural, parks and recreation	<u>412,375</u>	<u>3,293</u>	<u>12,200</u>	<u>-</u>	<u>(396,882)</u>
Total governmental activities	<u>5,483,342</u>	<u>650,604</u>	<u>223,766</u>	<u>1,118,599</u>	<u>(3,490,373)</u>
Business-type activities:					
Administration	359,241	-	-	-	(359,241)
Finance	292,023	-	-	-	(292,023)
Water operations	1,503,938	1,938,823	-	-	434,885
Sewer operations	551,159	1,258,177	-	154,928	861,946
Solid waste operations	640,201	945,059	-	-	304,858
Ambulance service	1,090,751	1,097,384	138,036	-	144,669
Economic development	107,652	-	-	-	(107,652)
Non-Departmental	391,133	-	-	-	(391,133)
Financing costs	1,160,617	-	-	-	(1,160,617)
Total business-type activities	<u>6,096,715</u>	<u>5,239,443</u>	<u>138,036</u>	<u>154,928</u>	<u>(564,308)</u>
Total Primary Government	<u>\$ 11,580,057</u>	<u>\$ 5,890,047</u>	<u>\$ 361,802</u>	<u>\$ 1,273,527</u>	<u>\$ (4,054,681)</u>

(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, 2022

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue	\$ (3,490,373)	\$ (564,308)	\$ (4,054,681)
General revenues:			
Taxes:			
Sales and use taxes	5,858,504	-	5,858,504
Gross receipts tax	2,726,121	-	2,726,121
Hotel/motel tax	41,977	-	41,977
Franchise taxes	314,834	-	314,834
Intergovernmental	591,662	-	591,662
Investment earnings	27,708	7,839	35,547
Miscellaneous/Other Fees	74,797	78,989	153,786
Transfers - internal activities	(1,844,135)	1,844,135	-
Total general revenues and transfers	7,791,468	1,930,963	9,722,431
Change in net position	4,301,095	1,366,655	5,667,750
Net position - beginning of year	23,905,698	7,630,625	31,536,323
Net position - end of year	\$ 28,206,793	\$ 8,997,280	\$ 37,204,073

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

CITY OF COWETA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 8,255,164	\$ 2,242,890	\$ 564,134	\$ 11,062,188
Investments	751,194	531,226	62,815	1,345,235
Due from other governments	751,843	-	321,335	1,073,178
Advances to other funds	-	505,046	-	505,046
Taxes receivable	-	1,010,178	-	1,010,178
Accounts receivable, net	250,058	-	22,245	272,303
Restricted assets:				
Cash and cash equivalents	3,452	-	1,794,891	1,798,343
Total assets	\$ 10,011,711	\$ 4,289,340	\$ 2,765,420	\$ 17,066,471
Liabilities and Fund Balances:				
Liabilities				
Accounts payable	\$ 50,787	\$ 135,309	\$ 21,351	\$ 207,447
Unearned revenue - ARPA grant	-	-	876,071	876,071
Compensated absences	118,163	-	-	118,163
Other accrued expenses	108,607	-	-	108,607
Amounts held in escrow	3,452	-	-	3,452
Total liabilities	281,009	135,309	897,422	1,313,740
Fund balances				
Nonspendable				
Long-term interfund advances	-	505,046	-	505,046
Restricted	-	-	1,241,085	1,241,085
Unrestricted:				
Committed	25,070	-	-	25,070
Assigned	-	3,648,985	626,913	4,275,898
Unassigned	9,705,632	-	-	9,705,632
Total fund balances	9,730,702	4,154,031	1,867,998	15,752,731
Total liabilities and fund balance	\$ 10,011,711	\$ 4,289,340	\$ 2,765,420	\$ 17,066,471

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, 2022

Total Fund Balance, Governmental Funds	\$	15,752,731
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets of \$21,321,441, net of accumulated depreciation of \$7,038,536, used in governmental activities are not current financial resources and, therefore, are not reported in the fund statements.		14,282,905
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Land	2,329,311	
Intangibles	24,855	
Construction in Progress	765,708	
Buildings & Improvements	3,170,870	
Vehicles	1,471,759	
Equipment	2,790,936	
Infrastructure	10,768,002	
Accumulated Depreciation	(7,038,536)	

Amounts related to pensions are applicable to future periods, and, therefore, are not reported in the funds.

Pension related deferred outflows of resources		1,020,438
Net pension asset		1,130,141
Net pension liability		(1,264,068)
Pension related deferred inflows of resources		(2,201,080)

Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.

Leases payable		(505,848)
Accrued interest payable		(8,426)

Total Net Position - Governmental Activities	\$	<u>28,206,793</u>
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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, 2022

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 5,900,481	\$ 2,726,121	\$ -	\$ 8,626,602
Intergovernmental programs	459,713	-	390,904	850,617
Licenses and permits	118,731	-	-	118,731
Charges for services	38,157	-	270,154	308,311
Franchise fees	314,834	-	-	314,834
Fines and forfeits	223,561	-	-	223,561
Interest income	16,449	9,346	1,913	27,708
Miscellaneous	70,049	-	4,748	74,797
Total revenues	<u>7,141,975</u>	<u>2,735,467</u>	<u>667,719</u>	<u>10,545,161</u>
Expenditures:				
General government	1,095,409	-	29,922	1,125,331
Public safety	3,250,664	2,859	123,931	3,377,454
Highways and roads	355,103	-	126,307	481,410
Cultural and recreational	353,220	-	13,498	366,718
Debt Service				
Principal	-	-	21,043	21,043
Interest expense	-	-	2,561	2,561
Capital outlay	26,750	1,781,673	108,731	1,917,154
Total expenditures	<u>5,081,146</u>	<u>1,784,532</u>	<u>425,993</u>	<u>7,291,671</u>
Excess (deficiency) of revenues over expenditures	<u>2,060,829</u>	<u>950,935</u>	<u>241,726</u>	<u>3,253,490</u>
Other financing sources (uses):				
Transfers in	5,698,483	-	73,774	5,772,257
Transfers out	(5,324,468)	(2,093,874)	(198,050)	(7,616,392)
Capital lease proceeds	-	407,275	-	407,275
Total other financing sources (uses)	<u>374,015</u>	<u>(1,686,599)</u>	<u>(124,276)</u>	<u>(1,436,860)</u>
Net change in fund balances	<u>2,434,844</u>	<u>(735,664)</u>	<u>117,450</u>	<u>1,816,630</u>
Fund balances - beginning of year	<u>7,295,858</u>	<u>4,889,695</u>	<u>1,750,548</u>	<u>13,936,101</u>
Fund balance - end of year	<u>\$ 9,730,702</u>	<u>\$ 4,154,031</u>	<u>\$ 1,867,998</u>	<u>\$ 15,752,731</u>

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, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 1,816,630

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	1,917,154
Depreciation expense	(663,893)

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	1,118,599
Book value of capital assets disposed or sold	(540)

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	206,803
Net pension expense - Police	220,231
Net pension expense - Fire	78,420

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	(407,275)
Capital lease obligation principal payments	21,043

Changes in accrued interest	(6,077)
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Change in Net Position of Governmental Activities	\$ <u>4,301,095</u>
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The accompanying notes are an integral part of the basic financial statements.

