

CITY OF
COLLINSVILLE,
OKLAHOMA



ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR ENDED

JUNE 30, 2019

**THE CITY OF COLLINSVILLE,
OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Collinsville, Oklahoma

We have audited the accompanying modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Collinsville, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Collinsville, Oklahoma, as of June 30, 2019, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.B.

Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Collinsville, Oklahoma's basic financial statements. The management's discussion and analysis, the schedule of funding progress, and the budgetary comparison information, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The combining and individual nonmajor fund financial statements—modified cash basis and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements—modified cash basis and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2020, on our consideration of the City of Collinsville, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 City of Collinsville, Oklahoma's internal control over financial reporting and compliance.



January 27, 2020
Oklahoma City, Oklahoma

CITY OF COLLINSVILLE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2019

The management of the City of Collinsville is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the year ended June 30, 2019. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City's total net position decreased by \$258,297 and the assets of the City exceed its liabilities at June 30, 2019, by \$5,962,213 (net position). \$1,464,269 of this amount is restricted for various purposes. The remaining \$4,497,944 is available to meet the government's ongoing needs.
- At June 30, 2019, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$1,873,612.
- The City's business-type activities reported a decrease in net position of \$740,399.

ABOUT THE CITY

The City of Collinsville is an incorporated municipality with a population of approximately 7,000 located in Tulsa County in northeastern Oklahoma. The City is a Commission/Manager form of government and operates under the charter that provides for three branches of government.

- Legislative – the City Commission is a five-member governing body elected by respective wards and the mayor is elected at large
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Commission
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Commission

The City provides typical municipal services such as public safety, street and alley maintenance, parks and recreation, and through its Municipal Authority, certain utility services including electric, water, wastewater, and sanitation.

The City's Financial Reporting Entity

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity", as amended by GASB Statement 61, that requires the primary government and all component units of which the primary government is financially accountable be included in the financial report. The City's financial reporting entity includes two separate legal entities reported as the primary government.

The City of Collinsville – an incorporated City that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the City – *reported as part of the primary government*

The Collinsville Municipal Authority (CMA) – public trust created pursuant to 60 O.S. § 176 that operates the electric, water, wastewater, and sanitation services of the City, governed by trustees comprised of the entire City Commissioners – *considered part of the primary government for reporting purposes*

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Collinsville (the "City") and the Collinsville Municipal Authority (the "Municipal Authority"). 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 modified cash basis of accounting. They present the government's 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. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

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

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

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

Fund Financial Statements

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

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

Proprietary funds - When the City, through the Municipal Authority, charges customers for the services it provides, these services are generally reported in proprietary funds. In this report, proprietary funds are also reported on the modified cash basis of accounting with these funds reporting the acquisition of capital assets and payments for debt principal as expenses and not as changes to asset and debt balances. The City's proprietary fund is the Collinsville Municipal Authority that accounts for the operation of the electric, water, sewer, and sanitation activities.

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 24-40 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents Budgetary Comparison Schedules for the General Fund and the 1999 Sales Tax Fund, combining and individual fund financial statements and schedules, schedules of federal and state awards, and a debt service coverage schedule.

THE CITY AS A WHOLE

For the year ended June 30, 2019, net position on a modified cash basis for the governmental and business-type activities decreased \$258,297.

CITY OF COLLINSVILLE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2019

Net Position (Modified Cash Basis)
June 30, 2019

	Governmental Activities	Business-type Activities	Total
Beginning net position	\$ 1,391,510	\$ 4,829,000	\$ 6,220,510
Increase/(Decrease)	482,102	(740,399)	(258,297)
Ending net position	\$ 1,873,612	\$ 4,088,601	\$ 5,962,213

Following is a summary of net position reported on a modified cash basis for the City of Collinsville:

	Governmental Activities		% Inc. (Dec.)	Business-type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2019	2018		2019	2018		2019	2018	
Assets:									
Current and other assets	\$ 1,878,479	\$ 1,395,500	35%	\$ 4,669,581	\$ 5,395,220	-13%	\$ 6,548,060	\$ 6,790,720	-4%
Total assets	1,878,479	1,395,500	35%	4,669,581	5,395,220	-13%	6,548,060	6,790,720	-4%
Liabilities:									
Current and other liabilities	4,867	3,990	22%	14,810	20,927	-29%	19,677	24,917	-21%
Utility deposit liabilities	-	-		566,170	545,293	4%	566,170	545,293	4%
Total liabilities	4,867	3,990	22%	580,980	566,220	3%	585,847	570,210	3%
Net position:									
Restricted	322,301	155,110	108%	1,141,968	2,637,838	-57%	1,464,269	2,792,948	-48%
Unrestricted	1,551,311	1,236,400	25%	2,946,633	2,191,162	34%	4,497,944	3,427,562	31%
Total net position	\$ 1,873,612	\$ 1,391,510	35%	\$ 4,088,601	\$ 4,829,000	-15%	\$ 5,962,213	\$ 6,220,510	-4%

The City's governmental activities had an increase in net position of \$482,102. The business-type activities had a decrease in net position of \$740,399.

Revenues, Expenses and Changes in Net Position (Modified Cash Basis)
Year Ended June 30, 2019

	Governmental Activities		% Inc. (Dec.)	Business-type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2019	2018		2019	2018		2019	2018	
Revenues:									
Program revenues:									
Charges for Services	\$ 1,223,414	\$ 1,044,623	17%	\$ 9,382,185	\$ 8,093,217	16%	\$ 10,605,599	\$ 9,137,840	16%
Grants & Contributions	118,320	63,492	86%	-	-	-	118,320	63,492	86%
Capital Grants, Contributions & Debt Proceeds	109,069	530,548	-79%	-	69,000	-100%	109,069	599,548	-82%
General Revenues:									
Sales Tax	2,695,103	2,359,437	14%	-	-	-	2,695,103	2,359,437	14%
Other Taxes	186,443	182,393	2%	-	-	-	186,443	182,393	2%
Other General Revenues	254,049	944,030	-73%	79,583	65,686	21%	333,632	1,009,716	-67%
Total Revenues	4,586,398	5,124,523	-11%	9,461,768	8,227,903	15%	14,048,166	13,352,426	5%
Program Expenses:									
General Government	196,708	1,000,840	-80%	-	-	-	196,708	1,000,840	-80%
Public Safety	3,368,183	3,093,227	9%	-	-	-	3,368,183	3,093,227	9%
Highways and Streets	1,069,403	1,297,379	-18%	-	-	-	1,069,403	1,297,379	-18%
Culture and Recreation	695,764	599,510	16%	-	-	-	695,764	599,510	16%
Electric	-	-		5,497,851	5,062,558	9%	5,497,851	5,062,558	9%
Sanitation	-	-		808,284	1,162,984	-30%	808,284	1,162,984	-30%
Water	-	-		1,045,164	1,261,853	-17%	1,045,164	1,261,853	-17%
Sewer	-	-		1,010,662	666,913	52%	1,010,662	666,913	52%
Principal & Interest on Long-term debt	614,444	648,137	-5%	-	-	-	614,444	648,137	-5%
Total Expenses	5,944,502	6,639,093	-10%	8,361,961	8,154,308	3%	14,306,463	14,793,401	-3%
Excess (Deficiency)	(1,358,104)	(1,514,570)	-10%	1,099,807	73,595	1394%	(258,297)	(1,440,975)	-82%
Net Transfers	1,840,206	1,375,191	34%	(1,840,206)	(1,375,191)	34%	-	-	-
Increase (Decrease) in Net Position	\$ 482,102	\$ (139,379)	-446%	\$ (740,399)	\$ (1,301,596)	-43%	\$ (258,297)	\$ (1,440,975)	-82%
Beginning Net Position	1,391,510	1,530,889	-9%	4,829,000	6,130,596	-21%	6,220,510	7,661,485	-19%
Ending Net Position	\$ 1,873,612	\$ 1,391,510	35%	\$ 4,088,601	\$ 4,829,000	-15%	\$ 5,962,213	\$ 6,220,510	-4%

