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www.cityofcoweta-ok.gov

AGENDA - REGULAR MEETING
COWETA INDUSTRIAL DEVELOPMENT AUTHORITY
COWETA CITY HALL, 310 S. BROADWAY
MONDAY, FEBRUARY 3, 2025 6:00 PM

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 Chair 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 consider, discuss, and may take action on, approve, adopt, amend, reject, deny, table, or not take action on any item listed on this agenda after comments from staff and the Trust Authority have been heard.

I. CALL TO ORDER

II. ROLL CALL

Naomi Hogue _____ Harold Chance _____ Joe Cash _____ Caroline Martin _____ Randy Woodward _____

III. CONSENT

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

1. MINUTES OF REGULAR MEETING

Approval of the minutes of the Coweta Industrial Development Authority Meeting held on January 6, 2025. *Marcy Kilgore, City Clerk/ Treasurer*

2. FISCAL YEAR 2023-2024 AUDITED FINANCIAL REPORT AND OPERATING REPORT

Presentation of the annual audited Financial Report and Operating Report for the Fiscal Year ended June 30, 2024 and discussion and possible action to acknowledge the receipt thereof. *McKay Hale, Assistant City Manager*

IV. CONSIDER ITEMS REMOVED FROM CONSENT

V. ADMINISTRATION

1. EXECUTIVE SESSION - PURCHASE OF PROPERTY

Consider a motion and vote to enter executive session pursuant to Title 25 O.S. Section 307(B)(3) to discuss the possible purchase of certain real property located at or near the intersection of State Highway 51 and East 111th Street in the City of Coweta. *Julie A. Casteen, Trust Manager*

2. END EXECUTIVE SESSION

Exit the executive session to discuss and possibly take action to authorize the Trust Manager to enter into negotiations for the purchase of certain real property at or near the intersection of State Highway 51 and East 111th Street South in the City of Coweta.

Julie A. Casteen, Trust Manager

VI. NEW BUSINESS

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

VII. ADJOURNMENT

IF YOU REQUIRE A SPECIAL ACCOMMODATION PURSUANT TO THE AMERICANS WITH DISABILITIES ACT, PLEASE NOTIFY CITY HALL BY 9:00 A.M. ON THE DATE OF THE MEETING.

**MINUTES OF THE COWETA INDUSTRIAL DEVELOPMENT AUTHORITY
REGULAR MEETING
JANUARY 6, 2025, 8:06 P.M.**

The Trustees of the Coweta Industrial Development Authority met in regular session on Monday, January 6, 2025, at 8:06 p.m. following the meeting of the Coweta Public Works Authority at the Coweta City Hall, 310 S Broadway, Coweta, Oklahoma.

TRUSTEES PRESENT: Harold Chance, Joe Cash, Caroline Martin, Randy Woodward.

TRUSTEES ABSENT: Naomi Hogue

I. CALL TO ORDER

The meeting was called to order by Vice Chairman Chance.

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. Minutes of the Coweta Industrial Development Authority Special Meeting held on December 16, 2024.

Aye: Harold Chance
Randy Woodward
Joe Cash
Caroline Martin

IV. CONSIDER ITEMS REMOVED FROM CONSENT

No items removed.

V. EXECUTIVE SESSION

(Pursuant to 20 O.S. Section 307 the Board of Trustees may enter into executive session for the purposes specifically provided in this section.)

1. EXECUTIVE SESSION- PURCHASE OF PROPERTY

Consider a motion and vote to enter executive session pursuant to Title 25 O.S. Section 307(B)(3) to discuss the possible purchase of certain real property located at or near the intersection of State Highway 51 and East 111th Street in the city of Coweta.

Motion by Harold Chance, second by Randy Woodward at 8:08 p.m. to enter into executive session to discuss the possible purchase of certain real property located at or near the intersection of State Highway 51 and East 111th Street in the city of Coweta.

**MINUTES OF THE COWETA INDUSTRIAL DEVELOPMENT AUTHORITY
REGULAR MEETING
JANUARY 6, 2025, 8:06 P.M.**

Aye: Harold Chance
Randy Woodward
Joe Cash
Caroline Martin

2. END EXECUTIVE SESSION

Discussion and consider approval to reconvene regular session and possibly take action to authorize the Trust Manager to enter into negotiations for the purchase of certain real property at or near the intersection of State Highway 51 and East 111th Street in the city of Coweta.

Motion by Harold Chance, second by Randy Woodward to reconvene in regular session at 8:12 p.m.

Aye: Harold Chance
Randy Woodward
Joe Cash
Caroline Martin

Motion by Caroline Martin to authorize the Trust Manager to enter into negotiations for the purchase of certain real property at or near the intersection of State Highway 51 and East 111th Street in the city of Coweta.

In absence of a second motion no action was taken by Trustees.

VI. NEW BUSINESS

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

No new business.

VII. ADJOURNMENT

Vice Chairman Chance adjourned the meeting at 8:13 p.m.

Naomi Hogue, Chairman

Harold Chance, Trust Secretary



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Memorandum

To: Honorable CIDA Chairman and Trustees

From: McKay Hale, Assistant City Manager

Re: **FISCAL YEAR 2023-2024 AUDITED FINANCIAL REPORT AND OPERATING REPORT**

Date: February 3, 2025

BACKGROUND

STAFF RECOMMENDATION

Staff recommends the receipt of the annual audited Financial Report and Operating Report for the Fiscal Year ended June 30, 2024.

ATTACHMENTS

1. FY24 Annual Financial and Operating Report - FINAL

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, 2024**



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**CITY OF COWETA, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

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**CITY OF COWETA, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

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**CITY OF COWETA, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

Naomi Hogue, Mayor – Ward 1
Harold Chance, Vice-Mayor– Ward 3
Joe Cash, Councilmember – Ward 4
Caroline Martin, Councilmember – Ward 2
Randy Woodward, Councilmember – At Large

City Manager
Julie A. Casteen

Prepared by
Julie A. Casteen
City Manager
&
McKay Hale
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, 2024, 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, 2024, 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 4-11 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.

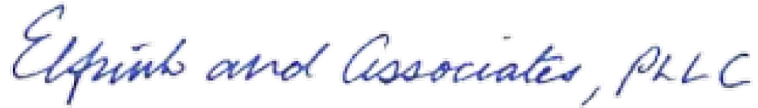
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the operating report on pages 71-75 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 January 27, 2025, 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

January 27, 2025

City of Coweta, Oklahoma

Management's Discussion and Analysis

As of and For the Year Ended June 30, 2024

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, 2024. 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, 2024

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 2023 by \$1,324,076, compared to an increase of \$1,799,213 in fiscal year 2023. The increase in fund balance is mostly attributed to a 10.1% increase in sales tax resulting from continued strong grocery purchases. In addition, use tax collections increased 30.5% over fiscal year 2023, while General Fund expenditures were 4.2% under budget.

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 2024, the General Fund made a transfer of \$5.6 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 2024.

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 2023 by \$4.0 million, compared to an increase of \$3.4 million in fiscal year 2023. The change from fiscal year 2023 is largely due to approximately \$2.1 million of sales and use taxes dedicated to capital improvements transferred from the General Fund to the PWA in fiscal year 2024.

City of Coweta, Oklahoma
Management's Discussion and Analysis
As of and For the Year Ended June 30, 2024

The net position of the CIDA increased from fiscal year 2023 by \$53,138, mostly due to a transfer of funds from the Capital Improvement fund to the CIDA. This compares to an increase of \$190,181 in fiscal year 2023, which was mostly a result of real property transferred from the PWA.

The City as a Whole

For the year ended June 30, 2024, 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	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current assets	\$ 18,442	\$ 18,309	\$ 11,251	\$ 9,199	\$ 29,693	\$ 27,508
Non-current assets	1,456	1,530	14,357	13,874	15,813	15,404
Capital assets	18,737	17,052	26,561	26,331	45,298	43,383
Total Assets	38,635	36,891	52,169	49,404	90,804	86,295
DEFERRED OUTFLOW OF RESOURCES						
Pension related	1,492	1,417	645	960	2,137	2,377
Unamortized asset retirement obligatio	-	-	1,157	1,197	1,157	1,197
Total Deferred Outflows	1,492	1,417	1,802	2,157	3,294	3,574
LIABILITIES						
Long-term liabilities outstanding	2,955	3,170	36,035	37,883	38,990	41,053
Other liabilities	1,787	1,795	1,008	899	2,795	2,694
Total Liabilities	4,742	4,965	37,043	38,782	41,785	43,747
DEFERRED INFLOW OF RESOURCES						
Pension related	338	197	264	214	602	411
Total Deferred Inflows	338	197	264	214	602	411
NET POSITION						
Net investment in capital assets	18,390	16,565	7,299	5,046	25,689	21,611
Restricted	1,378	1,314	14,134	13,653	15,512	14,967
Unrestricted	15,279	15,268	(4,769)	(6,135)	10,510	9,133
Total Net Position	\$ 35,047	\$ 33,147	\$ 16,664	\$ 12,564	\$ 51,711	\$ 45,711

City of Coweta, Oklahoma

Management's Discussion and Analysis

As of and For the Year Ended June 30, 2024

The City's combined net position increased from \$45.7 million to \$51.7 million between fiscal years 2023 and 2024, with an increase of 13.1% in net position for fiscal year 2024, and the City is able to report a positive balance in net position, with a 15.1% increase in combined unrestricted net position.

The largest portion of the City's net position reflects its investments in capital assets, less any related debt used to acquire those assets to provide services to citizens. Capital assets are items such as land, buildings, machinery and equipment, and infrastructure, which includes streets, water and sewer lines, as well as storm water facilities. These assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Governmental Activities

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

Sales and use tax revenues increased by \$230,000, or 2.8% over fiscal year 2023 due to strong grocery sales, online sales and development activity. However, gross receipts tax revenues decreased by \$1.4 million or 46% over fiscal year 2023 due to lower natural gas prices. Total expenses for governmental activities increased by \$1.0 million, or 14.8% compared to fiscal year 2023, mostly due to increases in public safety pension liabilities.