CITY OF COWETA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

	Enterprise Funds		
	Public Works Authority	Industrial Development Authority	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and equivalents	\$ 5,870,000	\$ 184,496	\$ 6,054,496
Restricted cash and equivalents	107,125	-	107,125
Accounts receivable, net	807,335	-	807,335
Total current assets	<u>6,784,460</u>	<u>184,496</u>	<u>6,968,956</u>
Non-current Assets:			
Investments, unrestricted	94,222	-	94,222
Restricted investments	13,397,824	-	13,397,824
Capital assets:			
Non-depreciable assets	2,518,827	-	2,518,827
Other assets, net of depreciation	23,553,246	10,131	23,563,377
Total non-current assets	<u>39,564,119</u>	<u>10,131</u>	<u>39,574,250</u>
Total assets	<u>46,348,579</u>	<u>194,627</u>	<u>46,543,206</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred amounts related to pensions	836,240	-	836,240
Unamortized asset retirement obligation	1,235,495	-	1,235,495
Total deferred outflows	<u>2,071,735</u>	<u>-</u>	<u>2,071,735</u>
LIABILITIES			
Current liabilities:			
Accounts payable	63,330	319	63,649
Accrued payroll	65,431	-	65,431
Accrued interest payable	403,547	-	403,547
Accrued compensated absences	54,578	-	54,578
Deposits subject to refund	232,755	-	232,755
Notes payable	293,000	-	293,000
Revenue bonds payable	855,000	-	855,000
Total current liabilities	<u>1,967,641</u>	<u>319</u>	<u>1,967,960</u>
Non-current liabilities:			
Net pension liability	1,246,586	-	1,246,586
Asset retirement obligation	1,410,000	-	1,410,000
Advance from other funds	505,046	-	505,046
Notes Payable	12,625,715	-	12,625,715
Revenue bonds payable	20,505,000	-	20,505,000
Total non-current liabilities	<u>36,292,347</u>	<u>-</u>	<u>36,292,347</u>
Total liabilities	<u>38,259,988</u>	<u>319</u>	<u>38,260,307</u>
DEFERRED INFLOW OF RESOURCES			
Deferred amounts related to pensions	<u>1,357,354</u>	<u>-</u>	<u>1,357,354</u>
Net position:			
Net investment in capital assets	3,456,767	10,131	3,466,898
Restricted for:			
Construction	12,168,455	-	12,168,455
Debt Service	1,103,740	-	1,103,740
Unrestricted	(7,925,990)	184,177	(7,741,813)
Net position	<u>\$ 8,802,972</u>	<u>\$ 194,308</u>	<u>\$ 8,997,280</u>

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, 2022

	Enterprise Funds		
	Public Works Authority	Industrial Development Authority	Total Enterprise Funds
Operating Revenues:			
Water revenue	\$ 1,938,823	\$ -	\$ 1,938,823
Sewer revenue	1,258,177	-	1,258,177
Solid waste revenue	945,059	-	945,059
Ambulance revenue	1,097,384	-	1,097,384
Operating grants	138,036	-	138,036
Miscellaneous charges	77,909	1,080	78,989
Total revenues	5,455,388	1,080	5,456,468
Operations expense:			
General administrative	359,241	-	359,241
Finance	292,023	-	292,023
Water operations	831,222	-	831,222
Sewer operations	297,769	-	297,769
Solid waste operations	589,126	-	589,126
Ambulance service	1,081,975	-	1,081,975
Economic development	-	107,392	107,392
Non-departmental	387,206	-	387,206
Depreciation	989,884	260	990,144
Total operations expense	4,828,446	107,652	4,936,098
Operating income (loss)	626,942	(106,572)	520,370
Non-operating revenues (expenses):			
Interest revenue	7,652	187	7,839
Interest expense and fiscal agent fees	(867,367)	-	(867,367)
Note issuance costs	(293,250)	-	(293,250)
Capital donations/grants	154,928	-	154,928
Total Non-operating revenues (expenses)	(998,037)	187	(997,850)
Income (loss) before operating transfers	(371,095)	(106,385)	(477,480)
Transfers in	6,964,333	139,635	7,103,968
Transfers out	(5,259,833)	-	(5,259,833)
Change in net position	1,333,405	33,250	1,366,655
Total Net position, beginning	7,469,567	161,058	7,630,625
Total Net position, ending	\$ 8,802,972	\$ 194,308	\$ 8,997,280

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, 2022

	Enterprise Funds		
	Public Works Authority	Industrial Development Authority	Total Enterprise Funds
Cash flows from operating activities:			
Receipts from customers	\$ 5,468,922	\$ 1,080	\$ 5,470,002
Payments to vendors and employees	(3,953,019)	(107,203)	(4,060,222)
Net cash provided by (used in) operating activities	<u>1,515,903</u>	<u>(106,123)</u>	<u>1,409,780</u>
Cash flows from capital and related financing activities:			
Transfers and advances from other funds	6,964,333	139,635	7,103,968
Transfers to other funds	(5,259,833)	-	(5,259,833)
Acquisition and construction of capital assets	(107,533)	(10,391)	(117,924)
Proceeds from Issuance of debt	12,500,000	-	12,500,000
Note issuance costs	(293,250)	-	(293,250)
Principal paid on revenue bonds	(825,000)	-	(825,000)
Interest paid on revenue bonds	(766,269)	-	(766,269)
Interest paid on notes	(90,855)	-	(90,855)
Interest paid on advances	(5,744)	-	(5,744)
Fiscal agent fees	(4,500)	-	(4,500)
Net cash provided by (used in) capital and related financing activities	<u>12,111,349</u>	<u>129,244</u>	<u>12,240,593</u>
Cash flows from investing activities:			
(Purchase) liquidation of investments	(12,147,711)	-	(12,147,711)
Interest on investments	7,652	187	7,839
Net cash provided by (used in) investing activities	<u>(12,140,059)</u>	<u>187</u>	<u>(12,139,872)</u>
Net increase (decrease) in cash and cash equivalents	1,487,193	23,308	1,510,501
Balances - beginning of year	4,489,932	161,188	4,651,120
Balances - end of year	<u>\$ 5,977,125</u>	<u>\$ 184,496</u>	<u>\$ 6,161,621</u>
Reconciliation to Statement of Net Position:			
	-		
Cash and cash equivalents	\$ 5,870,000	\$ 184,496	\$ 6,054,496
Restricted cash and cash equivalents - current	107,125	-	107,125
Total cash and cash equivalents - end of year	<u>\$ 5,977,125</u>	<u>\$ 184,496</u>	<u>\$ 6,161,621</u>
Reconciliation of operating income to net cash			
Operating income (loss)	\$ 626,942	\$ (106,572)	\$ 520,370
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	989,884	260	990,144
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	13,829	-	13,829
(Decrease) in due from other funds	1,885	-	1,885
(Increase) in deferred outflow of resources	(313,507)	-	(313,507)
Increase (decrease) in advances from other funds	(69,320)	-	(69,320)
Increase (decrease) in accrued interest	72,555	-	72,555
Increase (decrease) in due to other funds	(337)	-	(337)
Increase (decrease) in customer deposits	(295)	-	(295)
Increase (decrease) in accounts payable	19,266	189	19,455
Increase (decrease) in asset retirement obligation	464,100	-	464,100
Increase (decrease) in accrued expenses	7,113	-	7,113
Increase (decrease) in deferred inflow of resources	1,046,482	-	1,046,482
Increase (decrease) in net pension liability	(1,351,956)	-	(1,351,956)
Increase (decrease) in compensated absences	9,262	-	9,262
Total adjustments	<u>888,961</u>	<u>449</u>	<u>889,410</u>
Net cash provided by (used in) operating activities	<u>\$ 1,515,903</u>	<u>\$ (106,123)</u>	<u>\$ 1,409,780</u>
Noncash Activities			
Contributed capital assets	<u>\$ 154,928</u>	<u>\$ 129,244</u>	<u>\$ 284,172</u>

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.