CITY OF COLLINSVILLE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2019

In governmental activities, capital grants, contributions and debt proceeds decreased \$421,479 from the prior year due to the prior year issuance of the street and drainage grants. Grants and contributions increased \$54,828 due to the issuance of a FEMA grant for public safety. Other general revenues decreased from prior year due to monies received from Vision 2025 in the amount of \$716,812 for the American Legion building construction in the prior year.

In business-type activities, expenses increased primarily in sewer and revenues increased in charges for services. The decrease in capital grants, contributions, and debt proceeds was due primarily to the community development block grant issued in the prior year.

Governmental Activities

Net Revenue (Expense) of Governmental Activities
(In Thousands)

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>	
	General government	\$ 197		\$ 1,001	-80%	
Public safety	3,368	3,093	9%	(2,404)	(2,335)	3%
Streets	1,069	1,297	-18%	(746)	(552)	35%
Culture, parks and recreation	696	600	16%	(696)	(599)	16%
Interest on long-term debt	614	648	-5%	(614)	(648)	-5%
Total	<u>\$ 5,944</u>	<u>\$ 6,639</u>	-10%	<u>\$(4,494)</u>	<u>\$ (5,000)</u>	-10%

Business-type Activities

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>	
	Electric	\$ 5,498		\$ 5,062	9%	
Sanitation	808	1,163	-31%	(60)	(66)	-9%
Water	1,045	1,262	-17%	(28)	(459)	-94%
Sewer	1,011	667	52%	(181)	51	-455%
Total	<u>\$ 8,362</u>	<u>\$ 8,154</u>	3%	<u>\$ 1,020</u>	<u>\$ 8</u>	12650%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2019 fiscal year, the governmental funds reported a combined fund balance of \$1,873,612.

Other fund highlights include:

- For the year ended June 30, 2019, the General Fund's total fund balance increased by \$314,095.

Budgetary Highlights

For the year ended June 30, 2019, the General Fund reported actual budgetary basis revenues over final estimates by \$86,390 or a 2.1% positive variance. General Fund actual expenditures were under final appropriations by \$656,149 or a 14.7% positive variance.

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

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

- The FY 2020 budget is relatively consistent to prior years.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office at P.O. Box 730, Collinsville, Oklahoma 74021 or telephone at 918-371-1010.

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND ACTIVITIES

CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Statement of Net Position (Modified Cash Basis) – June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,030,566	\$ 3,920,704	\$ 5,951,270
Investments	265,072	321,220	586,292
Deposits with insurance pool	10,498	-	10,498
Total Assets	<u>1,878,479</u>	<u>4,669,581</u>	<u>6,548,060</u>
LIABILITIES			
Due to other governments	1,772	14,810	16,582
Due to depositors	3,095	-	3,095
Utility deposit liabilities:			
Due within one year	-	113,234	113,234
Due in more than one year	-	452,936	452,936
Total liabilities	<u>4,867</u>	<u>580,980</u>	<u>585,847</u>
NET POSITION			
Restricted for cemetery	164,513	-	164,513
Restricted for capital projects	157,788	855,525	1,013,313
Restricted for debt service	-	286,443	286,443
Unrestricted	1,551,311	2,946,633	4,497,944
Total net position	<u>\$ 1,873,612</u>	<u>\$ 4,088,601</u>	<u>\$ 5,962,213</u>

See accompanying notes to these financial statements.

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

Statement of Activities (Modified Cash Basis) – Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants, Contributions and Debt Proceeds	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General Government	\$ 196,708	\$ 163,150	\$ -	\$ -	\$ (33,558)	\$ -	\$ (33,558)
Public Safety	3,368,183	873,403	4,697	86,053	(2,404,030)	-	(2,404,030)
Highways and streets	1,069,403	186,861	113,623	23,016	(745,903)	-	(745,903)
Culture and Recreation	695,764	-	-	-	(695,764)	-	(695,764)
Principal & Interest on Long-term debt	614,444	-	-	-	(614,444)	-	(614,444)
Total governmental activities	<u>5,944,502</u>	<u>1,223,414</u>	<u>118,320</u>	<u>109,069</u>	<u>(4,493,699)</u>	<u>-</u>	<u>(4,493,699)</u>
Business-type activities:							
Electric	5,497,851	6,787,410	-	-	-	1,289,559	1,289,559
Water	1,045,164	1,017,249	-	-	-	(27,915)	(27,915)
Sewer	1,010,662	829,324	-	-	-	(181,338)	(181,338)
Sanitation	808,284	748,202	-	-	-	(60,082)	(60,082)
Total business-type activities	<u>8,361,961</u>	<u>9,382,185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,020,224</u>	<u>1,020,224</u>
Total primary government	<u>14,306,463</u>	<u>10,605,599</u>	<u>118,320</u>	<u>109,069</u>	<u>(4,493,699)</u>	<u>1,020,224</u>	<u>(3,473,475)</u>
General revenues:							
Taxes:							
Sales and use tax					\$ 2,695,103	\$ -	\$ 2,695,103
Franchise taxes and public service taxes					128,274	-	128,274
E-911 taxes					58,169	-	58,169
Intergovernmental revenue not restricted to specific programs					33,238	-	33,238
Unrestricted investment earnings					10,413	51,668	62,081
Miscellaneous					210,398	27,915	238,313
Transfers					1,840,206	(1,840,206)	-
Total general revenues and transfers					<u>4,975,801</u>	<u>(1,760,623)</u>	<u>3,215,178</u>
Change in net position					482,102	(740,399)	(258,297)
Net position - beginning					1,391,510	4,829,000	6,220,510
Net position - ending					<u>\$ 1,873,612</u>	<u>\$ 4,088,601</u>	<u>\$ 5,962,213</u>

See accompanying notes to these financial statements.

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2019

	<u>General Fund</u>	<u>1999 Sales Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,872,778	\$ 157,788	\$ -	\$ 2,030,566
Investments	92,820	-	172,252	265,072
Deposits with insurance pool	10,498	-	-	10,498
Total assets	<u>\$ 1,976,096</u>	<u>\$ 157,788</u>	<u>\$ 172,252</u>	<u>\$ 2,306,136</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other governments	\$ 1,772	\$ -	\$ -	\$ 1,772
Due to other funds	427,657	-	-	427,657
Due to depositors	3,095	-	-	3,095
Total liabilities	<u>432,524</u>	<u>-</u>	<u>-</u>	<u>432,524</u>
Fund balances:				
Restricted	-	157,788	164,513	322,301
Assigned	582,605	-	7,739	590,344
Unassigned	960,967	-	-	960,967
Total fund balances	<u>1,543,572</u>	<u>157,788</u>	<u>172,252</u>	<u>1,873,612</u>
Total liabilities and fund balances	<u>\$ 1,976,096</u>	<u>\$ 157,788</u>	<u>\$ 172,252</u>	<u>\$ 2,306,136</u>

See accompanying notes to these financial statements.

CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance
(Modified Cash Basis) – Year Ended June 30, 2019

	General Fund	1999 Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,125,348	\$ 1,224,017	\$ 532,181	\$ 2,881,546
Intergovernmental	174,574	-	-	174,574
Charges for services	1,014,440	-	9,403	1,023,843
Fines and forfeitures	98,306	-	-	98,306
Licenses and permits	101,265	-	-	101,265
Investment income	9,597	-	816	10,413
Miscellaneous	210,398	-	-	210,398
Total revenues	<u>2,733,928</u>	<u>1,224,017</u>	<u>542,400</u>	<u>4,500,345</u>
EXPENDITURES				
Current:				
General government	153,738	-	-	153,738
Public safety	2,990,832	-	-	2,990,832
Highways and streets	224,266	-	-	224,266
Culture and recreation	178,066	-	-	178,066
Economic development	42,970	-	-	42,970
Capital Outlay	224,555	-	-	224,555
Debt Service:				
Principal	71,144	-	-	71,144
Interest and other charges	3,835	-	-	3,835
Total Expenditures	<u>3,889,406</u>	<u>-</u>	<u>-</u>	<u>3,889,406</u>
Excess (deficiency) of revenues over expenditures	<u>(1,155,478)</u>	<u>1,224,017</u>	<u>542,400</u>	<u>610,939</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	86,053	-	-	86,053
Transfers in	1,383,520	-	-	1,383,520
Transfers out	-	(1,066,229)	(532,181)	(1,598,410)
Total other financing sources and uses	<u>1,469,573</u>	<u>(1,066,229)</u>	<u>(532,181)</u>	<u>(128,837)</u>
Net change in fund balances	314,095	157,788	10,219	482,102
Fund balances - beginning	1,229,477	-	162,033	1,391,510
Fund balances - ending	<u>\$ 1,543,572</u>	<u>\$ 157,788</u>	<u>\$ 172,252</u>	<u>\$ 1,873,612</u>

See accompanying notes to these financial statements.

**CITY OF COLLINSVILLE, OKLAHOMA
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BASIC FINANCIAL STATEMENTS – PROPRIETARY FUND

CITY OF COLLINSVILLE, OKLAHOMA
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Proprietary Fund Statement of Net Position (Modified Cash Basis) – June 30, 2019

	Collinsville Municipal Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,440,566
Restricted cash and cash equivalents	1,255,202
Investments	93,220
Due from other funds	427,657
Total current assets	4,216,645
Non-current assets:	
Restricted cash and cash equivalents	224,936
Restricted investments	228,000
Total non-current assets	452,936
Total assets	4,669,581
 LIABILITIES	
Current liabilities:	
Due to other governments	14,810
Deposits subject to refund	113,234
Total current liabilities	128,044
Non-current liabilities:	
Deposits subject to refund	452,936
Total non-current liabilities	452,936
Total liabilities	580,980
 NET POSITION	
Restricted for capital projects	855,525
Restricted for debt service	286,443
Unrestricted	2,946,633
Total net position	\$ 4,088,601

See accompanying notes to these financial statements

CITY OF COLLINSVILLE, OKLAHOMA
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Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis) – Year Ended June 30, 2019

	Collinsville Municipal Authority
Operating Revenues:	
Electric	\$ 6,358,298
Water	952,937
Sewer	776,893
Sanitation	700,899
Penalties	162,679
Planning fees	2,180
Administration fees	405,915
Miscellaneous	22,384
Total operating revenues	9,382,185
Operating Expenses:	
General government	1,556,687
Electric	4,142,745
Water and sewer distribution	375,128
Water and sewer treatment	555,858
Sanitation	469,124
Total Operating Expenses	7,099,542
Operating income	2,282,643
Non-Operating Revenues (Expenses):	
Investment income	51,668
Miscellaneous	27,915
Capital outlay	(1,834,188)
Debt service:	
Principal retirement	(1,120,615)
Interest expense and fees	(362,712)
Total non-operating revenue (expenses)	(3,237,932)
Income (loss) before transfers	(955,289)
Transfers:	
Transfers in	1,598,410
Transfers out	(1,383,520)
Change in net position	(740,399)
Total net position - beginning	4,829,000
Total net position - ending	\$ 4,088,601

See accompanying notes to these financial statements.

**CITY OF COLLINSVILLE, OKLAHOMA
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Proprietary Funds Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2019

	<u>Collinsville Municipal Authority</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 9,410,100
Payments to suppliers	(5,463,920)
Payments to employees	(1,641,739)
Interfund receipts/payments	(63,343)
Receipts of customer meter deposits	116,916
Refunds of customer meter deposits	(96,039)
Net cash provided by operating activities	<u>2,261,975</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	1,598,410
Transfers to other funds	(1,383,520)
Net cash provided by noncapital financing activities	<u>214,890</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(1,834,188)
Principal paid on debt	(1,120,615)
Interest and fiscal agent fees paid on debt	(362,712)
Net cash provided by (used in) capital and related financing activities	<u>(3,317,515)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale (Purchase) of investments	(3,372)
Interest and dividends	51,668
Net cash provided by investing activities	<u>48,296</u>
Net increase (decrease) in cash and cash equivalents	(792,354)
Balances - beginning of year	<u>4,713,058</u>
Balances - end of year	<u>\$ 3,920,704</u>
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	2,440,566
Restricted cash and cash equivalents - Current	1,255,202
Restricted cash and cash equivalents - Non-current	224,936
Total cash and cash equivalents, end of year	<u>3,920,704</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 2,282,643
Adjustments to reconcile operating income to net cash provided by operating activities:	
Miscellaneous revenue	27,915
Change in assets and liabilities:	
Due to other governments	(6,117)
Due from other funds	(63,343)
Deposits subject to refund	20,877
Net cash provided by operating activities	<u>\$ 2,261,975</u>

See accompanying notes to these financial statements.

**CITY OF COLLINSVILLE, OKLAHOMA
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As of and for the Year Ended June 30, 2019**

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, “*The Financial Reporting Entity*”, as amended by GASB Statement 61, that requires the primary government and all component units of which the primary government is financially accountable be included in the financial report. The City’s financial reporting entity includes two separate legal entities reported as the primary government

- **The City of Collinsville** – an incorporated City that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the City – *reported as the primary government*
- **The Collinsville Municipal Authority (CMA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater, electric and sanitation services of the City, with the City Commissioners serving as the governing body of the trust – *considered part of the primary government for reporting purposes*

For the above public trust, the City of Collinsville is the beneficiary of the trust and the City Commissioners either serves as the governing body of the trust or appoints the trustees. In addition, as required by state law, all debt obligations incurred by the trust must be approved by two-thirds vote of the City Commissioners. This is considered sufficient imposition of will to include the trust within the City’s financial reporting entity. The public trust does not issue separate annual financial statements.

B. Basis of Accounting and Presentation

Government-Wide Financial Statements:

The Statements of Net Position and Activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles.