Governmental activities increased the City's net position by \$1.9 million in fiscal year 2024. 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, 2024

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

	Governmental Activities		Business-type Activities		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
REVENUES						
Program Revenues:						
Charges for services	\$ 706	\$ 575	\$ 5,969	\$ 5,786	\$ 6,675	\$ 6,361
Operating and capital grants and contributions	2,043	2,358	446	1,022	2,489	3,380
General Revenues:						
Sales and use taxes	8,446	8,215	-	-	8,446	8,215
Other taxes	2,696	4,089	-	-	2,696	4,089
Other general revenue	<u>220</u>	<u>169</u>	<u>775</u>	<u>462</u>	<u>995</u>	<u>631</u>
Total Revenues	<u>14,111</u>	<u>15,406</u>	<u>7,190</u>	<u>7,270</u>	<u>21,301</u>	<u>22,676</u>
EXPENSES						
General Government	1,625	1,360	751	677	2,376	2,037
Public Safety and Judiciary	4,723	4,151	-	-	4,723	4,151
Public Works	1,266	1,051	-	-	1,266	1,051
Cultural, parks and recreation	475	481	-	-	475	481
Water Service	-	-	1,616	1,577	1,616	1,577
Sewer Service	-	-	847	715	847	715
Solid Waste	-	-	876	793	876	793
Ambulance	-	-	1,543	1,498	1,543	1,498
Public safety	-	-	18	-	18	-
Economic development	-	-	122	134	122	134
Non-Departmental	-	-	418	815	418	815
Interest on long-term debt	-	-	1,028	765	1,028	765
Loss (gain) on disposal of assets	<u>(5)</u>	<u>(3)</u>	<u>(3)</u>	<u>155</u>	<u>(8)</u>	<u>152</u>
Total Expenses	<u>8,084</u>	<u>7,040</u>	<u>7,216</u>	<u>7,129</u>	<u>15,300</u>	<u>14,169</u>
Increase (decrease) in net position before transfers	6,027	8,366	(26)	141	6,001	8,507
Transfers	<u>(4,127)</u>	<u>(3,426)</u>	<u>4,126</u>	<u>3,426</u>	<u>(1)</u>	<u>-</u>
Increases (decreases) in net position	1,900	4,940	4,100	3,567	6,000	8,507
Net position - beginning of year	<u>33,147</u>	<u>28,207</u>	<u>12,564</u>	<u>8,997</u>	<u>45,711</u>	<u>37,204</u>
Net position - end of year	<u>\$ 35,047</u>	<u>\$ 33,147</u>	<u>\$ 16,664</u>	<u>\$ 12,564</u>	<u>\$ 51,711</u>	<u>\$ 45,711</u>

Business-type Activities

Revenues from charges for services in fiscal year 2024 increased over prior year revenues by approximately \$182,000 or 3.1%. An operating profit of \$110,850 was recorded in fiscal year 2024, compared with a loss of approximately \$137,400 in fiscal year 2023.

City of Coweta, Oklahoma
Management's Discussion and Analysis
As of and For the Year Ended June 30, 2024

General Fund Budgetary Highlights

Fiscal year 2024 actual revenues exceeded budget by \$1,067,300, or 7.5%, with sales tax exceeding budget by 10.0%, use tax receipts exceeding budget by 30.5%, building permits exceeding budget by 39.8%, utility franchise tax below budget by 5.5% and intergovernmental revenues exceeding budget by 2.2%. Actual charges to appropriations were under final appropriations by \$279,932, or 2.0% 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 2024. More detailed information on capital asset activity and long-term debt activity is contained in the accompanying notes to the financial statements on pages 35 to 36; and, pages 39 to 42, respectively.

Capital Assets

At the end of June 30, 2024, the City had \$45.3 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	
	6/30/2024	6/30/2023	6/30/2024	6/30/2023	6/30/2024	6/30/2023
Land	\$ 2,329	\$ 2,329	\$ 330	\$ 330	\$ 2,659	\$ 2,659
Construction-in-progress	938	1,330	879	647	1,817	1,977
Other non-depreciable assets	-	-	1,935	1,935	1,935	1,935
Intangibles	115	25	85	85	200	110
Buildings & Improvements	3,380	3,337	925	925	4,305	4,262
Furniture & Equipment	3,927	3,327	1,559	1,426	5,486	4,753
Vehicles	1,900	1,790	1,054	1,022	2,954	2,812
Infrastructure	15,006	12,754	38,843	37,933	53,849	50,687
	27,595	24,892	45,610	44,303	73,205	69,195
Less: Depreciation	(8,859)	(7,840)	(19,049)	(17,972)	(27,908)	(25,812)
Totals	\$ 18,736	\$ 17,052	\$ 26,561	\$ 26,331	\$ 45,297	\$ 43,383

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City of Coweta, Oklahoma
Management’s Discussion and Analysis
As of and For the Year Ended June 30, 2024

Debt Administration

At the end of fiscal year 2024, the City had \$32.2 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	
	6/30/2024	6/30/2023	6/30/2024	6/30/2023	6/30/2024	6/30/2023
Revenue bonds payable	\$ -	\$ -	\$ 19,635,000	\$ 20,505,000	\$ 19,635,000	\$ 20,505,000
Notes payable	-	-	12,239,135	12,871,697	12,239,135	12,871,697
Leases payable	346,987	487,152	-	-	346,987	487,152
Totals	\$ 346,987	\$ 487,152	\$ 31,874,135	\$ 33,376,697	\$ 32,221,122	\$ 33,863,849

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

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 1.0% increase in sales and use tax collections for fiscal year 2025. Projected expenditures were then balanced against those estimates, including funding a \$1.5 million rainy day reserve and a \$5.0 million reserve for future capital projects.

The fiscal year 2025 expenditure budget includes increases in salaries and wages for all represented employees according to the terms of their respective labor agreements, with a 4% increase budgeted for non-represented employees. New capital projects totaling over \$18.8 million are underway, funded by gross receipts taxes and a new sales and use tax dedicated for capital improvements.

The City of Coweta is located in the Tulsa Metropolitan Statistical Area (MSA), which has seen a 14.6% 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 1,600 new single-family residential homes under development, and an additional 200 acres of land was annexed into the City in December, 2024. Most of those properties are in the northern portion of the City adjacent to 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”,

City of Coweta, Oklahoma
Management's Discussion and Analysis
As of and For the Year Ended June 30, 2024

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 became effective on July 1, 2022. This additional tax raised an additional \$2.11 million in revenue in fiscal year 2024 and 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.

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**CITY OF COWETA, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

BASIC FINANCIAL STATEMENTS

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CITY OF COWETA
STATEMENT OF NET POSITION
June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 14,973,833	\$ 8,321,189	\$ 23,295,022
Restricted cash and cash equivalents	2,125,289	319,752	2,445,041
Accounts receivable, net	322,638	1,174,763	1,497,401
Taxes receivable	310,697	-	310,697
Due from other governments	1,780,986	-	1,780,986
Advance to other funds	364,318	-	364,318
Internal balances	(1,435,871)	1,435,871	-
Total current assets	18,441,890	11,251,575	29,693,465
Non-current assets			
Net pension asset	70,958	-	70,958
Investments, unrestricted	1,385,520	95,249	1,480,769
Investments, restricted	-	14,261,405	14,261,405
Capital assets, non-depreciable	3,267,669	3,143,307	6,410,976
Other capital assets, net	15,468,980	23,417,484	38,886,464
Total non-current assets	20,193,127	40,917,445	61,110,572
Total assets	38,635,017	52,169,020	90,804,037
DEFERRED OUTFLOW OF RESOURCES			
Related to pensions	1,492,542	644,756	2,137,298
Unamortized asset retirement obligation	-	1,157,491	1,157,491
Total deferred outflows of resources	1,492,542	1,802,247	3,294,789
LIABILITIES			
Accounts payable	161,475	214,378	375,853
Accrued payroll	157,021	73,904	230,925
Accrued interest payable	5,107	369,575	374,682
Accrued compensated absences	294,750	91,781	386,531
Deposits subject to refund	-	258,035	258,035
Unearned revenue - ARPA grant	1,125,251	-	1,125,251
Amounts held in escrow	43,795	-	43,795
Non-current liabilities:			
Due within one year	144,313	1,673,000	1,817,313
Due in more than one year:			
Bonds and notes payable	-	30,201,135	30,201,135
Lease liability	202,674	-	202,674
Net pension liability	2,607,978	2,302,343	4,910,321
Asset retirement obligation	-	1,494,451	1,494,451
Advance from other funds	-	364,318	364,318
Total liabilities	4,742,364	37,042,920	41,785,284
DEFERRED INFLOW OF RESOURCES			
Related to employee pension plans	338,314	264,271	602,585
Total deferred inflows of resources	338,314	264,271	602,585
NET POSITION			
Net investment in capital assets	18,389,662	7,299,177	25,688,839
Restricted by:			
Enabling legislation	1,378,398	-	1,378,398
External contracts	-	14,134,406	14,134,406
Unrestricted	15,278,821	(4,769,507)	10,509,314
Total net position	\$ 35,046,881	\$ 16,664,076	\$ 51,710,957
Total liabilities and net position	39,789,245	\$ 53,706,996	\$ 93,496,241

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, 2024

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	\$ 1,200,053	\$ 42,923	\$ -	\$ -	\$ (1,157,130)
Code and planning	424,814	123,284	-	-	(301,530)
Total general government	1,624,867	166,207	-	-	(1,458,660)
Public safety and judiciary:					
Municipal court	140,552	211,310	-	-	70,758
Fire and Emergency Management	2,077,480	154,025	252,662	27,075	(1,643,718)
Police and Animal Control	2,505,703	27,845	112,999	-	(2,364,859)
Total public safety and judiciary	4,723,735	393,180	365,661	27,075	(3,937,819)
Public Works:					
Cemetery	116,830	124,975	-	-	8,145
Streets	1,149,361	-	-	1,650,722	501,361
Total public works	1,266,191	124,975	-	1,650,722	509,506
Cultural, parks and recreation:					
Library	292,129	5,149	-	-	(286,980)
Parks and arts & humanities	183,344	16,772	-	-	(166,572)
Total cultural, parks and recreation	475,473	21,921	-	-	(453,552)
Total governmental activities	8,090,266	706,283	365,661	1,677,797	(5,340,525)
Business-type activities:					
Administration	348,077	-	-	-	(348,077)
Finance	403,695	-	-	-	(403,695)
Water operations	1,615,666	2,130,168	-	-	514,502
Sewer operations	846,929	1,504,959	-	242,135	900,165
Solid waste operations	876,169	1,064,821	-	-	188,652
Ambulance service	1,542,990	1,268,666	203,943	-	(70,381)
Public safety	18,000	-	-	-	(18,000)
Economic development	121,918	-	-	-	(121,918)
Non-Departmental	418,435	-	-	-	(418,435)
Financing costs	1,027,830	-	-	-	(1,027,830)
Total business-type activities	7,219,709	5,968,614	203,943	242,135	(805,017)
Total Primary Government	\$ 15,309,975	\$ 6,674,897	\$ 569,604	\$ 1,919,932	\$ (6,145,542)