During fiscal year 2022, the City implemented the following accounting standards:

- GASB Statement No. 87 – 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. There was no material effect on the City's financial position.
- Statement No. 92, "Omnibus 2020" — The objectives of this Statement were 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. GASB Statement No. 99 paragraphs 26-32 were implemented by the City for the fiscal year ending June 30, 2022. There was no effect on the City's financial statements as a result of the implementation. See further discussion regarding the other paragraphs of GASB Statement No. 99 in "Note 10: Recently Issued Accounting Standards".

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

- 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.
- 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
 - Cemetery Fund
 - Library Fund
 - Self-Insurance Fund
 - E-911 Fund
 - Rural Firefighters Fund
- 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.
- 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
 - Grants Fund

PROPRIETARY FUNDS

- 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:

General Fund
Capital Improvement Fund
Coweta Public Works Authority

Non-Major:

Street and Alley Fund
Cemetery Fund
Library Fund
Self-Insurance Fund
E-911 Fund
Rural Firefighters Fund
Grants 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 Net Position or 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 Note 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

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

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 2022 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, 2022, 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

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

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, 2022, the City had no outstanding general obligation bonds or judgements. No property tax was levied during the fiscal year ended June 30, 2022.
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.

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

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) – no current activity	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, 2022, 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, 2022, 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, 2022, 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, 2022:

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/ Series 2022 Sales Tax Note Requirement	For the year ended June 30, 2022, available sales tax and operating revenues, as defined by the bond indenture and loan agreement, were \$5,259,833; the bond coverage requirement was 125% of annual principal and interest requirements, or \$2,115,545. Actual coverage was 421%. In addition, available revenues without tax transfers, as defined by the bond indenture, were \$1,864,654; the bond coverage requirement was 75% of annual principal and interest requirements. Actual coverage was 110%.

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, 2022.

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, 2022 the City's bank balances of \$16,643,403 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, 2022.

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.

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

- 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, 2022, 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, 2022:

Type	Weighted Average Maturity (Months)	Standard & Poor's Credit Rating	Value
Demand deposits	N/A	(1)	\$ 16,643,403
Petty cash and change funds	N/A	N/A	925
Short-term money market funds	1.02	AAAm	13,272,195
Certificates of deposit	15.24	(1)	<u>3,942,910</u>
			<u>\$ 33,859,433</u>
(1) Not subject to rating			
Reconciliation to Statement of Net Position			
Cash and cash equivalents			\$ 17,116,684
Restricted Cash and cash equivalents			1,905,468
Investments			1,439,457
Restricted investments			<u>13,397,824</u>
			<u>\$ 33,859,433</u>

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 at June 30, 2022 are detailed on the following page.

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City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
Service receivables	\$ -	\$ 1,430,347	\$ 1,430,347
Due from other governments	1,073,178	-	1,073,178
Municipal court fine receivable	526,615	-	526,615
Taxes receivable	1,010,178	-	1,010,178
Other receivables	413,432	10,054	423,486
Advance to other funds	505,046	-	505,046
Allowance for uncollectible accounts	(667,744)	(633,066)	(1,300,810)
Net accounts receivable	<u>\$ 2,860,705</u>	<u>\$ 807,335</u>	<u>\$ 3,668,040</u>

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 \$202,258 at June 30, 2022 has been restricted in use for street and alley maintenance; \$465,498 for cemetery maintenance; \$41,149 for library operations; \$232,784 for E911 operations; and \$299,396 for rural fire 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, 2022, cash in the amount of \$3,452 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 \$1,103,740 at June 30, 2022 have been restricted for debt service and \$12,168,454 is restricted for construction projects. 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, 2022, cash and cash equivalents in the amount of \$232,755, of which \$107,125, is classified as current and \$125,630 is classified as non-current, have been restricted for customer utility deposits.

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City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

3.E. Capital Assets

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

Governmental Activities	Balance 6/30/2021	Additions	Disposals	Balance 6/30/2022
Non-depreciable assets:				
Land	2,329,311	-	\$ -	\$ 2,329,311
Construction in progress	126,261	644,447	(5,000)	765,708
Total non-depreciable assets	<u>2,455,572</u>	<u>644,447</u>	<u>(5,000)</u>	<u>3,095,019</u>
Depreciable assets:				
Intangibles	24,855	-	-	24,855
Buildings and improvements	3,161,420	9,450	-	3,170,870
Furniture, fixtures and equipment	2,565,302	231,034	(5,400)	2,790,936
Vehicles	997,405	474,354	-	1,471,759
Infrastructure	9,092,334	1,681,468	(5,800)	10,768,002
Total depreciable assets	<u>15,841,316</u>	<u>2,396,306</u>	<u>(11,200)</u>	<u>18,226,422</u>
Less accumulated depreciation:				
Intangibles	(11,599)	(4,971)	-	(16,570)
Buildings and improvements	(986,885)	(94,796)	-	(1,081,681)
Furniture, fixtures and equipment	(1,721,618)	(156,136)	4,860	(1,872,894)
Vehicles	(759,263)	(76,528)	-	(835,791)
Infrastructure	(2,905,939)	(331,462)	5,800	(3,231,600)
Total accumulated depreciation	<u>(6,385,303)</u>	<u>(663,893)</u>	<u>10,660</u>	<u>(7,038,536)</u>
Net depreciable assets	<u>9,456,013</u>	<u>1,732,413</u>	<u>(540)</u>	<u>11,187,886</u>
Net governmental activities capital assets	\$ <u>11,911,585</u>	\$ <u>2,376,860</u>	\$ <u>(5,540)</u>	\$ <u>14,282,905</u>

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City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

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

Business-Type Activities	Balance 6/30/2021	Additions	Disposals	Balance 6/30/2022
Non-depreciable assets:				
Land	329,789	-	-	\$ 329,789
Construction in progress	146,870	107,533	-	254,403
Other non-depreciable assets	1,934,635	-	-	1,934,635
Total non-depreciable assets	2,411,294	107,533	-	2,518,827
Depreciable assets:				
Intangibles	85,000	-	-	85,000
Buildings and improvements	880,850	-	-	880,850
Furniture, fixtures and equipment	1,341,716	-	-	1,341,716
Vehicles	1,022,012	-	-	1,022,012
Infrastructure	37,052,170	165,319	-	37,217,489
Total depreciable assets	40,381,748	165,319	-	40,547,067
Less accumulated depreciation:				
Intangibles	(17,000)	(17,000)	-	(34,000)
Buildings and improvements	(796,147)	(3,794)	-	(799,941)
Furniture, fixtures and equipment	(512,228)	(71,357)	-	(583,585)
Vehicles	(577,944)	(96,873)	-	(674,817)
Infrastructure	(14,090,227)	(801,120)	-	(14,891,347)
Total accumulated depreciation	(15,993,546)	(990,144)	-	(16,983,690)
Net depreciable assets	24,388,202	(824,825)	-	23,563,377
Net Business-Type activities capital assets	\$ 26,799,496	\$ (717,292)	\$ -	\$ 26,082,204

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

Governmental Activities

General government	\$ 91,177
Public safety and judiciary	173,503
Public works	353,556
Cultural, parks and recreation	45,657
Total depreciation expense for governmental activities	\$ 663,893

Business-Type Activities

Water	\$ 672,715
Sewer	253,390
Solid waste	51,075
Administrative	3,927
Ambulance	8,776
Economic development	260
Total depreciation expense for business-type activities	\$ 990,143

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

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, 2022, consisted of the following:

TRANSFERS IN	TRANSFERS OUT					Total Transfers Out
	General Fund	Cemetery Fund	Rural Fire Fund	Capital Improvement Fund	PWA	
General Fund	\$ -	\$ 61,250	\$ -	\$ 377,400	\$ 5,259,833	\$ 5,698,483
Cap. Imp. Fund	-	-	-	-	-	-
Grants	-	-	-	73,774	-	73,774
CIDA	64,635	-	-	75,000	-	139,635
PWA	5,259,833	-	136,800	1,567,700	-	6,964,333
Total Transfers In	<u>\$ 5,324,468</u>	<u>\$ 61,250</u>	<u>\$ 136,800</u>	<u>\$ 2,093,874</u>	<u>\$ 5,259,833</u>	<u>\$ 12,876,225</u>

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 5,772,257	\$ (7,616,392)	\$ (1,844,135)
Proprietary Funds	<u>7,103,968</u>	<u>(5,259,833)</u>	<u>1,844,135</u>
	<u>\$ 12,876,225</u>	<u>\$ (12,876,225)</u>	<u>\$ -</u>

The General Fund transferred sales tax revenues totaling \$5,259,833 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, 2022 was \$505,046 and is scheduled to be paid over the next nine years in equal installments.