These modifications include adjustments for the following balances arising from cash transactions:

- cash-based interfund receivables and payables
- other cash-based receivables/payables
- investments
- utility deposit liabilities

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

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

- General government: License and permits
- Public safety: Fine revenue and operating grants
- Streets and highways: Gas excise and commercial vehicle taxes
- Cemetery: Cemetery lot sales and openings/closings

Governmental Funds:

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

Major Funds:

- General Fund - accounts for all activities not accounted for in other special-purpose funds
- 1999 Sales Tax Fund – accounts for contributions and specific revenues and expenditures for various capital projects

Non-Major Funds (Reported as Other Governmental Funds):

- Sales Tax Reserve Fund – accounts for the dedicated sales tax to be used for capital improvements and water operations
- Cemetery Care Fund – accounts for 15% of cemetery revenue of which 12.5% is restricted by State law for cemetery capital improvements.

The governmental funds are reported on a modified cash basis of accounting. Only current financial assets and liabilities arising from cash transactions are generally included on the fund balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period.

Proprietary Fund:

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

- Collinsville Municipal Authority (CMA) Enterprise Fund – accounts for activities as set forth in the trust indentures and other operations as assigned by trustee members

The enterprise fund is reported on a modified cash basis.

For purposes of the Statement of Revenues, Expenses and Changes in Fund Net Position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers.

C. Cash, Cash Equivalents, and Investments

Cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less, and money market accounts.

Investments consist of long-term certificates of deposits, reported at cost, and shares of a government obligation mutual fund reported at the current fund share price, which also represents its fair value.

D. Capital Assets and Depreciation

Due to the use of the modified cash basis accounting, as described in Note B., capital assets and related depreciation are not reported in the financial statements.

E. Long-Term Debt

Due to the use of the modified cash basis accounting, as described in Note B., long term debt obligations are not reported in the financial statements. However the amount of long term debt issued and outstanding at the end of the fiscal year is reported as a commitment in Note 10.

F. Compensated Absences

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid compensatory time that would be due employees upon termination is reported as a commitment in Note 10.

G. Fund Balances and Net Position

Government-Wide Statements:

Equity is classified as net position and displayed in two components:

- a. *Restricted Net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- b. *Unrestricted Net position* - All other net position that does not meet the definition of "restricted."

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

Fund Financial Statements:

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

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

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

Proprietary fund equity is classified the same as in the government-wide statements.

H. Internal and Interfund Balances and Transfers

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

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2. Deposits and Investments

For the year ended June 30, 2019, the City recognized \$62,081 of investment income. At June 30, 2019, the primary government held the following deposits and investments:

Type	Carrying Value
Deposits:	
Demand deposits	\$ 4,809,302
Time deposit	586,292
	\$ 5,395,594
Investments:	
Cavanal Hill	AAAm \$ 135,492
Federated Government Obligations	AAAm 198,215
Blackrock Liq Fedfd-Csh Res #00U3	AAAm 808,261
	1,141,968
Total deposits and investments	\$ 6,537,562
 Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 5,951,270
Investments	586,292
	\$ 6,537,562

Custodial Credit Risk

Exposure to custodial credit related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

The City's policy as it relates to custodial credit risk is to comply with state law and secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. Acceptable collateral is defined in state statutes and includes U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee. At June 30, 2019, the City had collateral to cover all bank balances.

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Investment Credit Risk

The City limits its investments to those allowed in state law applicable to municipalities. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. The City’s only marketable investments at June 30, 2019 consisted of \$1,141,968 in money market funds invested in U.S. Treasury securities with a credit rating of AAAM by Standard and Poors.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s has no investment policy that limits based on maturity. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. As noted in the schedule of deposits and investments above, at June 30, 2019, the investments were limited to time deposits and shares of money market funds invested in U.S. Treasury securities not exposed to interest rate risk.

Concentration of Investment Credit Risk

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City has no investment policy regarding concentration of credit risk. At June 30, 2019, the City had no concentration of credit risk as defined above.

Restricted Cash and Investments – The amounts reported as restricted assets on the Statement of Net Position are comprised of amounts restricted for utility deposits, debt service, debt reserve, or construction purposes. The restricted assets as of June 30, 2019 are as follows:

	Current	Noncurrent	
	Cash and cash equivalents	Cash and cash equivalents	Investments
Utility Deposits	\$ 113,234	\$ 224,936	\$ 228,000
Bond Trustee Accounts	1,141,968	-	-
Total	\$ 1,255,202	\$ 224,936	\$ 228,000

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3. Sales Tax Revenue

Sales tax revenue represents a 4.30 cent local tax on each dollar of taxable sales within the City, of which 2.30 cents is restricted for debt service and recorded in the 1999 Sales Tax Fund per voter approval of Ordinance #826 effective on and after July 2009 (1.75 cents) and also voter approval of Ordinance #898 on and after January 2017 (.55 cents); and 1 cent is restricted for capital outlay and/or water operations and recorded in the Sales Tax Reserve Fund per voter approval of Ordinance #442 effective on and after July 1977. The remaining 1 cent is received and recorded in the General Fund.

4. Property Tax Levy

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

5. Fund Balances and Net Position

The following table shows the fund balance and net position classifications as shown in the Governmental and Proprietary Fund Statement of Net Position:

	General Fund	Other Governmental Funds	Total
Fund Balances:			
Restricted for:			
Cemetery care	\$ -	\$ 164,513	\$ 164,513
Assigned for:			
Next year's budget	350,000	-	350,000
Capital improvements	232,605	-	232,605
Cemetery care	-	7,739	7,739
Unassigned	960,967	-	960,967
Total Fund Balance	\$ 1,543,572	\$ 172,252	\$ 1,715,824
Enterprise Fund:			
Restricted for:			
Capital projects	\$ 855,525		
Debt service	286,443		
Unrestricted	2,946,633		
	\$ 4,088,601		

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6. Internal and Interfund Balances and Transfers

Interfund receivable and payables at June 30, 2019 were comprised of the following:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
General Fund	CMA	\$ 427,657	expenses paid out of wrong fund
Total		<u>\$ 427,657</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ -	\$ (427,657)	\$ (427,657)
Proprietary Funds	427,657	-	427,657
Total	<u>\$ 427,657</u>	<u>\$ (427,657)</u>	<u>\$ -</u>

Transfers between legal entities and funds netted to \$2,883,924 and are comprised of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
CMA	General Fund	\$ 851,339	Operational purposes
CMA	General Fund	532,181	Operational purposes
Sales Tax Reserve Fund	CMA	532,181	Sales tax transfer
1999 Sales Tax Fund	CMA	1,066,229	Debt service payments
Total		<u>\$ 2,981,930</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 1,383,520	\$ (1,598,410)	\$ (214,890)
Proprietary Funds	1,598,410	(1,383,520)	214,890
	<u>\$ 2,981,930</u>	<u>\$ (2,981,930)</u>	<u>-</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ (214,890)
Transfer of governmental activities out of business-type fund	2,055,096
Total Transfers - Internal Activity	<u>\$ 1,840,206</u>

7. Risk Management

The City and its public trusts are exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. These risks are managed by securing commercial insurance for all risks. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

8. Employee Retirement Plan Participation

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

- Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust (OkMRF) – an agent multiple-employer defined benefit plan
- OkMRF Defined Contribution City Manager Plan – an agent multiple-employer defined contribution plan

Firefighter Pension System:

Plan Summary Information. The City of Collinsville, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter’s Pension and Retirement System (OFPRS). The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ full-time or volunteer firefighters.