(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
For the Year Ended June 30, 2024

	Net (Expense) Revenue and Changes in Net Position		
	Governmental	Business-Type	
	Activities	Activities	Total
Net (expense)/revenue	\$ (5,340,525)	\$ (805,017)	\$ (6,145,542)
General revenues:			
Taxes:			
Sales and use taxes	8,445,827	-	8,445,827
Gross receipts tax	1,651,113	-	1,651,113
Hotel/motel tax	39,684	-	39,684
Franchise taxes	330,654	-	330,654
Intergovernmental	674,864	-	674,864
Investment earnings	115,758	644,759	760,517
Miscellaneous/Other Fees	104,530	130,171	234,701
Gain (loss) on disposal of assets	4,903	3,000	7,903
Transfers - internal activities	(4,126,824)	4,126,824	-
Total general revenues and transfers	7,240,509	4,904,754	12,145,263
Change in net position	1,899,984	4,099,737	5,999,721
Net position - beginning of year	33,146,897	12,564,339	45,711,236
Net position - end of year	\$ 35,046,881	\$ 16,664,076	\$ 51,710,957

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

**CITY OF COWETA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024**

	<u>General Fund</u>	<u>Capital Improvement</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Assets				
Cash and cash equivalents	\$ 11,630,892	\$ 2,813,590	529,351	\$ 14,973,833
Investments	771,211	550,809	63,500	1,385,520
Due from other governments	1,095,773	215,000	470,213	1,780,986
Due from other funds	45,938	-	-	45,938
Advances to other funds	-	364,318	-	364,318
Taxes receivable	-	310,697	-	310,697
Accounts receivable, net	306,733	-	15,905	322,638
Restricted assets:				
Cash and cash equivalents	43,795	-	2,081,494	2,125,289
Total assets	\$ 13,894,342	\$ 4,254,414	\$ 3,160,463	\$ 21,309,219
Liabilities and Fund Balances:				
Liabilities				
Accounts payable	\$ 110,764	13,589	37,122	\$ 161,475
Unearned revenue - ARPA grant	-	-	1,125,251	1,125,251
Compensated absences	294,750	-	-	294,750
Other accrued expenses	157,021	-	-	157,021
Due to other funds	434,021	929,100	118,688	1,481,809
Amounts held in escrow	43,795	-	-	43,795
Total liabilities	1,040,351	942,689	1,281,061	3,264,101
Fund balances				
Nonspendable				
Long-term interfund advances	-	364,318	-	364,318
Restricted	-	-	1,378,398	1,378,398
Unrestricted:				
Committed	32,511	-	-	32,511
Assigned	-	2,947,407	501,004	3,448,411
Unassigned	12,821,480	-	-	12,821,480
Total fund balances	12,853,991	3,311,725	1,879,402	18,045,118
Total liabilities and fund balance	\$ 13,894,342	\$ 4,254,414	\$ 3,160,463	\$ 21,309,219

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, 2024

Total Fund Balance, Governmental Funds	\$	18,045,118
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets of \$27,596,021, net of accumulated depreciation of \$8,859,372, used in governmental activities are not current financial resources and, therefore, are not reported in the fund statements.		18,736,649
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Land	2,329,311	
Intangibles	115,421	
Construction in Progress	938,358	
Buildings & Improvements	3,380,021	
Vehicles	1,900,016	
Equipment	3,926,561	
Infrastructure	15,006,333	
Accumulated Depreciation	(8,859,372)	

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

Pension related deferred outflows of resources		1,492,542
Net pension asset		70,958
Net pension liability		(2,607,978)
Pension related deferred inflows of resources		(338,314)

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

Leases payable		(346,987)
Accrued interest payable		(5,107)

Total Net Position - Governmental Activities	\$	35,046,881
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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, 2024

	<u>General Fund</u>	<u>Improvement Fund</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
Revenues:				
Taxes	\$ 8,485,511	\$ 1,651,113	\$ -	\$ 10,136,624
Intergovernmental programs	605,823	150,000	806,874	1,562,697
Licenses and permits	145,093	-	-	145,093
Charges for services	72,742	-	255,216	327,958
Franchise fees	330,654	-	-	330,654
Fines and forfeits	216,458	-	-	216,458
Interest income	58,360	54,559	2,840	115,759
Miscellaneous	113,842	-	7,460	121,302
Total revenues	<u>10,028,483</u>	<u>1,855,672</u>	<u>1,072,390</u>	<u>12,956,545</u>
Expenditures:				
General government	1,516,043	-	15,158	1,531,201
Public safety	4,132,629	3,409	111,816	4,247,854
Highways and roads	510,130	5,166	143,523	658,819
Cultural and recreational	405,526	-	14,837	420,363
Debt Service				
Principal	-	100,606	39,558	140,164
Interest expense	-	6,564	11,080	17,644
Capital outlay	21,990	1,688,504	538,556	2,249,050
Total expenditures	<u>6,586,318</u>	<u>1,804,249</u>	<u>874,528</u>	<u>9,265,095</u>
Excess (deficiency) of revenues over expenditures	<u>3,442,165</u>	<u>51,423</u>	<u>197,862</u>	<u>3,691,450</u>
Other financing sources (uses):				
Transfers in	5,652,622	48,677	-	5,701,299
Transfers out	(7,776,921)	(1,238,800)	(206,927)	(9,222,648)
Sale of Capital Assets	6,210	-	-	6,210
Total other financing sources (uses)	<u>(2,118,089)</u>	<u>(1,190,123)</u>	<u>(206,927)</u>	<u>(3,515,139)</u>
Net change in fund balances	<u>1,324,076</u>	<u>(1,138,700)</u>	<u>(9,065)</u>	<u>176,311</u>
Fund balances - beginning of year	<u>11,529,915</u>	<u>4,450,425</u>	<u>1,888,467</u>	<u>17,868,807</u>
Fund balance - end of year	<u>\$ 12,853,991</u>	<u>\$ 3,311,725</u>	<u>\$ 1,879,402</u>	<u>\$ 18,045,118</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, 2024

Net Change in Fund Balances - Total Governmental Funds **\$ 176,311**

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	2,249,050
Depreciation expense	(1,145,358)

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	1,187,836
Book value of capital assets transferred to other component units	(605,475)
Book value of capital assets disposed or sold	(1,307)

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	334,308
Net pension expense - Police	(59,027)
Net pension expense - Fire	(378,297)

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

Capital lease obligation proceeds	-
Capital lease obligation principal payments	140,164

Changes in accrued interest	1,778
Change in Net Position of Governmental Activities	\$ <u>1,899,983</u>

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

CITY OF COWETA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2024

	Enterprise Funds		
	Public Works Authority	Industrial Development Authority	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and equivalents	\$ 8,121,017	\$ 200,172	\$ 8,321,189
Restricted cash and equivalents	319,752	-	319,752
Accounts receivable, net	1,174,763	-	1,174,763
Due from other funds	1,360,871	75,000	1,435,871
Total current assets	10,976,403	275,172	11,251,575
Non-current Assets:			
Investments, unrestricted	95,249	-	95,249
Restricted investments	14,261,405	-	14,261,405
Capital assets:			
Non-depreciable assets	2,987,918	155,389	3,143,307
Other assets, net of depreciation	23,409,431	8,053	23,417,484
Total non-current assets	40,754,003	163,442	40,917,445
Total assets	51,730,406	438,614	52,169,020
DEFERRED OUTFLOW OF RESOURCES			
Deferred amounts related to pensions	644,756	-	644,756
Unamortized asset retirement obligation	1,157,491	-	1,157,491
Total deferred outflows	1,802,247	-	1,802,247
LIABILITIES			
Current liabilities:			
Accounts payable	213,391	987	214,378
Accrued payroll	73,904	-	73,904
Accrued interest payable	369,575	-	369,575
Accrued compensated absences	91,781	-	91,781
Deposits subject to refund	258,035	-	258,035
Notes payable	758,000	-	758,000
Revenue bonds payable	915,000	-	915,000
Total current liabilities	2,679,686	987	2,680,673
Non-current liabilities:			
Net pension liability	2,302,343	-	2,302,343
Asset retirement obligation	1,494,451	-	1,494,451
Advance from other funds	364,318	-	364,318
Notes Payable	11,481,135	-	11,481,135
Revenue bonds payable	18,720,000	-	18,720,000
Total non-current liabilities	34,362,247	-	34,362,247
Total liabilities	37,041,933	987	37,042,920
DEFERRED INFLOW OF RESOURCES			
Deferred amounts related to pensions	264,271	-	264,271
Net position:			
Net investment in capital assets	7,135,735	163,442	7,299,177
Restricted for:			
Construction	12,976,839	-	12,976,839
Debt Service	1,157,567	-	1,157,567
Unrestricted	(5,043,692)	274,185	(4,769,507)
Net position	\$ 16,226,449	\$ 437,627	\$ 16,664,076

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, 2024

	Enterprise Funds		
	Public Works Authority	Industrial Development Authority	Total Enterprise Funds
Operating Revenues:			
Water revenue	\$ 2,130,168	\$ -	\$ 2,130,168
Sewer revenue	1,504,959	-	1,504,959
Solid waste revenue	1,064,821	-	1,064,821
Ambulance revenue	1,268,666	-	1,268,666
Operating grants	203,943	-	203,943
Miscellaneous charges	129,431	740	130,171
Total revenues	6,301,988	740	6,302,728
Operations expense:			
General administrative	343,621	-	343,621
Finance	403,695	-	403,695
Water operations	930,599	-	930,599
Sewer operations	547,133	-	547,133
Solid waste operations	806,044	-	806,044
Ambulance service	1,516,154	-	1,516,154
Public safety	18,000	-	18,000
Economic development	-	120,880	120,880
Non-departmental	414,270	-	414,270
Depreciation	1,090,443	1,039	1,091,482
Total operations expense	6,069,959	121,919	6,191,878
Operating income (loss)	232,029	(121,179)	110,850
Non-operating revenues (expenses):			
Interest revenue	644,535	224	644,759
Interest expense and fiscal agent fees	(1,027,830)	-	(1,027,830)
Capital donations/grants	847,610	-	847,610
Gain (loss) on disposal of assets	3,000	-	3,000
Total Non-operating revenues (expenses)	467,315	224	467,539
Income (loss) before operating transfers	699,344	(120,955)	578,389
Transfers in	8,938,629	174,092	9,112,721
Transfers out	(5,591,372)	-	(5,591,372)
Change in net position	4,046,601	53,137	4,099,738
Total Net position, beginning	12,179,848	384,490	12,564,338
Total Net position, ending	\$ 16,226,449	\$ 437,627	\$ 16,664,076