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
Capital Improvement Fund	\$ 505,046	\$ -
PWA	<u>-</u>	<u>505,046</u>
Total	<u>\$ 505,046</u>	<u>\$ 505,046</u>

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

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, 2022 were as follows:

Streets & Alley	State Statute 11 O.S. § 36-114	\$	202,258
Cemetery	State Statute 11 O.S. § 26-109		465,498
Library	Shared Revenue Agreement with State		41,149
E-911	State Statutes 62 O.S. § 28.11-.21 and 63 O.S. § 2843.2		232,784
Rural Fire	State Statute 68 O.S. § 2701-06		299,396
		\$	<u>1,241,085</u>

Fund Level Financial Statements:

Fund Balance	General Fund	Capital Improvement Fund	Other Governmental Funds	Total
Nonspendable:				
Advance to other funds	\$ -	\$ 505,046	\$ -	\$ 505,046
Total Nonspendable	<u>-</u>	<u>505,046</u>	<u>-</u>	<u>505,046</u>
Restricted For:				
Streets and Alleys	-	-	202,258	202,258
Cemetery	-	-	465,498	465,498
Library operations	-	-	41,149	41,149
E-911	-	-	232,784	232,784
Rural Fire operations	-	-	299,396	299,396
Total Restricted	<u>-</u>	<u>-</u>	<u>1,241,085</u>	<u>1,241,085</u>
Committed For:				
Court Technology	25,070	-	-	25,070
Total Committed	<u>25,070</u>	<u>-</u>	<u>-</u>	<u>25,070</u>
Assigned For:				
Capital Improvements	-	3,648,985	312,873	3,961,858
Health/Wellness	-	-	110,959	110,959
Rural Fire operations	-	-	203,081	203,081
Total Assigned	<u>-</u>	<u>3,648,985</u>	<u>626,913</u>	<u>4,275,898</u>
Unassigned:	9,705,632	-	-	9,705,632
Total Committed	<u>9,705,632</u>	<u>-</u>	<u>-</u>	<u>9,705,632</u>
TOTAL FUND BALANCE	<u>\$ 9,730,702</u>	<u>\$ 4,154,031</u>	<u>\$ 1,867,998</u>	<u>\$ 15,752,731</u>

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, 2022, the long-term debt payable from governmental activities consisted of the following:

	Balance 6/30/22
Capital Leases Obligations:	
\$143,219 capital lease with Motorola for CallWorks dispatch equipment, interest rate of 0% for the first year, 6.32% thereafter; first payment due April 1, 2021 followed by annual installments commencing August 1, 2021 through August 1, 2026.	\$ 98,573
\$407,275 capital lease with RCB Bank for fire engine, fixed interest rate of 2.1%; first payment due February 15, 2023 followed by annual installments through February 15, 2026.	<u>407,275</u>
Total Capital Leases	\$ <u>505,848</u>
Current portion	\$ 116,373
Non-current portion	<u>389,475</u>
Total Capital Leases	\$ <u>505,848</u>

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City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

- 2. Business-Type Activities:** As of June 30, 2022, the long-term debt payable from business-type activities resources consisted of the following:

	Balance 6/30/22
Revenue Bonds:	
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.	\$ 21,360,000
Total Revenue Bonds Payable	\$ 21,360,000
Current portion	\$ 855,000
Non-current portion	20,505,000
Total Revenue Bonds Payable	\$ 21,360,000
Notes Payable (Direct Borrowing):	
	Balance 6/30/22

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 \$10,954,285. 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.

\$ 418,715

Series 2022 Sales Tax Revenue Note to the RCB Bank, aggregate principal amount of \$12,500,000, secured by sales tax revenue, interest rate of 2.479%, semiannual principal installments commence on April 1, 2023 with final maturity April 1, 2037. The loan is collateralized by the pledge of revenues. In the event of default, the lender may: (1) file suit for specific performance of any or all of the covenants of the PWA contained in the Note Indenture, the Sales Tax Agreement or in the Notes; (2) require the Sales Tax revenue to be deposited directly as received with the Bank; (3) accelerate the payment of principal and interest accrued on all Notes; or (4) suit at law or equity to enforce or enjoin the action or inaction of the parties under the provisions of the Note Indenture or the Sales Tax Agreement.

12,500,000

Total Notes Payable \$ 12,918,715

Current portion \$ 293,000

Non-current portion 12,625,715

Total Notes Payable \$ 12,918,715

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

The 2016A 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 \$232,755 are included in the current liabilities of the PWA:

<u>Deposits Subject to Refund</u>		Balance 6/30/22
	Current portion	\$ 232,755
	Total Deposits Subject to Refund	\$ 232,755

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, 2022 are summarized below:

Business-type Activities:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022
Revenue Bond 2016A	\$ 22,185,000	\$ -	\$ (825,000)	\$ 21,360,000
Series 2019 OWRB Note	379,830	38,885	-	418,715
Series 2022 Sales Tax Note	-	12,500,000	-	12,500,000
Total	\$ 22,564,830	\$ 12,538,885	\$ (825,000)	\$ 34,278,715

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City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

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
2023	\$ 1,148,000	\$ 1,068,142	\$ 2,216,142
2024	1,611,000	1,019,219	2,630,219
2025	1,675,000	965,075	2,640,075
2026	1,724,000	908,972	2,632,972
2027	1,783,000	850,987	2,633,987
2028-2032	9,856,000	3,309,878	13,165,878
2033-2037	11,546,000	1,616,362	13,162,362
2038-2042	6,590,000	224,822	6,814,822
2043-2047	4,409,000	-	4,409,000
2048-2052	4,891,000	-	4,891,000
	<u>\$ 45,233,000</u>	<u>\$ 9,963,457</u>	<u>\$ 55,196,457</u>