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

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

The OFPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2017	\$117,790	\$117,790
2018	\$120,971	\$120,971
2019	\$127,477	\$127,477

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Police Pension System:

Plan Summary Information. The City of Collinsville, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Police Pension and Retirement System (OPPRS). The OPPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ a certain number of full-time police officers.

The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OPPRS, 1001 N.W. 63rd St., Suite 605, Oklahoma City, OK 73116-7335.

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

The OPPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2017	\$54,027	\$54,027
2018	\$61,950	\$61,950
2019	\$68,060	\$68,060

OkMRF Defined Benefit Plan

The City contributes to the City of Collinsville Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust, an agent multiple employer - defined benefit plan, for all eligible employees except for those covered by the Police and Firefighter Pension Systems. Administration of the City's individual plan rests with the City Commissioners. The overall operations of OkMRF are supervised by a nine-member Board of Trustees elected by the participating municipalities. JPMorgan Chase of Oklahoma City acts as administrator and securities custodian.

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Eligibility Factors, Contribution Methods and Benefit Provisions

Provision	OkMRF Plan
a. Eligible to Participate	Full-time, non-uniformed employees of the City upon hire.
b. Contribution Requirements:	
-Authorization	By City ordinance
-Actuarially Determined	Yes
-Employer Rate	10.22% of covered payroll
-Employee Rate	4% of earnings
c. Period Required to Vest	7 years of credited service
d. Eligibility for Distribution	-Normal retirement at age 65 with 7 years of service -Early retirement at age 55 with 7 years of service -Disability retirement with 7 years of service -Marital death benefit with 7 years of service
e. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	
-Normal Retirement	2.625% of final average salary multiplied by credited years of service
-Early Retirement	Actuarially reduced benefit based upon age and years of service at termination
-Disability Retirement	Same as normal retirement
-Death Benefit	50% of employee's accrued benefit, but terminates upon spouse remarriage
-Prior to 10 Years Service	Return of employee contributions with accrued interest
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent.

The OkMRF contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2017	\$139,128	\$139,128
2018	\$148,882	\$148,882
2019	\$164,123	\$164,123

OkMRF Defined Contribution Plan – CMO

The City has also provided a defined contribution plan and trust known as the City of Collinsville Plan and Trust (the “Plan”) in the form of the Oklahoma Municipal Retirement System Master Defined Contribution Plan. OkMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The Plan is administered by Bank One Trust Company of Oklahoma City. The defined contribution plan is available to the City Manager. Benefits depend solely on the amounts contributed to the plan plus investment earnings. The City Manager is eligible to participate upon employment and is required to make contributions to the plan at 4%. The City’s contributions are vested at a rate of 100% upon participation. The City contributed 21% for a total contribution of \$26,378 for the year ended June 30, 2019.

OkMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 100 N. Broadway Oklahoma City, Oklahoma, 73102.

9. Postemployment Healthcare Plan

Plan Description:

The City of Collinsville Employees Healthcare Plan (CCEHP) is a single-employer defined benefit healthcare plan administered by the City’s health insurance carrier. The obligation for payment of benefits has been effectively transferred from the City to the insurance company, and the City has not guaranteed benefits in the event of the insurance company’s insolvency. CCEHP provides medical and dental insurance benefits to eligible retirees and their spouses through the plan. Article IX, Section 6 of the City Code assigns the authority to establish and amend benefit provisions to the City Council. The CCEHP does not issue a separate publicly available financial report.

Funding Policy and Contributions Made:

The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, in the form of insurance premiums paid to the insurance company. The City does not provide any additional amount to prefund benefits nor does the plan have an actuarial valuation. The City requires plan members to contribute 100% of a premium amount established by the insurance company and approved by the City Council for all employees and retirees. While, in regards to retirees, this amount contains an implied rate subsidy by the City through a reduced blended premium covering all current employees and retirees, there is no actuarial valuation performed to determine the amount of such subsidy. Because, the retiree insurance premium established is paid entirely by retiree contributions, there is no net cash outflow by the City related to these benefits. Therefore, there are no cash-basis expenditures reported for the City in regards to the plan benefits. For the year ended June 30, 2019, the City had no retirees participating in the plan’s insurance coverage. For fiscal year 2019, the plan members contributed \$0 in the form of insurance premium payments.

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10. Commitments and Contingencies

Long-term Debt and Debt Service Requirements:

For the year ended June 30, 2019, the reporting entity's long-term debt changed as follows:

Type of Debt:	Balance due June 30, 2018	Additions	Deductions	Balance due June 30, 2019	Amount Due Within One Year
<i>Governmental Activities:</i>					
Capital Lease Payable	\$ 14,812	\$ 86,053	\$ 24,790	\$ 76,075	\$ 31,921
Notes Payable - direct borrowing	<u>44,056</u>	<u>-</u>	<u>9,974</u>	<u>34,082</u>	<u>10,485</u>
Total Governmental Activities	<u>\$ 58,868</u>	<u>\$ 86,053</u>	<u>\$ 34,764</u>	<u>\$ 110,157</u>	<u>\$ 42,406</u>
<i>Business-type Activities:</i>					
Revenue Bonds	\$ 9,548,400	\$ -	\$ 621,000	\$ 8,927,400	\$ 532,400
Capital Lease Payable	107,189	-	32,243	74,946	32,894
Water Rights Obligation- direct borrowing	95,553	-	5,507	90,046	5,685
Notes Payable- direct borrowings	<u>4,953,121</u>	<u>-</u>	<u>467,372</u>	<u>4,485,749</u>	<u>462,977</u>
Total Business-type Activities	<u>\$ 14,608,709</u>	<u>\$ -</u>	<u>\$ 1,126,122</u>	<u>\$ 13,578,141</u>	<u>\$ 1,033,956</u>

Governmental activities had the following long-term debt payable from taxes and other general revenues for June 30, 2019:

Capital Leases:

2017 lease purchase agreement with RCB Bank for pickup for fire department, original amount of \$32,670, payable in monthly installments of \$941, final maturity December 2019.	3,745
2019 lease purchase agreement with RCB Bank for police vehicles, original amount of \$86,053, payable in monthly installments of \$2,522, with an annual interest rate of 3.5%, final payment due January 2022.	\$ 72,330
Total Capital Leases Payable	<u>\$ 76,075</u>

Notes Payable- direct borrowing:

2002 note payable to Hoover/Kirkhart for a building for police department, original amount of \$150,900, payable in monthly installments of \$996 with an annual interest rate of 5%, final payment due August 2022. The note is secured with the building as collateral.	\$ 34,082
Total Notes Payable	<u>\$ 34,082</u>

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Business-type activities long-term debt payable from net revenues generated by the utility resources or pledged to the debt include the following:

Revenue Bonds Payable:

2006 Sales Tax and Utility Revenue Note, original amount of \$3,300,000, payable in monthly installments, interest rate ranging from 4.49%, final payment due October 1, 2019.	\$ 82,400
2015 Sales Tax and Utility Revenue Note, original amount of \$10,000,000, payable in semi-annual installments, interest rate of 2.48%, final payment due September 1, 2029.	<u>8,845,000</u>
Total Revenue Bonds Payable	<u>\$ 8,927,400</u>

Water Rights Contract – direct borrowing:

The Collinsville Municipal Authority (CMA) entered into an agreement with the United States of America for water storage space in Oologah Lake. In consideration of the right to utilize the aforesaid storage space in the Project for municipal and industrial supply purposes, the CMA agreed to pay costs in the amount of \$229,232, along with maintenance and operations costs on an annual basis. This agreement was activated in April 1985, payable in annual installments of \$9,159. The total water right obligation balance at June 30, 2019 is \$90,046. Due to the long-term nature of this agreement and infinite economic life of the water rights and the use of modified cash basis accounting, the CMA’s investment in the water rights contract is not being amortized. In the event the user fails to make any of the payments when due, the overdue payments shall bear interest determined by the Department of Treasury Manual, compounded annually, until paid.