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, 2024

	Enterprise Funds		
	Public Works Authority	Industrial Development	Total Enterprise
Cash flows from operating activities:			
Receipts from customers	\$ 6,134,225	\$ 740	\$ 6,134,965
Payments to vendors and employees	(5,917,385)	(197,884)	(6,115,269)
Net cash provided by (used in) operating activities	216,840	(197,144)	19,696
Cash flows from capital and related financing activities:			
Transfers and advances from other funds	9,544,104	174,092	9,718,196
Transfers to other funds	(5,591,372)	-	(5,591,372)
Acquisition and construction of capital assets	(1,321,718)	-	(1,321,718)
Sale of capital assets	3,000	-	3,000
Principal paid on revenue bonds	(1,611,000)	-	(1,611,000)
Interest paid on revenue bonds	(706,656)	-	(706,656)
Interest paid on notes	(309,324)	-	(309,324)
Interest paid on advances	(4,350)	-	(4,350)
Fiscal agent fees	(7,500)	-	(7,500)
Net cash provided by (used in) capital and related financing activities	(4,816)	174,092	169,276
Cash flows from investing activities:			
(Purchase) liquidation of investments	(131,646)	-	(131,646)
Interest on investments	644,535	224	644,759
Net cash provided by (used in) investing activities	512,889	224	513,113
Net increase (decrease) in cash and cash equivalents	724,913	(22,828)	702,085
Balances - beginning of year	7,715,856	223,000	7,938,856
Balances - end of year	\$ 8,440,769	\$ 200,172	\$ 8,640,941
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 8,121,017	\$ 200,172	\$ 8,321,189
Restricted cash and cash equivalents - current	319,752	-	319,752
Total cash and cash equivalents - end of year	\$ 8,440,769	\$ 200,172	\$ 8,640,941
Reconciliation of operating income to net cash			
Operating income (loss)	\$ 232,029	\$ (121,179)	\$ 110,850
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	1,090,443	1,039	1,091,482
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(187,743)	-	(187,743)
(Increase) decrease in due from other funds	(1,087,689)	(75,000)	(1,162,689)
Decrease in deferred outflow of resources	354,309	-	354,309
Increase (decrease) in advances from other funds	(70,714)	-	(70,714)
Increase (decrease) in accrued interest	(18,257)	-	(18,257)
Increase (decrease) in customer deposits	19,980	-	19,980
Increase (decrease) in accounts payable	74,399	(2,004)	72,395
Increase (decrease) in asset retirement obligation	43,528	-	43,528
Increase (decrease) in accrued expenses	7,818	-	7,818
Increase (decrease) in deferred inflow of resources	50,365	-	50,365
Increase (decrease) in net pension liability	(317,931)	-	(317,931)
Increase (decrease) in compensated absences	26,303	-	26,303
Total adjustments	(15,189)	(75,965)	(91,154)
Net cash provided by (used in) operating activities	\$ 216,840	\$ (197,144)	\$ 19,696
Noncash Activities			
Contributed capital assets	\$ 847,610	\$ 174,092	\$ 1,021,702

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 2024, the City implemented Statement No. 101, “Compensated Absences” to provide guidance on the accounting and financial reporting for compensated absences for government end users (governments). There was no material effect on the City’s financial position.

1.B. Financial Reporting Entity

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

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

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

Blended Component Units:

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

The City has two component units that are blended into the reporting fund categories of the City’s report:

Coweta Public Works Authority (the “PWA”)

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

The Coweta Industrial Development Authority (the “CIDA”)

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

1.C. Basis of Presentation

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

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

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

The funds of the City are described below:

GOVERNMENTAL FUNDS

- a. General Fund: The general fund is the primary operating fund of the City government and will always be classified as a major fund. It is used to account for all financial resources except those legally or administratively required to be accounted for in other funds.
- b. Special Revenue Fund: Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds:

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
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- Street and Alley Fund
- Cemetery Fund
- Library Fund
- Self-Insurance Fund
- E-911 Fund
- Rural Firefighters Fund

- c. Debt Service Fund: The debt service fund is used to account for the accumulation of ad-valorem taxes levied by the City for use in retiring general obligation bonds, court-assessed judgements, and their related interest expense and fiscal agent fees. State law refers to this fund as the Sinking Fund. The City currently has no general long-term debt and no active Sinking Fund.
- d. Capital Projects Fund: A capital projects fund is used to account for the resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes the following capital project funds:
- Capital Improvement Fund
 - Grants Fund

PROPRIETARY FUNDS

- a. Enterprise Fund: Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise funds:
- Coweta Public Works Authority (PWA): Accounts for the operations of providing public works (water, sewer and solid waste) and ambulance service to the City.
 - Coweta Industrial Development Authority (CIDA): Promotes the development of industry in the City. This fund does not meet the percentage criteria for a major fund, but the City has elected to treat this non-major fund as though it were a major fund for purposes of presentation within the proprietary funds of the financial statements rather than aggregating this information separately, solely for the benefit of user understandability of the financial statements.

MAJOR AND NON-MAJOR FUNDS

The funds are further classified as major or non-major as follows:

Major:

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 include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of 12 months or less.

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
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- 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 the 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 value as of the date received. The City maintains a capitalization threshold of \$5,000 for governmental and proprietary funds.

The City's infrastructure consists of roads, bridges, culverts, curbs and gutters, 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 estimated useful lives defined on the following page:

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:** 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 their tenure with the City. Full-time regular employees also accrue sick leave and personal time off upon hire. 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. Personal time off must be used by the end of the calendar year. Sick leave and personal time off are not paid out upon termination of employment. The expense and related liability for vested 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.
- 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 2024 consists of pension benefits, revenue bonds payable, leases payable, and notes payable.
 - 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, 2024, 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

- Government-wide Financial Statements: Equity is classified as net position and is displayed in three components:
 - 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 requires that committed amounts are reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. Proprietary fund equity is classified the same as in the government-wide statements.

1.F. Revenues, Expenditures and Expenses

1. **Sales Tax**: The City levies a four-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, with 1% of the tax transferred to the Coweta Public Works Authority to fund capital improvements.

City of Coweta, Oklahoma
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The 4% sales tax levy is a permanent tax which funds general operations and capital improvements 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, 2024, the City had no outstanding general obligation bonds or judgements. No property tax was levied during the fiscal year ended June 30, 2024.
- 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 the use of economic resources. Governmental funds report expenditures of financial resources which are classified as follows:
 - Current (further classified by function)
 - Debt Service
 - Capital Outlay

1.G. Internal and Interfund Balances and Activities

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

or reclassified. The eliminations or reclassifications, if any, in the government-wide statements are as follows:

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

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

- Interfund loans – amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- Interfund services – sales or purchases of goods and services between funds are reported as revenue and expenditures/expenses.
- Interfund reimbursements – repayments from funds responsible for certain expenditures or expenses to the funds that initially paid for them are not reported as reimbursements. Rather, the reimbursements are reported as adjustments to expenditures/expenses in the respective funds.
- Interfund transfers – flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

1.H. Use of Estimates

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

1.I. Pensions

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

2.A. Fund Accounting Requirements

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

Fund	Required by
Debt Service Fund (Sinking Fund) – 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, 2024, 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, 2024, 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, 2024, no such debt was incurred by the City.

City of Coweta, Oklahoma
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- 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, 2024:

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.
Sales Tax Fund	Funds transferred to the Sales Tax Fund are used for the payment of principal and interest on the Series 2022 Sales Tax Note.
Revenue Bond / 2019 OWRB CWSRF Promissory Note/ Series 2022 Sales Tax Note Requirement	For the year ended June 30, 2024, available sales tax and operating revenues, as defined by the bond indenture and loan agreement, were \$7,421,550; the bond coverage requirement was 125% of annual principal and interest requirements, or \$2,011,246. Actual coverage was 461%. In addition, available revenues without sales tax pledge transfers, as defined by the bond indenture, were \$1,830,178; the bond coverage requirement was 75% of annual principal and interest requirements. Actual coverage was 114%.

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, 2024.

NOTE 3. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detailed 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, 2024 the City's bank balances of \$23,293,879 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, 2024.

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

- 1) Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- 2) Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- 3) With certain limitation, negotiable certificates of deposit, prime banker's acceptances, prime commercial paper and repurchase agreements with certain limitations.
- 4) County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- 5) Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- 6) Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (1) through (4).

Fair Value Measurement—The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. For the year ended June 30, 2024, money market funds

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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, 2024:

Type	Weighted Average Maturity (Months)	Standard & Poor's Credit Rating	Value
Demand deposits	N/A	(1)	\$23,293,879
Petty cash and change funds	N/A	N/A	925
Short-term money market funds	1.05	AAAm	14,134,405
Certificates of deposit	15.24	(1)	4,053,028
			<u>\$41,482,237</u>
(1) Not subject to rating			
Reconciliation to Statement of Net Position			
Cash and cash equivalents			\$23,295,022
Restricted Cash and cash equivalents			2,445,041
Investments			1,480,769
Restricted investments			14,261,405
			<u>\$41,482,237</u>

3.B. Accounts Receivable

The accounts receivable of the governmental activities consists 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, 2024 are detailed on the below.

	Governmental Activities	Business-Type Activities	Total
Service receivables	\$ -	\$ 1,841,559	\$ 1,841,559
Due from other governments	1,780,986	-	1,780,986
Municipal court fine receivable	150,371	-	150,371
Taxes receivable	310,697	-	310,697
Other receivables	530,203		530,203
Advance to other funds	364,318	84,528	448,846
Allowance for uncollectible accounts	(357,935)	(751,324)	(1,109,259)
Net accounts receivable	<u>\$ 2,778,640</u>	<u>\$ 1,174,763</u>	<u>\$ 3,953,403</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.