Remaining loan proceeds to be drawn:
(10,954,285)
\$ 34,278,715

3.L. Pledge of Future Revenues

Sales Tax Pledge: The City has pledged future sales tax revenues to repay \$23,980,000 of Series 2016A Utility System Revenue Bonds, \$11,373,000 of OWRB Note Payable Series 2019, and \$12,500,000 of Sales Tax Note Payable Series 2022. The Series 2019 OWRB 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 and 2022 Notes. The bonds and notes are payable from pledged sales tax revenues and further secured by net water, sewer and solid waste revenues. The 2016A bonds are payable through 2039. The total principal and interest payable for the remainder of the life of the bonds is \$28,691,284. 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. The 2022 Note is payable through 2037. The total principal and interest payable for the remainder of the life of the 2022 Note is \$15,132,171. Pledged sales taxes received in the current year were \$5,259,833 and net utility revenues were \$1,864,654. Debt service payments of \$1,692,436 for the bonds and notes for the current fiscal year were 32% of the pledged sales taxes and 24% 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 2022 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 Asset			
Police	\$ 1,130,141	\$ -	\$ 1,130,141
Firefighters	-	-	-
Total	<u>\$ 1,130,141</u>	<u>\$ -</u>	<u>\$ 1,130,141</u>
Net Pension Liability			
Police	\$ -	\$ -	\$ -
Firefighters	<u>1,264,068</u>	<u>1,246,586</u>	<u>2,510,654</u>
Total	<u>\$ 1,264,068</u>	<u>\$ 1,246,586</u>	<u>\$ 2,510,654</u>
Deferred Outflows of Resources			
Police	\$ 143,620	\$ -	\$ 143,620
Firefighters	<u>876,818</u>	<u>836,240</u>	<u>1,713,058</u>
Total	<u>\$ 1,020,438</u>	<u>\$ 836,240</u>	<u>\$ 1,856,678</u>
Deferred Inflows of Resources			
Police	\$ 877,786	\$ -	\$ 877,786
Firefighters	<u>1,323,294</u>	<u>1,357,354</u>	<u>2,680,648</u>
Total	<u>\$ 2,201,080</u>	<u>\$ 1,357,354</u>	<u>\$ 3,558,434</u>
Pension Expense			
Police	\$ 114,258	\$ -	\$ 114,258
Firefighters	<u>(15,772)</u>	<u>1,175</u>	<u>(14,597)</u>
Total	<u>\$ 98,486</u>	<u>\$ 1,175</u>	<u>\$ 99,661</u>

1. Oklahoma Police Pension & Retirement System (OPPRS)

Summary of Significant Accounting Policies

Pensions – For purposes of measuring the net pension asset, 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 \$105,973. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$90,685 during the calendar year and this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and

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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 \$66,831. 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, 2022, the City reported an asset of \$1,130,141 for its proportionate share of the net pension liability. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information, the City's proportion was 0.2356%.

For the year ended June 30, 2022, the City recognized pension expense of \$114,258. At June 30, 2022, 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	\$ 16,226	\$ 44,607
Changes of assumptions	17,186	-
Net difference between projected and actual earnings on pension plan investments	-	824,399
Changes in proportion	2,472	3,143
City contributions during measurement date	1,763	5,637
City contributions subsequent to the measurement date	105,973	-
Total	<u>\$ 143,620</u>	<u>\$ 877,786</u>

In the year ending June 30, 2022, \$105,973 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, 2023. 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:

2023	\$ (190,042)
2024	(167,217)
2025	(210,094)
2026	(274,915)
2027	2,130
	<u>\$ (840,138)</u>

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Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2021, 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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2016, to June 30, 2021.

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, 2021, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	3.22%
Domestic equity	4.55%
International equity	8.50%
Real estate	7.97%
Private equity	9.36%
Commodities	0.00%

The current allocation policy will currently maintain approximately 65% of assets in equity instruments, including public equity, long/short hedge, venture capital, and private equity strategies; approximately 20% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, low volatility hedge funds, and absolute return strategies; and 15% of assets in core and opportunistic real estate.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ (423,837)	\$ (1,130,141)	\$ (1,727,374)

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 \$187,082. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$289,342 during the calendar year; \$151,306 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 \$138,036 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 \$358,484. 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, 2022, the City reported a liability of \$2,510,654 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an

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actuarial valuation as of July 1, 2021. 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, 2021. Based upon this information, the City's proportion was 0.381230%.

For the year ended June 30, 2022, the City recognized pension benefit of \$14,597. At June 30, 2022, 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	\$ 910,557	\$ 44,091
Changes of assumptions	-	55,686
Net difference between projected and actual earnings on pension plan investments	-	1,995,862
Changes in proportion	605,275	571,728
City contributions during measurement date	10,144	13,281
City contributions subsequent to the measurement date	187,082	-
Total	<u>\$ 1,713,058</u>	<u>\$ 2,680,648</u>

In the year ending June 30, 2022, \$187,082 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, 2023. 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:

2023	\$ (129,704)
2024	(212,612)
2025	(304,148)
2026	(508,209)
	<u>\$ (1,154,673)</u>

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2021, 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

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Mortality rates were based on:

- *Active members* – Pub-2010 Public Safety Table with generational mortality improvement using MP-2018.
- *Retired members* – Pub-2010 Public Safety Below Median Table with generational mortality improvement using Scale MP-2018.
- *Disabled members* – Pub-2010 Public Safety Disabled Table set forward 2 years.

The actuarial assumptions used in the July 1, 2021, 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. The inflation factor added back was 2.26%. 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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	3.53%
Domestic equity	47%	5.73%
International equity	15%	8.50%
Real estate	10%	7.97%
Other assets	8%	4.73%

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 Oklahoma statutes. Projected cash flows also assume the State of Oklahoma will continue contributing an allocation of the insurance premium, as established by Oklahoma statute. Prior to July 1, 2020, the pension plan was allocated 36% of the Statewide insurance premium tax. The State of Oklahoma has passed legislation that changes the allocation percentage as follows:

- 25.2% effective September 1, 2020
- 36.0% effective July 1, 2021
- 37.8% effective July 1, 2022
- 36.0% effective July 1, 2027

The pension plan will also receive \$40,625 each year from July 1, 2020, through June 30, 2027. 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 the pension plan’s 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 employer 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)	\$ 3,923,416	\$ 2,510,654	\$ 1,327,882

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 7% of covered payroll for the current year contributions. 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, 2022, the following amounts were paid into the defined contribution plan:

Employee contributions made: \$71,860
Employer (City) contributions made: \$100,381

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

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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: \$6,438
Employer (City) contributions made: \$18,027

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

The City has several construction contractual obligations arising from existing contracts and agreements, of which \$1.6 million remains outstanding at June 30, 2022.

Engineering and construction contracts include those specifically negotiated for the expansion of the wastewater treatment plant, park improvements, street and sidewalk construction projects, sewer infrastructure expansion, and water infrastructure upgrades.

These obligations are not expected to be fully paid from current financial resources and are not recognized as a liability until performance under the contract has occurred.

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.

City of Coweta, Oklahoma
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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, 2022 was as follows:

	Debt Service Requirements
Annual interest payments - 2016 Series Revenue Bonds	\$776,581
Annual principal payments - 2016 Series Revenue Bonds	825,000
Annual interest payments - 2019 Series CWSRF Note	8,259
Annual principal payments - 2019 Series CWSRF Note	-
Annual interest payments - 2022 Series Sales Tax Note	82,596
Annual principal payments - 2022 Series Sales Tax Note	-
Total Debt Service Requirements	<u>\$ 1,692,436</u>

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 2022 as outlined below:

Utility Operating Revenues	\$ 4,219,968
Sales Tax transfers in	5,259,833
Direct Utility Expenses	(1,718,117)
Allocated Overhead (% of Dept. Expenses)	(637,198)
Net Revenues for 125%	<u>\$ 7,124,486</u>
Revenues required for 125% coverage of debt service:	\$ 2,115,545
Actual Net Revenues	7,124,486
Actual coverage	421%

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 2022 as outlined below:

Net Revenues (from above)	\$ 7,124,486
Sales Tax (from above)	(5,259,833)
Net Revenues for 75%	<u>\$ 1,864,653</u>
Total Debt Service Requirements	\$ 1,692,436
Actual coverage	110%

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 1.2% increase was implemented in fiscal year 2022, with an additional 3% increase planned each July until the year 2028 unless otherwise adjusted by the Coweta City Council.

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, 2022 the CIDA abated hotel-motel tax that would have otherwise been remitted to the City totaling \$20,801 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, 2022:

1. Under the terms of a sales tax rebate agreement, a business received rebated sales taxes during fiscal year 2022 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 2022 represents 50% of the sales tax generated by the entity in fiscal year 2022.
2. Under the terms of a sales tax rebate agreement, a business received rebated sales taxes during fiscal year 2022 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 2022 represents 50% of the sales tax generated by the entity in fiscal year 2022.