Capital Lease:

\$37,195 lease purchase agreement with RCB Bank for a Freightliner and sewer cleaner, payable in monthly installments of \$2,841, with an annual interest rate of 2.0%, final payment due June 2021.	<u>\$ 74,946</u>
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Notes Payable:

<p>2001 OWRB note payable for wastewater improvements, original amount of \$897,424, payable in 40 semi-annual installments with an annual interest rate of 2.561%, final payment due December 2021. Secured and payable from water, sewer and electric system revenues and pledged sales tax. In the event of default on the OWRB loans, the lender may: 1) file suit to require any or all of the borrower covenants to be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis; 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement; 5) increase the interest rate to 14% on the defaulted payments.</p>	\$ 172,210	
<p>2007 OWRB note payable for wastewater improvements, original amount of \$1,370,000, payable in 40 semi-annual installments with an annual interest rate of 2.60%, final payment due July 2027, secured and payable from water, sewer and electric system revenues and pledged sales tax. In the event of default on the OWRB loans, the lender may: 1) file suit to require any or all of the borrower covenants to be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis; 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement; 5) increase the interest rate to 14% on the defaulted payments.</p>	669,325	
<p>2007 note payable to ODOC for a CDBG loan, original amount of \$136,354, payable in quarterly installments of \$1,704, final payment due September 2027. The note is secured by and payable from CMA utility revenues. In the event of default, the lender may demand that all obligations to the lender would be immediately due and payable. Also at the discretion of the lender, the note interest rate may be increased to 6% in the event of default.</p>	56,246	
<p>2009 note payable to RCB Bank for land purchase, original amount of \$79,914, payable in monthly installments of \$601 with an annual interest rate of 5.5%, final payment due February 2027.</p>	44,610	
<p>2009 OWRB note payable for wastewater improvements, original amount of \$550,000, payable in 40 semi-annual installments with an annual interest rate of 2.74%, final payment due March 2030. The note is secured and payable from utility revenues and pledged sales tax. In the event of default the lender may, at its discretion, require the debtor to assemble the collateral and make available to the lender. Also, the interest rate of defaulted payments will increase to 14%.</p>	227,313	
<p>2014 Series Sales Tax Revenue note payable for utility improvements, original amount of \$1,415,000, payable in 20 semi-annual installments with an annual interest rate of 2.46%, final payment due June 2024.</p>	755,000	
<p>2016 Series Sales Tax Revenue note payable for streets, parks & recreation, and animal control improvements, original amount of \$2,800,000, payable in 30 semi-annual installments with an annual interest rate of 2.18%, final payment due September 2031.</p>	2,471,000	
Total Notes Payable	<table style="margin-left: auto; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black; padding: 0 10px;">\$ 4,395,704</td> </tr> </table>	\$ 4,395,704
\$ 4,395,704		

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Long-term debt service requirements to maturity are as follows:

Governmental Activities

Year Ended June 30,	<u>Notes Payable - direct borrowing</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	10,485	1,465	11,950
2021	11,021	929	11,950
2022	11,584	366	11,950
2023	992	4	996
Total	<u>\$ 34,082</u>	<u>\$ 2,764</u>	<u>\$ 36,846</u>

Business-type Activities

Year Ended June 30,	<u>Notes Payable- direct borrowings</u>			<u>Revenue Bonds Payable</u>			<u>Water Rights Contract Obligations- direct borrowing</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	495,871	102,576	598,447	532,400	218,463	750,863	5,685	2,904	8,589
2021	514,805	90,369	605,174	650,000	204,166	854,166	5,869	2,720	8,589
2022	498,208	77,934	576,142	665,000	187,984	852,984	6,058	2,531	8,589
2023	443,174	66,225	509,399	740,000	171,058	911,058	6,253	2,336	8,589
2024	455,925	55,536	511,461	760,000	152,582	912,582	6,455	2,134	8,589
2025-2029	1,481,033	155,523	1,636,556	5,005,000	425,258	5,430,258	35,535	7,412	42,947
2030-2032	581,634	18,967	600,601	575,000	7,130	582,130	24,191	1,577	25,768
Total	<u>\$4,470,650</u>	<u>\$567,130</u>	<u>\$5,037,780</u>	<u>\$8,927,400</u>	<u>\$1,366,641</u>	<u>\$10,294,041</u>	<u>\$90,046</u>	<u>\$21,614</u>	<u>\$111,660</u>

Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge - The City has pledged two and three-tenths cents (or 53.488%) of future sales tax revenues and net utility revenues to repay the \$3,300,000 Series 2006 Sales Tax and Utility Revenue Bonds, the \$10,000,000 Series 2015 Sales Tax and Utility Revenue Bonds, the \$897,424 Series 2001 OWRB Promissory Notes, the \$1,370,000 2007 CWSRF OWRB Promissory Note, and the \$550,000 2009 OWRB CWSRF Promissory Note. Proceeds from the bonds provided refunding of bonds issued for capital assets while proceeds from the notes provided for the purchase or construction of capital assets. The bonds and notes are payable from pledged sales tax revenues and net utility revenues. The bonds are payable through 2019 and 2029, while the notes are payable through 2021 and 2030. Pledged sales taxes received in the current year were \$1,224,017 and net utility revenues were \$3,014,397, for a total of net pledged revenues of \$4,238,414. Debt service payments of \$1,035,764, related to the above debt issues, for the current fiscal year are 24.4% of total pledged sales taxes and net utility revenues. Net revenues available to pay debt service are 319.6% of annual average debt service of \$1,326,209.

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Sales Tax Pledge - The City has pledged one and five-hundredths cents (or 24.419%) of future sales tax revenues to repay \$2,800,000 of Series 2016 Sales Tax Revenue Note Payable. Proceeds from the note provide financing for streets, park and recreation and animal control improvements. The bonds are payable from pledged sales tax revenues and are payable through 2031. The total principal and interest payable for the remainder of the life of these notes is \$2,840,167. Pledged sales taxes received in the current year were \$558,790. Debt service payments of \$223,604 for the current fiscal year were 40.0% of the pledged sales taxes.

Sales Tax Pledge - The City has pledged one cent (or 23.256%) of future sales tax revenues to repay \$1,415,000 of Series 2014 Sales Tax Revenue Note. Proceeds from the note provided financing for capital assets. The bonds are payable from pledged sales tax revenues and are payable through 2024. The total principal and interest payable for the remainder of the life of these bonds is \$807,214. Pledged sales taxes received in the current year were \$532,181. Debt service payments of \$164,156 for the current fiscal year were 30.8% of the pledged sales taxes.