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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 \$117,717 at June 30, 2024 has been restricted in use for street and alley maintenance; \$586,853 for cemetery maintenance; \$41,309 for library operations; \$210,365 for E911 operations; and \$423,231 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, 2024, cash in the amount of \$2,666 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 \$1,157,566 at June 30, 2024 have been restricted for debt service and \$12,976,839 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, 2024, cash and investments in the amount of \$258,035, of which \$131,035, is classified as current and \$127,000 is classified as non-current, have been restricted for customer utility deposits.

3.E. Capital Assets

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

Governmental Activities	Balance 6/30/2023	Additions	Disposals	Balance 6/30/2024
Non-depreciable assets:				
Land	2,329,311	-	\$ -	\$ 2,329,311
Construction in progress	1,330,423	482,847	(874,911)	938,358
Total non-depreciable assets	3,659,734	482,847	(874,911)	3,267,669
Depreciable assets:				
Intangibles	24,855	90,566	-	115,421
Buildings and improvements	3,336,561	43,460	-	3,380,021
Furniture, fixtures and equipment	3,326,353	603,708	(3,500)	3,926,561
Vehicles	1,790,381	233,412	(123,777)	1,900,016
Infrastructure	12,754,003	2,252,330	-	15,006,333
Total depreciable assets	21,232,153	3,223,476	(127,277)	24,328,352
Less accumulated depreciation:				
Intangibles	(21,541)	(3,314)	-	(24,855)
Buildings and improvements	(1,180,697)	(107,537)	-	(1,288,234)
Furniture, fixtures and equipment	(2,040,625)	(290,928)	2,193	(2,329,360)
Vehicles	(915,894)	(193,962)	123,776	(986,080)
Infrastructure	(3,681,227)	(549,616)	-	(4,230,843)
Total accumulated depreciation	(7,839,984)	(1,145,357)	125,969	(8,859,373)
Net depreciable assets	13,392,169	2,078,119	(1,308)	15,468,979
Net governmental activities capital assets	\$ 17,051,903	\$ 2,560,965	\$ (876,219)	\$ 18,736,649

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

Business-Type Activities	Balance 6/30/2023	Additions	Disposals	Balance 6/30/2024
Non-depreciable assets:				
Land	329,789	-	-	\$ 329,789
Construction in progress	647,012	231,872	-	878,884
Other non-depreciable assets	<u>1,934,635</u>	<u>-</u>	<u>-</u>	<u>1,934,635</u>
Total non-depreciable assets	<u>2,911,436</u>	<u>231,872</u>	<u>-</u>	<u>3,143,308</u>
Depreciable assets:				
Intangibles	85,000	-	-	85,000
Buildings and improvements	925,411	-	-	925,411
Furniture, fixtures and equipment	1,426,545	132,426	-	1,558,971
Vehicles	1,022,012	46,819	(14,808)	1,054,023
Infrastructure	<u>37,932,640</u>	<u>910,600</u>	<u>-</u>	<u>38,843,240</u>
Total depreciable assets	<u>41,391,608</u>	<u>1,089,846</u>	<u>(14,808)</u>	<u>42,466,646</u>
Less accumulated depreciation:				
Intangibles	(51,000)	(17,000)	-	(68,000)
Buildings and improvements	(803,735)	(8,250)	-	(811,985)
Furniture, fixtures and equipment	(641,897)	(104,440)	-	(746,337)
Vehicles	(759,738)	(84,492)	14,808	(829,422)
Infrastructure	<u>(15,716,118)</u>	<u>(877,301)</u>	<u>-</u>	<u>(16,593,419)</u>
Total accumulated depreciation	<u>(17,972,488)</u>	<u>(1,091,483)</u>	<u>14,808</u>	<u>(19,049,163)</u>
Net depreciable assets	<u>23,419,120</u>	<u>(1,637)</u>	<u>-</u>	<u>23,417,483</u>
Net Business-Type activities capital assets	\$ <u>26,330,557</u>	\$ <u>230,235</u>	\$ <u>-</u>	\$ <u>26,560,791</u>

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

Governmental Activities

General government	\$ 93,666
Public safety and judiciary	389,210
Public works	607,372
Cultural, parks and recreation	<u>55,110</u>
Total depreciation expense for governmental activities	\$ <u>1,145,358</u>

Business-Type Activities

Water	\$ 685,067
Sewer	299,796
Solid waste	70,125
Administrative	8,620
Ambulance	26,836
Economic development	<u>1,039</u>
Total depreciation expense for business-type activities	\$ <u>1,091,483</u>

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, consisted of the following:

TRANSFERS IN	TRANSFERS OUT					Total Transfers Out
	General Fund	Cemetery Fund	Rural Fire Fund	Improvement Fund	PWA	
General Fund	\$ -	\$ 61,250	\$ -	\$ -	\$5,591,372	\$ 5,652,622
Capital Impr Fund	-	-	48,677	-	-	48,677
CIDA	74,092	-	-	100,000	-	174,092
PWA	7,702,829	-	97,000	1,138,800	-	8,938,629
Total Transfers In	\$7,776,921	\$ 61,250	\$ 145,677	\$ 1,238,800	\$5,591,372	\$ 14,814,020

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 5,701,299	\$ (9,222,648)	\$ (3,521,349)
Proprietary Funds	9,112,721	(5,591,372)	3,521,349
	<u>\$14,814,020</u>	<u>\$ (14,814,020)</u>	<u>\$ -</u>

Reconciliation to Statement of Activities:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 5,701,299	\$ (9,828,123)	\$ (4,126,824)
Enterprise Funds	9,718,196	(5,591,372)	4,126,824
Total Transfers	<u>\$ 15,419,495</u>	<u>\$ (15,419,495)</u>	<u>\$ -</u>

Net Transfers Governmental funds	\$ (3,521,349)
Capital outlay for governmental capital project funds reported as transfers to business-type activities	(605,475)
Net Transfers/Internal Activity	<u>\$ (4,126,824)</u>

The General Fund transferred sales tax revenues totaling \$5,591,372 to the PWA 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. An additional \$2,111,457 in dedicated sales and use taxes was transferred from the General Fund to the PWA for capital improvements.

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, 2024 was \$364,319 and is scheduled to be paid over the next seven years in equal installments.

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
Capital Improvement Fund	\$ 364,319	\$ -
PWA	<u>-</u>	<u>364,319</u>
Total	<u>\$ 364,319</u>	<u>\$ 364,319</u>

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, 2024 were as follows:

Streets & Alley	State Statute 11 O.S. § 36-114	\$ 122,214
Cemetery	State Statute 11 O.S. § 26-109	544,815
Library	Shared Revenue Agreement with State	40,713
E-911	State Statutes 62 O.S. § 28.11-.21 and 63 O.S. § 2843.2	231,236
Rural Fire	State Statute 68 O.S. § 2701-06	<u>439,420</u>
		<u>\$ 1,378,398</u>

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City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

Fund Level Financial Statements:

Fund Balance	General Fund	Capital Improvement Fund	Other Governmental Funds	Total
Nonspendable:				
Advance to other funds	\$ -	\$ 364,318	\$ -	\$ 364,318
Total Nonspendable	-	364,318	-	364,318
Restricted For:				
Streets and Alleys	-	-	122,214	122,214
Cemetery	-	-	544,815	544,815
Library operations	-	-	40,713	40,713
E-911	-	-	231,236	231,236
Rural Fire operations	-	-	439,420	439,420
Total Restricted	-	-	1,378,398	1,378,398
Committed For:				
Court Technology	32,511	-	-	32,511
Total Committed	32,511	-	-	32,511
Assigned For:				
Capital Improvements	-	2,947,407	332,107	3,279,514
Health/Wellness	-	-	94,017	94,017
Rural Fire operations	-	-	74,880	74,880
Total Assigned	-	2,947,407	501,004	3,448,411
Unassigned:	12,821,480	-	-	12,821,480
Total Committed	12,821,480	-	-	12,821,480
TOTAL FUND BALANCE	\$ 12,853,991	\$ 3,311,725	\$ 1,879,402	\$ 18,045,118

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City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

3.H. Long-term Liabilities

The City's long-term liabilities are 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, 2024, the long-term liabilities payable from governmental activities consisted of the following:

Capital Leases Obligations:	Balance 6/30/24
\$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.	\$ 62,724
\$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.	207,672
\$111,291 capital lease with FNB Bank for ambulances, fixed interest rate of 3.8%; first payment due November 14, 2022 followed by monthly installments through October 14, 2027.	76,591
Total Capital Leases	\$ 346,987
Current portion	\$ 144,314
Non-current portion	202,673
Total Capital Leases	\$ 346,987

- 2. Business-Type Activities:** As of June 30, 2024, the long-term liabilities payable from business-type activities resources consisted of the following:

Revenue Bonds:	Balance 6/30/24
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.	\$ 19,635,000
Total Revenue Bonds Payable	\$ 19,635,000
Current portion	\$ 915,000
Non-current portion	18,720,000
Total Revenue Bonds Payable	\$ 19,635,000

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

Notes Payable (Direct Borrowing):

Balance 6/30/24

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 \$10,697,365. 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.

\$ 673,635

Series 2022 Clean Water SRF Promissory Note to the Oklahoma Water Resources Board, not to exceed \$4,600,000, secured by utility revenues and Sales tax revenue, interest rate of 2.42% 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) March 15, 2025. Remaining funds left to draw are \$4,502,500. Final maturity September 2054. 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.

\$ 97,500

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.

11,468,000

Total Notes Payable \$ 12,239,135

Current portion \$ 758,000

Non-current portion 11,481,135

Total Notes Payable \$ 12,239,135

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The 2016A revenue bonds, the 2019/2022 OWRB Notes and the 2022 Sales Tax Revenue 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 and OWRB Notes are collateralized by utility revenues from the PWA and pledged sales tax from the City. The Sales Tax Revenue Note is collateralized by sales tax dedicated to capital improvements and equipment.