NOTE 9. SUBSEQUENT EVENTS

Subsequent to June 30, 2022, the PWA issued a \$4,600,000 Coweta Public Works Authority Series 2022 Clean Water SRF Promissory Note (the "2022 CWSRF Note") to the Oklahoma Water Resource Board ("OWRB") through the OWRB's Clean Water SRF Financing Program to finance upgrades to the City's wastewater treatment plant and pay costs of issuance. The 2022 CWSRF note closed on September 23, 2022 and bears a fixed rate of interest of 2.42% plus an administrative fee of 0.50%, for a total borrowing rate of 2.92%. Principal repayment has been scheduled to commence the earlier of (i) the March 15th or September 15th following the date the project is complete, or (ii) September 15, 2025. Final maturity date is March 15, 2054.

The City also executed a 60-month lease to purchase equipment agreement with FNB Coweta on October 14, 2022 for refurbishing an existing ambulance box and placing it on a new chassis. The

principal amount is \$111,291.00 at a fixed interest rate of 3.87%, with monthly payments of \$2,045.91 beginning November 14, 2022 and ending October 14, 2027.

Coweta's electors approved an additional 1¢ sales tax in February of 2022, that becomes effective on July 1, 2022. This additional tax, expected to raise an additional \$1.5 million in revenue annually, is restricted to fund infrastructure projects and capital purchases. The initial project list contains approximately \$41 million in projected costs.

NOTE 10. RECENTLY ISSUED ACCOUNTING STANDARDS

Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements" — This Statement was issued March 2020 to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). It also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). GASB Statement No. 94 will be effective for the City for the fiscal year ending June 30, 2023.

Statement No. 96, "Subscription-Based Information Technology Arrangements" — This statement was issued May 2020 to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlay other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. GASB Statement No. 96 will be effective for the City for the fiscal year ending June 30, 2023..

Statement No. 99, "Omnibus 2022" — This statement was issued April 2022 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. This Statement addresses a variety of topics including issues related to leases implementation, derivative instruments, nonmonetary transactions, public-private and public-public partnerships and availability payment arrangements, subscription-based information technology arrangements, LIBOR, SNAP and other terminology updates. Specifically, the paragraphs for future adoption address the following topics:

- Classification and reporting of derivative instruments within the scope of Statement No. 53
- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability

GASB Statement No. 99 paragraphs 11-25 will be effective for the City for the fiscal year ending June 30, 2023 and paragraphs 4-10 will be effective for the City for the fiscal year ending June 30, 2024.

Statement No. 100, “Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62” — This statement was issued June 2022 to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

Statement No. 101, “Compensated Absences” — This statement was issued June 2022 to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. Other requirements include that a liability for certain types of compensated absences not be recognized until the leave commences, and that a liability for specific types of compensated absences not be recognized until the leave is used. GASB Statement No. 101 will be effective for the City for the fiscal year ending June 30, 2024.

The City will implement new GASB pronouncements no later than the required effective date. The City is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the City’s financial statements.

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**CITY OF COWETA, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

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, 2022

	Budgeted Amounts			Variance With
	Original Budget	Final Budget	Actual	Final Budget Over (Under)
Beginning Budgetary Fund Balance	\$ 6,496,388	\$ 6,496,388	\$ 7,295,858	\$ 799,470
Resources (Inflows)				
TAXES				
Sales Tax	3,896,816	5,278,287	5,237,629	(40,658)
Use Tax	425,000	425,000	620,875	195,875
Hotel-Motel Tax	34,000	34,000	41,977	7,977
Franchise Tax	250,000	250,000	314,834	64,834
Total Taxes	4,605,816	5,987,287	6,215,315	228,028
LICENSES & PERMITS				
Building Permits	70,000	70,000	95,992	25,992
Licenses	20,000	20,000	22,445	2,445
Park & Recreation Fee	9,000	9,000	12,071	3,071
Total Licenses & Permits	99,000	99,000	130,508	31,508
CHARGES FOR SERVICES				
Fire Runs	3,000	3,000	347	(2,653)
Zoning Fees	2,000	2,000	4,196	2,196
Animal Shelter Fees	1,500	1,500	518	(982)
Copy Fees	825	825	2,246	1,421
License Plate Seizures	500	500	1,195	695
Special Assessments	500	500	570	70
Library Fines	-	-	838	838
Abatements	3,500	3,500	6,905	3,405
Rent Receipts	14,400	14,400	14,400	-
Special Police Services	15,000	15,000	15,612	612
Total Charges for Services	41,225	41,225	46,827	5,602
INTERGOVERNMENTAL				
Alcohol Beverage Tax	155,000	155,000	176,564	21,564
Cigarette Tax	43,000	43,000	41,158	(1,842)
Total Intergovernmental	198,000	198,000	217,722	19,722
FINES & FORFEITURES				
Fines and Forfeitures	250,000	250,000	210,018	(39,982)
Technology Fee	7,500	7,500	12,347	4,847
Total Fines & Forfeitures	257,500	257,500	222,365	(35,135)
INVESTMENT INCOME				
Interest Earned	7,500	7,500	16,449	8,949
Total Investment Income	7,500	7,500	16,449	8,949
OTHER				
Miscellaneous	500	8,875	32,374	23,499
Collection fees	20,300	20,300	16,392	(3,908)
UBCC Permit Fee	1,000	1,000	295	(705)
Insurance Reimbursements	-	1,737	1,737	-
Transfers in	4,335,466	4,335,466	5,698,483	1,363,017
Total Other	4,357,266	4,367,378	5,749,281	1,381,903
Total Resources (Inflows)	9,566,307	10,957,890	12,598,467	1,640,577
Amounts Available for Appropriation	16,062,695	17,454,278	19,894,325	2,440,047

City of Coweta, Oklahoma
Budgetary Comparison Schedule
General Fund
FOR THE YEAR ENDED JUNE 30, 2022

Charges to Appropriations (outflows)	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original Budget	Final Budget	Actual	
GENERAL GOVERNMENT				
CITY COUNCIL				
Personal services	17,690	18,240	18,058	(182)
Materials and supplies	475	325	250	(75)
Other services and charges	500	100	87	(13)
Total City Council	18,665	18,665	18,395	(270)
CITY MANAGER				
Personal services	168,898	168,898	162,989	(5,909)
Materials and supplies	13,050	13,050	9,305	(3,745)
Other services and charges	15,995	32,995	31,771	(1,224)
Capital Outlay	-	-	-	-
Total City Manager	197,943	214,943	204,065	(10,878)
FINANCE				
Personal services	111,180	86,920	65,933	(20,987)
Materials and supplies	9,850	15,350	13,130	(2,220)
Other services and charges	18,620	26,250	12,159	(14,091)
Capital Outlay	-	-	-	-
Total Finance	139,650	128,520	91,222	(37,298)
CITY ATTORNEY				
Personal services	14,000	14,000	7,000	(7,000)
Personal services	-	-	-	-
Total City Attorney	14,000	14,000	7,000	(7,000)
COMMUNITY DEVELOPMENT:				
Personal services	357,171	357,171	290,909	(66,262)
Materials and supplies	16,800	16,300	13,114	(3,186)
Other services and charges	71,374	83,279	76,064	(7,215)
Capital Outlay	-	-	-	-
Total Community Development	445,345	456,750	380,087	(76,663)
NON-DEPARTMENTAL:				
Materials and supplies	22,200	23,200	7,014	(16,186)
Other services and charges	568,661	450,461	387,628	(62,833)
Capital Outlay	-	26,500	-	(26,500)
Total Non-Departmental	590,861	500,161	394,642	(105,519)