Compensated Absences:

As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and comp leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2019, is summarized as follows:

CMA – accrued compensated absences	\$52,291
City – accrued compensated absences	<u>148,533</u>
Total	<u>\$200,824</u>

Litigation:

The City is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City "Sinking Fund" for the payment of any court assessed judgment rendered against the City. These statutory provisions do not apply to the City's public trust Authorities. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Federal and State Award Programs:

The City of Collinsville participates in various federal or state grant/loan programs from year to year. In 2019, the City's involvement in federal and state award programs was not significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

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SUPPLEMENTARY AND OTHER INFORMATION

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Budgetary Comparison Schedules (Modified Cash Basis) – Year Ended June 30, 2019

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 427,107	\$ 429,207	\$ 997,635	\$ 568,428
Resources (Inflows):				
Taxes	944,767	944,767	1,125,348	180,581
Intergovernmental	91,955	195,781	174,574	(21,207)
Charges for services	892,567	892,567	1,014,440	121,873
Fines and forfeitures	117,455	117,455	98,306	(19,149)
Licenses and permits	69,483	69,483	101,265	31,782
Investment income	5,632	5,632	8,834	3,202
Miscellaneous	126,568	191,336	210,398	19,062
Transfers In	1,613,274	1,613,274	1,383,520	(229,754)
Total Resources (Inflows)	<u>3,861,701</u>	<u>4,030,295</u>	<u>4,116,685</u>	<u>86,390</u>
Charges to Appropriations (Outflows):				
Non-departmental	74,460	74,685	70,582	4,103
Municipal Court	105,232	108,232	90,217	18,015
Police	1,284,022	1,315,008	1,314,993	15
Animal warden	53,928	57,109	47,534	9,575
Fire	1,652,385	1,751,442	1,705,669	45,773
Street	594,800	640,042	252,626	387,416
Code Enforcement	112,012	112,540	63,426	49,114
Park/Cemetery	303,604	286,944	195,606	91,338
Economic Development/Public Info	93,154	93,154	42,970	50,184
Buildings	15,211	20,346	19,730	616
Total Charges to Appropriations	<u>4,288,808</u>	<u>4,459,502</u>	<u>3,803,353</u>	<u>656,149</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,310,967</u>	<u>\$ 1,310,967</u>

	1999 SALES TAX FUND			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	1,097,563	1,097,563	1,224,017	126,454
Total Resources (Inflows)	<u>1,097,563</u>	<u>1,097,563</u>	<u>1,224,017</u>	<u>126,454</u>
Amounts available for appropriation	<u>\$ 1,097,563</u>	<u>\$ 1,097,563</u>	<u>\$ 1,224,017</u>	<u>\$ 126,454</u>
Charges to Appropriations (Outflows):				
Transfers out	1,081,956	1,081,956	1,066,229	15,727
Total Charges to Appropriations	<u>1,081,956</u>	<u>1,081,956</u>	<u>1,066,229</u>	<u>15,727</u>
Ending Budgetary Fund Balance	<u>\$ 15,607</u>	<u>\$ 15,607</u>	<u>\$ 157,788</u>	<u>\$ 142,181</u>

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Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriations within a fund require City Manager's approval, while supplemental appropriations require City Commission approval.

	<u>General Fund</u>
Total budgetary resources (inflows)	\$4,116,685
Add: Capital Improvement Account combined with General – investment income	<u>763</u>
Total resources as recorded on statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$4,117,448</u>
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances:	
Total revenues	\$2,733,928
Transfers in	<u>1,383,520</u>
Total resources	<u>\$4,117,448</u>

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General Fund Combining Balance Sheet Accounts (Modified Cash Basis) – June 30, 2019

	General Fund	Capital Improvement Account	Total General Fund
ASSETS			
Cash and cash equivalents	\$ 1,732,993	\$ 139,785	\$ 1,872,778
Investments	-	92,820	92,820
Deposit with insurance pool	10,498	-	10,498
Total assets	1,743,491	232,605	1,976,096
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	427,657	-	427,657
Due to other governments	1,772	-	1,772
Due to depositors	3,095	-	3,095
Total liabilities	432,524	-	432,524
 Fund balances:			
Assigned	350,000	232,605	582,605
Unassigned	960,967	-	960,967
Total fund balances	1,310,967	232,605	1,543,572
Total liabilities and fund balances	\$ 1,743,491	\$ 232,605	\$ 1,976,096

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General Fund Accounts Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Year Ended June 30, 2019

	<u>General Fund</u>	<u>Capital Improvement Account</u>	<u>Total General Fund</u>
REVENUES			
Taxes	\$ 1,125,348	\$ -	\$ 1,125,348
Intergovernmental	174,574	-	174,574
Charges for services	1,014,440	-	1,014,440
Fines and forfeitures	98,306	-	98,306
Licenses and permits	101,265	-	101,265
Investment income	8,834	763	9,597
Miscellaneous	210,398	-	210,398
Total revenues	<u>2,733,165</u>	<u>763</u>	<u>2,733,928</u>
EXPENDITURES			
Current:			
General government	153,738	-	153,738
Public safety	2,990,832	-	2,990,832
Highways and streets	224,266	-	224,266
Culture and recreation	178,066	-	178,066
Economic development	42,970	-	42,970
Capital Outlay	224,555	-	224,555
Debt Service:			
Principal	71,144	-	71,144
Interest and other charges	3,835	-	3,835
Total Expenditures	<u>3,889,406</u>	<u>-</u>	<u>3,889,406</u>
Excess (deficiency) of revenues over expenditures	<u>(1,156,241)</u>	<u>763</u>	<u>(1,155,478)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt	86,053	-	86,053
Transfers in	1,383,520	-	1,383,520
Total other financing sources and uses	<u>1,469,573</u>	<u>-</u>	<u>1,469,573</u>
Net change in fund balances	313,332	763	314,095
Fund balances - beginning	997,635	231,842	1,229,477
Fund balances - ending	<u>\$ 1,310,967</u>	<u>\$ 232,605</u>	<u>\$ 1,543,572</u>

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NonMajor Governmental Funds Combining Balance Sheet (Modified Cash Basis) – June 30, 2019

	Sales Tax Reserve Fund	Cemetery Care Fund	Total Governmental Funds
ASSETS			
Investments	\$ -	\$ 172,252	\$ 172,252
Total assets	\$ -	\$ 172,252	\$ 172,252
 Fund balances:			
Restricted	-	164,513	164,513
Assigned	-	7,739	7,739
Total fund balances	-	172,252	172,252
Total fund balances	\$ -	\$ 172,252	\$ 172,252

NonMajor Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Year Ended June 30, 2019

	Sales Tax Reserve Fund	Cemetery Care Fund	Total-Other Governmental Funds
REVENUES			
Taxes	\$ 532,181	\$ -	\$ 532,181
Charges for services	-	9,403	9,403
Investment earnings	-	816	816
Total revenues	532,181	10,219	542,400
 OTHER FINANCING SOURCES (USES)			
Transfers out	(532,181)	-	(532,181)
	(532,181)	-	(532,181)
 Net change in fund balances	-	10,219	10,219
Fund balances - beginning	-	162,033	162,033
Fund balances - ending	\$ -	\$ 172,252	\$ 172,252