Customer Deposits

Deposits totaling \$258,035 are included in the current liabilities of the PWA:

<u>Deposits Subject to Refund</u>		Balance 6/30/24
	Current portion	\$ 258,035
	Total Deposits Subject to Refund	\$ 258,035

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 Liabilities

Changes in the long-term liabilities for the year ended June 30, 2024 are summarized below:

Business-type Activities:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024
Revenue Bond 2016A	\$ 20,505,000	\$ -	\$ (870,000)	\$ 19,635,000
Series 2019 OWRB Note	567,197	108,438	(2,000)	673,635
Series 2022 OWRB Note	97,500	-	-	97,500
Series 2022 Sales Tax Note	12,207,000	-	(739,000)	11,468,000
Total	\$ 33,376,697	\$ 108,438	\$ (1,611,000)	\$ 31,874,135

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City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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
2025	\$ 1,751,667	\$ 965,075	\$ 2,716,742
2026	1,877,334	908,972	2,786,306
2027	1,936,334	850,987	2,787,321
2028	2,000,334	790,842	2,791,176
2029	2,056,334	728,614	2,784,948
2030-2034	11,290,666	2,636,416	13,927,082
2035-2039	10,878,667	969,755	11,848,422
2040-2044	6,081,666	25,435	6,107,101
2045-2049	5,361,666	-	5,361,666
2050-2054	3,762,666	-	3,762,666
2055	76,666	-	76,666
	<u>\$ 47,074,000</u>	<u>\$ 7,876,096</u>	<u>\$ 54,950,096</u>
Remaining loan proceeds to be drawn:			
	(15,197,865)		
Less principal paid on loan	(2,000)		
	<u>\$ 31,874,135</u>		

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, \$4,600,000 of OWRB Note Payable Series 2022 and \$12,500,000 of Sales Tax Note Payable Series 2022. The Series 2019 and Series 2022 OWRB Notes were 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 \$25,493,747. The Series 2019 OWRB Note is payable through 2052; The Series 2022 OWRB Note is payable through 2055; the amortization schedule for interest and administrative fees of the two OWRB Notes has not yet been determined. The 2022 1% Tax Note is payable through 2037. The total principal and interest payable for the remainder of the life of the 2022 1% Tax Note is \$13,485,348. Pledged sales taxes received in the current year were \$5,591,372 and sales tax dedicated to capital improvements and equipment was \$2,111,457; net revenues were \$1,830,178. Debt service payments of \$1,608,997 for the bonds and notes for the current fiscal year were 29% of the sales taxes and 22% of both 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

City of Coweta, Oklahoma
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pledged sales taxes transferred back to the General Fund. The total amount of pledged sales taxes used to service the debt in fiscal year 2024 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	\$ 70,958	\$ -	\$ 70,958
Firefighters	-	-	-
Total	<u>\$ 70,958</u>	<u>\$ -</u>	<u>\$ 70,958</u>
Net Pension Liability			
Police	\$ -	\$ -	\$ -
Firefighters	2,607,978	2,302,343	4,910,321
Total	<u>\$ 2,607,978</u>	<u>\$ 2,302,343</u>	<u>\$ 4,910,321</u>
Deferred Outflows of Resources			
Police	\$ 683,429	\$ -	\$ 683,429
Firefighters	809,113	644,756	1,453,869
Total	<u>\$ 1,492,542</u>	<u>\$ 644,756</u>	<u>\$ 2,137,298</u>
Deferred Inflows of Resources			
Police	\$ 153,886	\$ -	\$ 153,886
Firefighters	184,428	264,271	448,699
Total	<u>\$ 338,314</u>	<u>\$ 264,271</u>	<u>\$ 602,585</u>
Pension Expense			
Police	\$ 187,911	\$ -	\$ 187,911
Firefighters	498,315	357,487	855,802
Total	<u>\$ 686,226</u>	<u>\$ 357,487</u>	<u>\$ 1,043,713</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 \$128,885. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$135,452 during the calendar year and this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the

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state's on-behalf contributions on an accrual basis of \$103,291. 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, 2024, the City reported an asset of \$70,958 for its proportionate share of the net pension liability. The net pension asset was measured as of June 30, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2023. 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, 2024. Based upon this information, the City's proportion was 0.2323%.

For the year ended June 30, 2024, the City recognized pension expense of \$187,911. At June 30, 2024, 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	\$ 194,248	\$ 10,943
Changes of assumptions	-	132,451
Net difference between projected and actual earnings on pension plan investments	351,570	-
Changes in proportion	7,339	8,411
City contributions during measurement date	1,388	2,081
City contributions subsequent to the measurement date	128,884	-
Total	<u>\$ 683,429</u>	<u>\$ 153,886</u>

In the year ending June 30, 2024, \$128,884 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, 2025. 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:	
2025	\$ 65,067
2026	1,150
2027	274,391
2028	61,912
	<u>\$ 402,520</u>

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Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2023, 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) PubS-2010 Employee (Below Median) Mortality Table with rate set forward two years and projected generationally using SOA Scale MP-2021. Active employees (post-retirement) and nondisabled pensioners: PubS-2010 Healthy Retiree (Below) Median Mortality Table with rates set forward two years and projected generationally using SOA Scale MP-2021. Disabled pensioners: PubS-2010 Disabled Retiree Mortality Table with rates projected to 2023 using SOA Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2017, to June 30, 2022.

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

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	5.78%
Domestic equity	7.73%
International equity	11.55%
Real estate	7.66%
Private equity	11.64%
Commodities	0.00%

The current allocation policy will 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 tax, as established by statute, except for years FY2023 through FY2027, when 14.7% of the insurance premium tax will be collected. 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)	\$ 669,963	\$ (70,958)	\$ (698,286)

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

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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-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-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 \$225,846. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$435,009 during the calendar year; \$231,066 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 \$203,943 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 \$439,797. 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, 2024, the City reported a liability of \$4,910,321 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportion of the net pension liability was based on the

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City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2023. Based upon this information, the City's proportion was 0.380571%.

For the year ended June 30, 2024, the City recognized pension expense of \$855,802. At June 30, 2024, 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	\$ 583,973	\$ 6,234
Changes of assumptions	-	7,873
Net difference between projected and actual earnings on pension plan investments	323,929	-
Changes in proportion	314,491	424,588
City contributions during measurement date	5,505	10,004
City contributions subsequent to the measurement date	225,971	-
Total	<u>\$ 1,453,869</u>	<u>\$ 448,699</u>

In the year ending June 30, 2024, \$1,234,656 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, 2025. 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:

2025	\$ 286,816
2026	60,343
2027	500,992
2028	(43,950)
	<u>\$ 804,201</u>

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2023, 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 two years.

The actuarial assumptions used in the July 1, 2023, 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 2.62%. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	21%	5.80%
Domestic equity	42%	9.49%
International equity	14%	11.55%
Real estate	12%	8.48%
Other assets	11%	6.47%

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 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)	\$ 6,398,360	\$ 4,910,321	\$ 3,665,926

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 8% 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, 2024, the following amounts were paid into the defined contribution plan:

Employee contributions made: \$90,149
Employer (City) contributions made: \$148,652

Defined Contributions Plan - CMO

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

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Employee contributions made: \$7,251
Employer (City) contributions made: \$20,303

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, 2024.

Engineering and construction contracts include those specifically negotiated for the expansion of the wastewater treatment plant, street and bridge construction projects, sewer infrastructure improvements, water infrastructure upgrades, and architectural services for a public safety facility.

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.

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 Agreements for the Clean Water SRF Loans dated October 1, 2019 and September 1, 2022. 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, 2024 was as follows:

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	Debt Service Requirements
Annual interest payments - 2016 Series Revenue Bonds	\$721,156
Annual principal payments - 2016 Series Revenue Bonds	870,000
Annual interest payments - 2019 Series CWSRF Note	15,841
Annual principal payments - 2019 Series CWSRF Note	2,000
Total Debt Service Requirements	<u>\$ 1,608,997</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 2024 as outlined below:

Utility Operating Revenues	\$ 4,829,379
Sales Tax Pledge Transfers in	5,591,372
Direct Utility Expenses	(2,283,776)
Allocated Overhead (% of Dept. Expenses)	(698,119)
Net Revenues for 125%	<u>\$ 7,438,856</u>
Revenues required for 125% coverage of debt service:	\$ 2,011,246
Actual Net Revenues	7,438,856
Actual coverage	462%

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 2024 as outlined below:

Net Revenues (from above)	\$ 7,438,856
Sales Tax Pledge (from above)	(5,591,372)
Net Revenues for 75%	<u>\$ 1,847,484</u>
Total Debt Service Requirements	\$ 1,608,997
Actual coverage	115%

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 3% increase was implemented in fiscal year 2023, 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, 2024 the CIDA abated hotel-motel tax that would have otherwise been remitted to the City totaling \$21,497 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, 2024:

1. Under the terms of a sales tax rebate agreement, a business received rebated sales taxes during fiscal year 2024 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 2024 represents 50% of the sales tax generated by the entity in fiscal year 2024.
2. Under the terms of a sales tax rebate agreement, a business received rebated sales taxes during fiscal year 2024 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 2024 represents 50% of the sales tax generated by the entity in fiscal year 2024.

NOTE 9. OPIOID SETTLEMENT

The City was party to a national opioid-related lawsuit that has been settled in 2022 with three pharmacy chains – CVS, Walgreens, and Walmart – and two additional manufacturers – Allergan and Teva. The City will expect payments to be received in subsequent periods over the course of several years that total in the amount of \$417,846. The City is currently working with internal departments on the programming of funds that will satisfy the applicable compliance requirements.

NOTE 10. RECENTLY ISSUED ACCOUNTING STANDARDS

Statement No. 102, “Risk Disclosures” — This statement was issued December 2023 to further communicate essential information about risks that are prevalent among state and local governments that are not routinely disclosed because it is not explicitly required. The objective is satisfied by informing users of the financial statements about risks related to vulnerabilities from certain concentrations or constraints. Where a concentration refers to a lack of diversity in significant resource inflows or outflows, while a constraint is a limitation imposed by an external party or formal government action. These factors can limit a government’s ability to acquire resources or control spending. Governments must assess if these concentrations or constraints make them vulnerable to substantial impacts and if related events are likely to occur within twelve months of issuing financial statements. If

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AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

criteria for disclosure are met, governments should provide detailed notes in financial statements to explain the nature of these vulnerabilities and any mitigating actions taken. GASB Statement No. 102 will be effective for the City for the fiscal year ending June 30, 2024.

Statement No. 103, “*Financial Reporting Model*” — This statement was issued April 2024 to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The objective is achieved by enhancing the financial reporting model’s effectiveness by improving key components. This aims to provide essential information for decision-making and assessing a government’s accountability. The statement emphasizes clear, concise management discussion and analysis (MD&A), avoiding unnecessary duplication and boilerplate language. It also requires detailed analyses of financial activities, distinguishing between the primary government and its component units, and clearing presenting unusual or infrequent items separately in financial statements. GASB Statement No. 103 will be effective for the City for the fiscal year ending June 30, 2024.