(continued)

City of Coweta, Oklahoma
Budgetary Comparison Schedule
General Fund
FOR THE YEAR ENDED JUNE 30, 2022

Charges to Appropriations (outflows) (continued)	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original Budget	Final Budget	Actual	
PUBLIC SAFETY AND JUDICIARY				
MUNICIPAL COURT				
Personal services	90,743	113,773	109,842	(3,931)
Materials and supplies	2,200	3,900	3,047	(853)
Other services and charges	44,446	39,446	24,214	(15,232)
Capital Outlay	-	-	-	-
Total Municipal Court	137,389	157,119	137,103	(20,016)
POLICE:				
Personal services	1,667,644	1,676,774	1,578,030	(98,744)
Materials and supplies	78,580	111,005	103,414	(7,591)
Other services and charges	71,574	78,899	68,337	(10,562)
Capital Outlay	-	8,800	-	(8,800)
Total Police	1,817,798	1,875,478	1,749,781	(125,697)
ANIMAL CONTROL				
Personal services	66,780	66,780	55,061	(11,719)
Materials and supplies	8,000	8,600	5,397	(3,203)
Other services and charges	10,600	12,355	3,202	(9,153)
Capital Outlay	-	-	-	-
Total Animal Control	85,380	87,735	63,660	(24,075)
FIRE:				
Personal services	949,496	949,496	917,800	(31,696)
Materials and supplies	62,790	88,037	77,462	(10,575)
Other services and charges	63,400	66,775	57,514	(9,261)
Capital Outlay	-	8,800	-	(8,800)
Total Fire	1,075,686	1,113,108	1,052,776	(60,332)
CIVIL DEFENSE				
Materials and supplies	2,000	2,000	1,839	(161)
Other services and charges	6,400	5,200	3,513	(1,687)
Capital Outlay	-	-	-	-
Total Civil Defense	8,400	7,200	5,352	(1,848)
PUBLIC WORKS				
CEMETERY:				
Personal services	83,131	85,178	77,490	(7,688)
Materials and supplies	12,350	21,350	13,556	(7,794)
Other services and charges	3,940	4,240	1,383	(2,857)
Capital Outlay	-	-	-	-
Total Cemetery	99,421	110,768	92,429	(18,339)
STREETS:				
Personal services	201,600	235,295	194,869	(40,426)
Materials and supplies	60,300	64,800	42,858	(21,942)
Other services and charges	77,950	66,775	24,947	(41,828)
Capital Outlay	-	26,750	26,750	-
Total Streets	339,850	393,620	289,424	(104,196)

(continued)

City of Coweta, Oklahoma
Budgetary Comparison Schedule
General Fund
FOR THE YEAR ENDED JUNE 30, 2022

Charges to Appropriations (outflows) (continued)	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original Budget	Final Budget	Actual	
CULTURAL, PARKS AND RECREATION				
LIBRARY				
Personal services	182,105	177,433	164,795	(12,638)
Materials and supplies	10,465	43,365	41,987	(1,378)
Other services and charges	43,400	36,875	27,811	(9,064)
Capital Outlay	18,000	500	-	(500)
Total Library	253,970	258,173	234,593	(23,580)
PARKS				
Personal services	99,581	89,676	79,330	(10,346)
Materials and supplies	20,200	32,100	21,749	(10,351)
Other services and charges	22,680	21,830	17,547	(4,283)
Capital Outlay	-	-	-	-
Total Parks	142,461	143,606	118,626	(24,980)
OTHER FINANCING USES				
Transfers out	3,968,816	5,350,287	5,324,468	(25,819)
Total Other Financing Uses	3,968,816	5,350,287	5,324,468	(25,819)
Total Charges to Appropriations	9,335,635	10,830,133	10,163,623	(666,510)
Ending Budgetary Fund Balance	\$ 6,727,060	\$ 6,624,145	\$ 9,730,702	\$ 3,106,557
Ending Unobligated Budgetary Fund Balance			\$ 9,730,702	

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

Total Resources per Budgetary Comparison Schedule	\$ 12,598,467
State payments made on-behalf of police and fire pension not considered a budgetary resource	241,991
Less Transfer in	(5,698,483)
Total Revenues per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 7,141,975
Total Charges to Appropriations per Budgetary Comparison Schedule	\$ 10,163,623
State payments made on-behalf of police and fire pensions	241,991
Less Transfer out	(5,324,468)
Total Expenditures per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 5,081,146

**NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022**

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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City of Coweta, Oklahoma

SCHEDULE OF THE CITY OF COWETA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) FOR THE YEAR ENDED JUNE 30, 2022

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022
City's proportion of the net pension liability (asset)	0.2404%	0.2398%	0.2330%	0.2522%	0.2327%	0.2459%	0.2417%	0.2356%
City's proportionate share of the net pension liability (asset)	\$ (80,942)	\$ 9,780	\$ 356,874	\$ 19,399	\$ (110,853)	\$ (15,700)	\$ 277,603	\$(1,130,141)
City's covered-employee payroll	\$ 700,714	\$ 677,963	\$ 687,230	\$ 777,572	\$ 664,431	\$ 801,400	\$ 780,023	\$ 815,177
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%	-138.64%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022
City's proportion of the net pension liability	0.3483%	0.3555%	0.3404%	0.3794%	0.3670%	0.3654%	0.4153%	0.3812%
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	\$ 2,510,654
City's covered-employee payroll	\$ 953,022	\$ 967,448	\$ 950,302	\$ 967,672	\$1,089,014	\$1,130,300	\$1,238,014	\$ 1,336,301
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	376%	390%	438%	493%	379%	342%	413%	188%
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%	84.24%

* Only eight 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

City of Coweta, Oklahoma

SCHEDULE OF THE CITY OF COWETA'S CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2022

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022
Statutorially required contribution	\$ 88,135	\$ 89,340	\$ 101,084	\$ 86,376	\$ 104,182	\$ 101,403	\$ 105,981	\$ 105,973
Contributions in relation to the statutorially required contribution	<u>88,135</u>	<u>89,340</u>	<u>101,084</u>	<u>86,376</u>	<u>104,182</u>	<u>101,403</u>	<u>105,981</u>	<u>105,973</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 677,963	\$ 687,230	\$ 777,572	\$ 664,431	\$ 801,400	\$ 780,023	\$ 815,238	\$ 815,177
Contributions as a percentage of covered-employee payroll	13.00%	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	2022
Statutorially required contribution	\$ 135,443	\$ 133,174	\$ 135,470	\$ 152,462	\$ 158,242	\$ 180,521	\$ 173,322	\$ 187,082
Contributions in relation to the statutorially required contribution	<u>135,443</u>	<u>133,174</u>	<u>135,470</u>	<u>152,462</u>	<u>158,242</u>	<u>180,521</u>	<u>173,322</u>	<u>187,082</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 967,448	\$ 950,302	\$ 967,672	\$ 1,089,014	\$ 1,130,300	\$ 1,289,436	\$ 1,238,014	\$ 1,336,301
Contributions as a percentage of covered-employee payroll	14.00%	14.01%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

* Only eight 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

**CITY OF COWETA, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

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)
- Fiscal Year 2022 Operating Report

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CITY OF COWETA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2022