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Combining Schedule of Net Position – Collinsville Municipal Authority Accounts (Modified Cash Basis) – June 30, 2019

	Collinsville Municipal Authority Accounts			Total
	CMA Operating Account	Meter Deposit Account	Debt Service Account	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,440,566	\$ -	\$ -	\$ 2,440,566
Restricted cash and cash equivalents	6,180	113,234	1,135,788	1,255,202
Investments	93,220	-	-	93,220
Due from other funds	427,657	-	-	427,657
Total current assets	<u>2,967,623</u>	<u>113,234</u>	<u>1,135,788</u>	<u>4,216,645</u>
Non-current assets:				
Restricted cash and cash equivalents	-	224,936	-	224,936
Restricted investments	-	228,000	-	228,000
Total non-current assets	<u>-</u>	<u>452,936</u>	<u>-</u>	<u>452,936</u>
Total assets	<u>2,967,623</u>	<u>566,170</u>	<u>1,135,788</u>	<u>4,669,581</u>
LIABILITIES				
Current Liabilities:				
Due to other governments	14,810	-	-	14,810
Deposits subject to refund	-	113,234	-	113,234
Total current liabilities	<u>14,810</u>	<u>113,234</u>	<u>-</u>	<u>128,044</u>
Non-current liabilities:				
Deposits subject to refund	-	452,936	-	452,936
Total non-current liabilities	<u>-</u>	<u>452,936</u>	<u>-</u>	<u>452,936</u>
Total liabilities	<u>14,810</u>	<u>566,170</u>	<u>-</u>	<u>580,980</u>
NET POSITION				
Restricted for capital projects	-	-	855,525	855,525
Restricted for debt service	6,180	-	280,263	286,443
Unrestricted	2,946,633	-	-	2,946,633
Total net position	<u>\$ 2,952,813</u>	<u>\$ -</u>	<u>\$ 1,135,788</u>	<u>\$ 4,088,601</u>

CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Combining Schedule of Revenues, Expenses and Changes in Net Position – Collinsville Municipal Authority Accounts (Modified Cash Basis) – Year Ended June 30, 2019

	Collinsville Municipal Authority Accounts			Total
	CMA Operating Account	Meter Deposit Account	Debt Service Account	
Operating Revenues:				
Electric	\$ 6,358,298	\$ -	\$ -	\$ 6,358,298
Water	952,937	-	-	952,937
Sewer	776,893	-	-	776,893
Sanitation	700,899	-	-	700,899
Penalties	162,679	-	-	162,679
Planning fees	2,180	-	-	2,180
Administration fees	405,915	-	-	405,915
Miscellaneous	22,384	-	-	22,384
Total operating revenues	<u>9,382,185</u>	<u>-</u>	<u>-</u>	<u>9,382,185</u>
Operating Expenses:				
General government	1,556,687	-	-	1,556,687
Electric	4,142,745	-	-	4,142,745
Water and sewer distribution	375,128	-	-	375,128
Water and sewer treatment	555,858	-	-	555,858
Sanitation	469,124	-	-	469,124
Total Operating Expenses	<u>7,099,542</u>	<u>-</u>	<u>-</u>	<u>7,099,542</u>
Operating income	<u>2,282,643</u>	<u>-</u>	<u>-</u>	<u>2,282,643</u>
Non-Operating Revenues (Expenses):				
Investment income	16,254	-	35,414	51,668
Miscellaneous	27,915	-	-	27,915
Capital outlay	(318,557)	-	(1,515,631)	(1,834,188)
Debt service:				
Principal retirement	(192,615)	-	(928,000)	(1,120,615)
Interest expense and fees	(48,456)	-	(314,256)	(362,712)
Total non-operating revenue (expenses)	<u>(515,459)</u>	<u>-</u>	<u>(2,722,473)</u>	<u>(3,237,932)</u>
Income (loss) before transfers	<u>1,767,184</u>	<u>-</u>	<u>(2,722,473)</u>	<u>(955,289)</u>
Transfers:				
Interaccount transfers in	-	-	160,276	160,276
Interaccount transfers out	(160,276)	-	-	(160,276)
Transfers in	532,181	-	1,066,229	1,598,410
Transfers out	(1,383,520)	-	-	(1,383,520)
Change in net position	<u>755,569</u>	<u>-</u>	<u>(1,495,968)</u>	<u>(740,399)</u>
Total net position - beginning	<u>2,197,244</u>	<u>-</u>	<u>2,631,756</u>	<u>4,829,000</u>
Total net position - ending	<u>\$ 2,952,813</u>	<u>\$ -</u>	<u>\$ 1,135,788</u>	<u>\$ 4,088,601</u>

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

Schedules of Expenditures of Federal and State Awards (Modified Cash Basis) – Year Ended June 30, 2019

**CITY OF COLLINSVILLE, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Federal/State Grantor/Pass Through Agency Grantor/Program Title</u>	<u>Federal CFDA#</u>	<u>Grant #</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Bulletproof Vests Program - 2015	16.607	N/A	\$ 1,562	\$ 697
Total U.S. Department of Justice			<u>1,562</u>	<u>697</u>
<u>U. S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Assistance to Firefighters Grant	97.052	EMW-2017-FO-01314	52,155	52,155
Total Department of Homeland Security			<u>52,155</u>	<u>52,155</u>
TOTAL FEDERAL AWARDS			<u>\$ 53,717</u>	<u>\$ 52,852</u>

**CITY OF COLLINSVILLE, OKLAHOMA
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Federal/State Grantor/Pass Through Agency Grantor/Program Title</u>	<u>Federal CFDA#</u>	<u>Grant #</u>	<u>Award Amount</u>	<u>State Expenditures</u>
<u>OKLAHOMA DEPARTMENT OF AGRICULTURE</u>				
Forestry Services - Rural Fire Grant	N/A	N/A	\$ 4,000	\$ 4,000
Total Oklahoma Department of Agriculture			<u>4,000</u>	<u>4,000</u>
TOTAL STATE AWARDS			<u>\$ 4,000</u>	<u>\$ 4,000</u>

CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

Debt Service Coverage Schedule – June 30, 2019

Gross Revenue Available for Debt Service:

Operating revenues of leased systems	\$8,088,128
Sales tax revenue - restricted for debt service	<u>1,224,017</u>

Total Gross Revenues Available	9,312,145
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System Operating Expenses	<u>5,073,731</u>
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Net Revenues Available for Debt Service	<u><u>\$4,238,414</u></u>
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Debt Service Requirements:

Average annual debt service - 2001, 2007 and 2009 OWRB promissory note, 2006 Revenue Note, and 2015 Sales Tax and Utility Revenue Bonds	<u><u>\$1,326,209</u></u>
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Coverage	<u><u>320%</u></u>
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Coverage Requirement	<u><u>125%</u></u>
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INTERNAL CONTROL AND COMPLIANCE INFORMATION

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

To the City Council
City of Collinsville, 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 modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Collinsville, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Collinsville, Oklahoma's basic modified cash basis financial statements, and have issued our report thereon dated January 27, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the modified cash basis financial statements, we considered the City of Collinsville, Oklahoma'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 modified cash basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Collinsville, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Collinsville, Oklahoma'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 of Collinsville, Oklahoma's modified cash basis 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.

HBC CPAs & Advisors

Oklahoma City, Oklahoma
January 27, 2020