Statement No. 104, “*Capital Asset Disclosure*” — This statement was issued September 2024 and aims to provide users of government financial statements with essential information about certain types of capital assets. The objective is achieved by providing detailed information about certain types of capital assets with financial statement notes. This includes separate disclosures for lease assets, intangible right-to-use assets, subscription assets, and other intangible assets by major class. Additionally, capital assets held for sale must be disclosed with details on historical costs, accumulated depreciation, and any related debt. These requirements seek to improve financial reporting by enhancing transparency and consistency for uses of government financial statements, while assisting with users to make informed decisions and assess government accountability. GASB Statement No. 104 will be effective for the City for the fiscal year ending June 30, 2025.

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**CITY OF COWETA, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

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, 2024

	Budgeted Amounts			Variance With
	Original	Final Budget	Actual	Final Budget
	Budget			Over (Under)
Beginning Budgetary Fund Balance	\$ 10,354,667	\$ 10,369,695	\$ 11,529,915	\$ 1,160,220
Resources (Inflows)				
TAXES				
Sales Tax	5,043,682	5,043,682	5,551,615	507,933
Dedicated Sales Tax	1,681,227	1,681,227	1,850,538	169,311
Use Tax	600,000	600,000	782,756	182,756
Dedicated Use Tax	200,000	200,000	260,919	60,919
Hotel-Motel Tax	45,000	45,000	39,684	(5,317)
Franchise Tax	350,000	350,000	330,654	(19,346)
Total Taxes	7,919,909	7,919,909	8,816,165	896,256
LICENSES & PERMITS				
Building Permits	85,000	85,000	118,809	33,809
Licenses	24,000	24,000	25,916	1,916
Park & Recreation Fee	10,000	10,000	16,772	6,772
Total Licenses & Permits	119,000	119,000	161,497	42,497
CHARGES FOR SERVICES				
Fire Runs	2,000	2,000	23,783	21,783
Zoning Fees	2,000	2,000	4,107	2,107
Animal Shelter Fees	100	100	300	200
Copy Fees	1,500	1,500	1,405	(95)
License Plate Seizures	500	500	-	(500)
Special Assessments	500	500	1,286	786
Library Fines	1,000	1,000	5,149	4,149
Abatements	6,000	6,000	19,120	13,120
Rent Receipts	14,400	14,400	17,008	2,608
Special Police Services	15,000	15,000	26,140	11,140
Total Charges for Services	43,000	43,000	98,297	55,297
INTERGOVERNMENTAL				
Alcohol Beverage Tax	175,000	175,000	171,990	(3,010)
Cigarette Tax	42,000	42,000	45,954	3,954
Grants	-	17,200	21,361	4,161
Total Intergovernmental	217,000	234,200	239,305	5,105
FINES & FORFEITURES				
Fines and Forfeitures	175,000	175,000	196,613	21,613
Technology Fee	14,000	14,000	14,696	696
Total Fines & Forfeitures	189,000	189,000	211,309	22,309
INVESTMENT INCOME				
Interest Earned	10,000	10,000	58,360	48,360
Total Investment Income	10,000	10,000	58,360	48,360
OTHER				
Miscellaneous	10,000	10,000	41,459	31,459
Collection fees	10,000	10,000	6,073	(3,927)
UBCC Permit Fee	200	200	368	168
Insurance Reimbursements	-	13,249	29,131	15,882
Sale of Assets	-	-	6,210	6,210
Transfers in	5,104,932	5,704,932	5,652,622	(52,310)
Total Other	5,125,132	5,738,381	5,735,864	(2,517)
Total Resources (Inflows)	13,623,041	14,253,490	15,320,797	1,067,307
Amounts Available for Appropriation	23,977,708	24,623,185	26,850,712	2,227,527

City of Coweta, Oklahoma
Budgetary Comparison Schedule
General Fund
FOR THE YEAR ENDED JUNE 30, 2024

Charges to Appropriations (outflows)	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
GENERAL GOVERNMENT				
CITY COUNCIL				
Personal services	18,315	18,263	17,737	(526)
Materials and supplies	375	227	192	(35)
Other services and charges	500	700	500	(200)
Total City Council	19,190	19,190	18,429	(761)
CITY MANAGER				
Personal services	248,347	272,356	271,963	(393)
Materials and supplies	15,050	19,496	19,068	(428)
Other services and charges	16,470	29,101	29,101	0
Capital Outlay	-	-	-	-
Total City Manager	279,867	320,953	320,132	(821)
FINANCE				
Personal services	130,048	145,048	140,578	(4,470)
Materials and supplies	19,600	18,189	17,852	(337)
Other services and charges	27,340	26,437	21,027	(5,410)
Capital Outlay	-	-	-	-
Total Finance	176,988	189,674	179,456	(10,218)
CITY ATTORNEY				
Personal services	-	-	-	-
Other services and charges	25,000	65,000	56,191	(8,809)
Total City Attorney	25,000	65,000	56,191	(8,809)
COMMUNITY DEVELOPMENT:				
Personal services	279,816	281,116	259,242	(21,874)
Materials and supplies	12,240	19,740	15,845	(3,895)
Other services and charges	135,045	163,545	144,535	(19,010)
Capital Outlay	-	-	-	-
Total Community Development	427,101	464,401	419,622	(44,779)
NON-DEPARTMENTAL:				
Materials and supplies	22,700	29,739	28,708	(1,031)
Other services and charges	810,475	463,916	493,503	29,587
Capital Outlay	-	-	-	-
Total Non-Departmental	833,175	493,655	522,212	28,557

(continued)

City of Coweta, Oklahoma
Budgetary Comparison Schedule
General Fund
FOR THE YEAR ENDED JUNE 30, 2024

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	120,340	120,340	115,745	(4,595)
Materials and supplies	6,221	10,221	8,292	(1,929)
Other services and charges	34,988	39,163	16,515	(22,648)
Capital Outlay	-	-	-	-
Total Municipal Court	161,549	169,724	140,552	(29,172)
POLICE:				
Personal services	1,962,180	1,972,180	1,937,025	(35,155)
Materials and supplies	112,127	108,627	81,619	(27,008)
Other services and charges	89,883	108,776	102,625	(6,151)
Capital Outlay	-	-	-	-
Total Police	2,164,190	2,189,583	2,121,269	(68,314)
ANIMAL CONTROL				
Personal services	72,991	72,991	60,992	(11,999)
Materials and supplies	11,494	11,494	4,560	(6,934)
Other services and charges	12,000	12,000	3,463	(8,537)
Capital Outlay	-	-	-	-
Total Animal Control	96,485	96,485	69,016	(27,469)
FIRE:				
Personal services	1,195,489	1,266,889	1,263,162	(3,727)
Materials and supplies	95,438	85,567	71,359	(14,208)
Other services and charges	85,855	103,767	92,171	(11,596)
Capital Outlay	-	-	-	-
Total Fire	1,376,782	1,456,223	1,426,692	(29,531)
CIVIL DEFENSE				
Materials and supplies	4,597	4,597	4,358	(239)
Other services and charges	4,250	5,250	4,225	(1,025)
Capital Outlay	-	-	-	-
Total Civil Defense	8,847	9,847	8,583	(1,264)
PUBLIC WORKS				
CEMETERY:				
Personal services	94,191	94,191	87,968	(6,223)
Materials and supplies	15,220	15,920	11,637	(4,283)
Other services and charges	4,700	4,000	3,073	(927)
Capital Outlay	-	-	-	-
Total Cemetery	114,111	114,111	102,677	(11,434)
STREETS:				
Personal services	276,149	296,149	280,742	(15,407)
Materials and supplies	71,678	90,078	74,912	(15,166)
Other services and charges	83,350	57,844	51,799	(6,045)
Capital Outlay	-	-	-	-
Total Streets	431,177	444,071	407,453	(36,618)

(continued)

City of Coweta, Oklahoma

NOTES TO BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2024

BUDGETARY INFORMATION

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	236,105	203,505	192,456	(11,049)
Materials and supplies	13,159	14,531	14,282	(249)
Other services and charges	39,000	44,040	35,236	(8,804)
Capital Outlay	22,000	22,000	21,990	(10)
Total Library	310,264	284,076	263,964	(20,112)
PARKS				
Personal services	123,254	120,254	113,855	(6,399)
Materials and supplies	21,124	35,823	33,905	(1,918)
Other services and charges	28,000	17,101	15,792	(1,309)
Capital Outlay	-	-	-	-
Total Parks	172,378	173,178	163,552	(9,626)
OTHER FINANCING USES				
Transfers out	7,010,909	7,786,482	7,776,921	(9,561)
Total Other Financing Uses	7,010,909	7,786,482	7,776,921	(9,561)
Total Charges to Appropriations	13,608,013	14,276,653	13,996,721	(279,932)
Ending Budgetary Fund Balance	\$ 10,369,695	\$ 10,346,532	\$ 12,853,991	\$ 2,507,459
Ending Unobligated Budgetary Fund Balance			\$ 12,853,991	
Reconciliation to Statement of Revenues, expenditures and changes in Fund Balance:				
Total Resources per Budgetary Comparison Schedule			\$	15,320,797
State payments made on-behalf of police and fire pension not considered a budgetary resource				366,518
Less Transfer in				(5,652,622)
Less sale of capital assets				(6,210)
Total Revenues per Statement of Revenues, Expenditures and Changes in Fund Balance			\$	10,028,483
Total Charges to Appropriations per Budgetary Comparison Schedule			\$	13,996,721
State payments made on-behalf of police and fire pensions				366,518
Less Transfer out				(7,776,921)
Total Expenditures per Statement of Revenues, Expenditures and Changes in Fund Balance			\$	6,586,318

**NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2024**

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.