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS	Total Non-Major Governmental Funds
	Street & Alley	Cemetery	Library	Self Insurance	E-911	Rural Firefighters	Grants Fund	
Assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 65,225	\$ -	\$ 186,036	\$ 312,873	\$ 564,134
Investments	-	-	-	62,815	-	-	-	62,815
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	8,817	-	-	-	13,122	299,396	-	321,335
Accounts receivable, net	-	5,200	-	-	-	17,045	-	22,245
Restricted assets:								
Cash and cash equivalents	197,210	460,298	41,650	-	219,662	-	876,071	1,794,891
Total assets	\$ 206,027	\$ 465,498	\$ 41,650	\$ 128,040	\$ 232,784	\$ 502,477	\$ 1,188,944	\$ 2,765,420
Liabilities and Fund Balances:								
Liabilities								
Accounts Payable	\$ 3,769	\$ -	\$ 501	\$ 17,081	\$ -	\$ -	\$ -	\$ 21,351
Unearned revenue - ARPA grant	-	-	-	-	-	-	876,071	876,071
Total liabilities	\$ 3,769	\$ -	\$ 501	\$ 17,081	\$ -	\$ -	\$ 876,071	\$ 897,422
Fund balances								
Assigned	-	-	-	110,959	-	203,081	312,873	626,913
Restricted	202,258	465,498	41,149	-	232,784	299,396	-	1,241,085
Total fund balances	202,258	465,498	41,149	110,959	232,784	502,477	312,873	1,867,998
Total liabilities and fund balance	\$ 206,027	\$ 465,498	\$ 41,650	\$ 128,040	\$ 232,784	\$ 502,477	\$ 1,188,944	\$ 2,765,420

CITY OF COWETA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	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	\$ -	\$ 128,600	\$ 2,455	\$ -	\$ -	\$ 139,099	\$ -	\$ 270,154
Intergovernmental	94,523	-	12,501	-	107,938	163,742	12,200	390,904
Interest income	263	217	21	338	103	92	879	1,913
Miscellaneous	-	-	-	4,748	-	-	-	4,748
Total Revenues	94,786	128,817	14,977	5,086	108,041	302,933	13,079	667,719
Expenditures								
General government	-	-	-	13,922	-	-	16,000	29,922
Public safety	-	-	-	-	54,963	68,968	-	123,931
Highways and roads	123,349	2,958	-	-	-	-	-	126,307
Cultural and recreational	-	-	12,357	-	-	-	1,141	13,498
Debt Service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	21,043	-	-	21,043
Interest expense	-	-	-	-	2,561	-	-	2,561
Capital outlay	93,218	-	-	-	-	-	15,513	108,731
Total expenditures	216,567	2,958	12,357	13,922	78,567	68,968	32,654	425,993
Excess (deficiency) of revenues over expenditures	(121,781)	125,859	2,620	(8,836)	29,474	233,965	(19,575)	241,726
Other financing sources (uses):								
Capital lease proceeds	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	73,774	73,774
Transfers out	-	(61,250)	-	-	-	(136,800)	-	(198,050)
Total other financing sources (uses)	-	(61,250)	-	-	-	(136,800)	73,774	(124,276)
Net change in fund balances	(121,781)	64,609	2,620	(8,836)	29,474	97,165	54,199	117,450
Fund balances - beginning of year	324,039	400,889	38,529	119,795	203,310	405,312	258,674	1,750,548
Fund balance - end of year	\$ 202,258	\$ 465,498	\$ 41,149	\$ 110,959	\$ 232,784	\$ 502,477	\$ 312,873	\$ 1,867,998

City of Coweta, Oklahoma
Budgetary Comparison Schedule
Major Governmental Fund (Capital Improvement Fund)
FOR THE YEAR ENDED JUNE 30, 2022

CAPITAL IMPROVEMENT FUND				
	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
Revenues				
Gross Receipts Tax	\$ 1,575,000	\$ 1,575,000	\$ 2,726,121	\$ 1,151,121
Grants	215,000	288,408	-	(288,408)
Advance Repayments	69,321	69,321	-	(69,321)
Sale of Assets	20,000	-	-	-
Interest income	15,744	15,744	9,346	(6,398)
Total Revenues	<u>1,895,065</u>	<u>1,948,473</u>	<u>2,735,467</u>	<u>786,994</u>
Expenditures				
Police	242,699	242,249	70,302	(171,947)
Animal Control	9,000	9,450	9,450	-
Fire	660,280	741,219	470,967	(270,252)
Community Development	-	46	23,410	23,364
Parks	200,000	229,545	167,809	(61,736)
Streets	433,283	747,964	653,676	(94,288)
Wastewater	34,600	578,426	388,918	(189,508)
General Government	-	25,320	-	(25,320)
Total expenditures	<u>1,579,862</u>	<u>2,574,219</u>	<u>1,784,532</u>	<u>(789,687)</u>
Excess (deficiency) of revenues over expenditures	<u>315,203</u>	<u>(625,746)</u>	<u>950,935</u>	<u>1,576,681</u>
Other financing sources (uses):				
Lease Proceeds	550,000	550,000	407,275	(142,725)
Transfers in	-	-	-	-
Transfers out	(2,020,100)	(2,093,874)	(2,093,874)	-
Total other financing sources (uses)	<u>(1,470,100)</u>	<u>(1,543,874)</u>	<u>(1,686,599)</u>	<u>(142,725)</u>
Net change in fund balances	<u>(1,154,897)</u>	<u>(2,169,620)</u>	<u>(735,664)</u>	<u>1,433,956</u>
Fund balances - beginning of year	<u>3,639,773</u>	<u>3,639,773</u>	<u>4,889,695</u>	<u>1,249,922</u>
Fund balance - end of year	<u>\$ 2,484,876</u>	<u>\$ 1,470,153</u>	<u>\$ 4,154,031</u>	<u>\$ 2,683,878</u>

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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, 2022, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated December 26, 2022.

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.

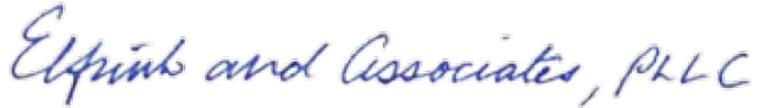
Compliance and Other Matters

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.

A handwritten signature in blue ink that reads "Elfrink and Associates, PLLC". The script is cursive and fluid.

Elfrink and Associates, PLLC

Tulsa, Oklahoma

December 26, 2022

**CITY OF COWETA, OKLAHOMA
OPERATING REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

- Fiscal Year 2022 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 24 full-time fire/EMS personnel, 12 part-time volunteer fire/EMS personnel and 17 full-time police officers. The City’s fire insurance has a 4 classification while the adjacent area has an 4Y 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 3,989 dwelling units. The largest banquet room in Coweta seats 250. There are 22 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
2021 (est.)	10,149	84,050

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
2022	78	8	10	202

*From January 1, 2022 to October 31, 2022

MAJOR EMPLOYERS

Employer	Product/Service	Number of Employees
Coweta Public Schools	Education Services	493
Wal-Mart	Retail Store	260
Koweta Indian Health Facility	Health Care	127
City of Coweta	Government Services	108
Coweta Manor	Nursing Home	105
Country Mart	Retail Grocery	45
Calpine Power Plant	Power Generator	28
Sun Manufacturing	Metal Stamping	20
QuikTrip	Gasoline Station	28
Casey's General Store	Gasoline Station	12

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%
2023*	\$2,733,368	4%

*5 months collections

EDUCATION

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

<u>Type</u>	<u>Grades</u>	<u>Facilities</u>	<u>Enrollment</u>	<u>Teachers</u>
Public	Pre-K-3	3	1,190	80
Public	4-6	2	778	53
Public	7-8	1	561	34
Public	9	1	257	20
Public	10-12	1	738	43
Total		8	3,524	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 26,478 volumes.

NET ASSESSED VALUATION

<u>Fiscal Year</u>	<u>Amount</u>
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
2022	119,893,514

UTILITY CONNECTIONS

<u>Year</u>	<u>Water Connections</u>	<u>Sewer Connections</u>	<u>Garbage</u>
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
2022	3,721	4,385	4,490

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