City of Coweta, Oklahoma

SCHEDULE OF THE CITY OF COWETA PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) FOR THE YEAR ENDED JUNE 30, 2024

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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%	0.2276%	0.2323%
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)	\$ (182,501)	\$ (70,958)
City's covered-employee payroll	\$ 700,714	\$ 677,963	\$ 687,230	\$ 777,572	\$ 664,431	\$ 801,400	\$ 780,023	\$ 815,177	\$ 874,149	\$ 991,420
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%	-20.88%	-7.16%
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%	102.74%	101.02%

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City's proportion of the net pension liability	0.3483%	0.3555%	0.3404%	0.3794%	0.3670%	0.3654%	0.4153%	0.3812%	0.4055%	0.3805%
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	\$5,303,288	\$4,910,321
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	\$1,411,656	\$1,613,186
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%	376%	304%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%	69.49%	70.85%

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 CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2024

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contribution	\$ 88,135	\$ 89,340	\$ 101,084	\$ 86,376	\$ 104,182	\$ 101,403	\$ 105,981	\$ 105,973	\$ 113,639	\$ 128,885
Contributions in relation to the statutorily 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>	<u>113,639</u>	<u>128,885</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<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	\$ 874,149	\$ 991,420
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contribution	\$ 135,443	\$ 133,174	\$ 135,470	\$ 152,462	\$ 158,242	\$ 180,521	\$ 173,322	\$ 187,082	\$ 197,632	\$ 225,846
Contributions in relation to the statutorily 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>	<u>197,632</u>	<u>225,970</u>
Contribution deficiency (excess)*	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (124)</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	\$ 1,411,656	\$ 1,613,186
Contributions as a percentage of covered-employee payroll	14.00%	14.01%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.01%

*Fiscal 2024 amounts include retroactive contributions for Fiscal Year 2023

Notes to Schedule:

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

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**CITY OF COWETA, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

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)

CITY OF COWETA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2024

	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	\$ -	\$ -	\$ -	\$ 59,619	\$ -	\$ 135,625	\$ 334,107	\$ 529,351
Investments	-	-	-	63,500	-	-	-	63,500
Due from other governments	9,921	-	-	-	20,872	439,420	-	470,213
Accounts receivable, net	-	3,900	-	-	-	12,005	-	15,905
Restricted assets:								
Cash and cash equivalents	117,717	586,853	41,309	-	210,364	-	1,125,251	2,081,494
Total assets	\$ 127,638	\$ 590,753	\$ 41,309	\$ 123,119	\$ 231,236	\$ 587,050	\$ 1,459,358	\$ 3,160,463
Liabilities and Fund Balances:								
Liabilities								
Accounts Payable	\$ 5,424	\$ -	\$ 596	\$ 29,102	\$ -	\$ -	\$ 2,000	\$ 37,122
Unearned revenue - ARPA grant	-	-	-	-	-	-	1,125,251	1,125,251
Due to other funds	-	45,938	-	-	-	72,750	-	118,688
Total liabilities	\$ 5,424	\$ 45,938	\$ 596	\$ 29,102	\$ -	\$ 72,750	\$ 1,127,251	\$ 1,281,061
Fund balances								
Assigned	-	-	-	94,017	-	74,880	332,107	501,004
Restricted	122,214	544,815	40,713	-	231,236	439,420	-	1,378,398
Total fund balances	122,214	544,815	40,713	94,017	231,236	514,300	332,107	1,879,402
Total liabilities and fund balance	\$ 127,638	\$ 590,753	\$ 41,309	\$ 123,119	\$ 231,236	\$ 587,050	\$ 1,459,358	\$ 3,160,463

CITY OF COWETA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	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	\$ -	\$ 124,975	\$ -	\$ -	\$ -	\$ 130,241	\$ -	\$ 255,216
Intergovernmental	94,876	-	14,366	-	143,781	213,890	339,961	806,874
Interest income	129	261	22	716	102	87	1,523	2,840
Miscellaneous	-	-	-	5,460	-	-	2,000	7,460
Total Revenues	95,005	125,236	14,388	6,176	143,883	344,218	343,484	1,072,390
Expenditures								
General government	-	-	-	15,158	-	-	-	15,158
Public safety	-	-	-	-	59,628	52,188	-	111,816
Highways and roads	138,501	3,035	-	-	-	-	1,987	143,523
Cultural and recreational	-	-	14,837	-	-	-	-	14,837
Debt Service								
Principal	-	-	-	-	18,473	21,085	-	39,558
Interest expense	-	-	-	-	5,131	5,949	-	11,080
Capital outlay	-	-	-	-	90,566	127,083	320,907	538,556
Total expenditures	138,501	3,035	14,837	15,158	173,798	206,305	322,894	874,528
Excess (deficiency) of revenues over expenditures	(43,496)	122,201	(449)	(8,982)	(29,915)	137,913	20,590	197,862
Other financing sources (uses):								
Capital lease proceeds	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(61,250)	-	-	-	(145,677)	-	(206,927)
Total other financing sources (uses)	-	(61,250)	-	-	-	(145,677)	-	(206,927)
Net change in fund balances	(43,496)	60,951	(449)	(8,982)	(29,915)	(7,764)	20,590	(9,065)
Fund balances - beginning of year	165,710	483,864	41,162	102,999	261,151	522,064	311,517	1,888,467
Fund balance - end of year	\$ 122,214	\$ 544,815	\$ 40,713	\$ 94,017	\$ 231,236	\$ 514,300	\$ 332,107	\$ 1,879,402

City of Coweta, Oklahoma
Budgetary Comparison Schedule
Major Governmental Fund (Capital Improvement Fund)
FOR THE YEAR ENDED JUNE 30, 2024

	CAPITAL IMPROVEMENT FUND			
	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final Budget Over (Under)
Revenues				
Gross Receipts Tax	\$ 2,000,000	\$ 2,000,000	\$ 1,651,113	\$ (348,887)
Grants	-	-	150,000	150,000
Advance Repayments	119,391	119,391	48,677	(70,714)
Sale of Assets	-	-	-	-
Interest income	11,534	11,534	54,559	43,025
Total Revenues	2,130,925	2,130,925	1,904,349	(226,576)
Expenditures				
Administration	33,000	-	-	-
Police	389,724	389,724	268,986	(120,738)
Animal Control	17,500	17,500	17,500	-
Fire	306,271	567,463	210,762	(356,701)
Emergency Management	103,200	107,450	80,835	(26,615)
Community Development	-	-	-	-
Parks	48,000	102,594	102,594	-
Streets	605,600	1,385,006	1,113,072	(271,934)
Library	-	-	-	-
General Government	10,000	25,320	-	(25,320)
Wastewater	-	151,945	10,500	(141,445)
Total expenditures	1,513,295	2,747,002	1,804,249	(942,753)
Excess (deficiency) of revenues over expenditures	617,630	(616,077)	100,100	716,177
Other financing sources (uses):				
Lease Proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(1,238,800)	(1,513,800)	(1,238,800)	(275,000)
Total other financing sources (uses)	(1,238,800)	(1,513,800)	(1,238,800)	275,000
Net change in fund balances	(621,170)	(2,129,877)	(1,138,700)	991,177
Fund balances - beginning of year	4,516,260	4,516,260	4,450,425	(65,835)
Fund balance - end of year	\$ 3,895,090	\$ 2,386,383	\$ 3,311,725	\$ 925,342

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Elfrink and Associates, PLLC

Certified Public Accountants

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, 2024, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated January 27, 2025.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Elfrink and Associates, PLLC
Elfrink and Associates, PLLC

Tulsa, Oklahoma
December 27, 2023

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Government Accounting and Auditing

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CITY OF COWETA, OKLAHOMA
FISCAL YEAR ENDED JUNE 30, 2024

SCHEDULE OF FINDING AND RESPONSE- UPDATE ON PRIOR YEAR FINDING

This schedule is presented as an addendum to accompany the “*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*”. Consideration of items listed should be made in conjunction with that report.

This is an update on a prior year finding – there were no findings reported related the fiscal year ended June 30, 2024.

2023-01 – Collateralization of Uninsured Deposits

CONDITION: The City had certain funds on deposit with financial institutions that were not adequately insured or collateralized at June 30, 2020. City deposits of approximately \$567,944 were uninsured or uncollateralized.

CRITERIA: Oklahoma statutes Title 62, Section 511 and, relating to trusts, Title 60 Section 175.24(7), require all deposits of a municipality to be properly insured and/or collateralized at all times to ensure that no public funds are lost in the event of a failure of the financial institution.

EFFECT: In the event of a failure of the financial institution, the City could lose the funds that were uninsured or uncollateralized.

CAUSE: The City did not have procedures in place to properly monitor the balances on deposit with financial institutions in relation to the amounts pledged by the financial institutions to ensure that all uninsured public funds are adequately collateralized at all times

RECOMMENDATION: Management should establish procedures to properly monitor the deposit and investment balances at each financial institution in relation to the amounts pledged by the financial institution to ensure that all public funds are adequately collateralized at all times.

RESPONSE: The City has added additional personnel to the review process to ensure that balances that are at risk of becoming uncollateralized are flagged for further action. Appropriate steps will then be taken to ensure the balances are fully collateralized.

UPDATE: A review of the city’s cash deposit balances as of June 30, 2024, showed that all deposits were either insured or collateralized in keeping with the statute noted above. We considered this finding to be resolved.

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**CITY OF COWETA, OKLAHOMA
OPERATING REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

- Fiscal Year 2024 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, 13 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 5,672 dwelling units. The largest banquet room in Coweta seats 250. There are 34 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	10,149	84,050
2022	10,450	86,697
2023	10,786	89,280
2024 (est.)	11,013	93,905

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
2023	128	2	13	232
2024*	119	7	6	163

*From January 1, 2024 to October 31, 2024

MAJOR EMPLOYERS

Employer	Product/Service	Number of Employees
Coweta Public Schools	Education Services	341
Wal-Mart	Retail Store	249
Koweta Indian Health Facility	Health Care	117
City of Coweta	Government Services	112
Coweta Manor	Nursing Home	86
Country Mart	Retail Grocery	35
Calpine Power Plant	Power Generator	27
Sun Manufacturing	Metal Stamping	21
QuikTrip	Gasoline Station	35
Casey's General Store	Gasoline Station	15

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	\$5,259,833	3%
2023	\$6,931,810	4%
2024	\$7,402,153	4%
2025*	\$3,061,231	4%

*5 months collections

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EDUCATION

Coweta has 8 primary and secondary schools with approximately 3,638 students and approximately 250 teachers.

<u>Type</u>	<u>Grades</u>	<u>Facilities</u>	<u>Enrollment</u>	<u>Teachers</u>
Public	Pre-K-3	3	1,274	85
Public	4-6	2	785	57
Public	7-8	1	542	37
Public	9	1	284	25
Public	10-12	1	753	48
Total		8	3,638	252

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 20,911 volumes.

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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
2023	113,814,916
2024	125,889,957

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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
2023	3,740	4,579	4,678
2024	3,755	4,703	4,761

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