



**CITY OF
COLLINSVILLE,
OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

**THE CITY OF COLLINSVILLE,
OKLAHOMA**

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

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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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, 2020, 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 opinions.

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, 2020, 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 December 18, 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.



December 18, 2020
Oklahoma City, Oklahoma

CITY OF COLLINSVILLE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020

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, 2020. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City's total net position increased by \$451,692 and the assets of the City exceed its liabilities at June 30, 2020, by \$6,413,905 (net position). \$1,270,972 of this amount is restricted for various purposes. The remaining \$5,142,933 is available to meet the government's ongoing needs.
- At June 30, 2020, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$2,224,340.
- The City's business-type activities reported an increase in net position of \$100,964.

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 23-41 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, 2020, net position on a modified cash basis for the governmental and business-type activities increased \$451,962.

CITY OF COLLINSVILLE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020

Net Position (Modified Cash Basis)
June 30, 2020

	Governmental Activities	Business-type Activities	Total
Beginning net position	\$ 1,873,612	\$ 4,088,601	\$ 5,962,213
Increase in net position	350,728	100,964	451,692
Ending net position	\$ 2,224,340	\$ 4,189,565	\$ 6,413,905

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.)
	2020	2019		2020	2019		2020	2019	
Assets:									
Current and other assets	\$ 2,229,588	\$ 1,878,479	19%	\$ 4,808,451	\$ 4,669,581	3%	\$ 7,038,039	\$ 6,548,060	7%
Total assets	2,229,588	1,878,479	19%	4,808,451	4,669,581	3%	7,038,039	6,548,060	7%
Liabilities:									
Current and other liabilities	5,248	4,867	8%	10,153	14,810	-31%	15,401	19,677	-22%
Utility deposit liabilities	-	-		608,733	566,170	8%	608,733	566,170	8%
Total liabilities	5,248	4,867	8%	618,886	580,980	7%	624,134	585,847	7%
Net position:									
Restricted	579,728	322,301	80%	691,244	1,141,968	-39%	1,270,972	1,464,269	-13%
Unrestricted	1,644,612	1,551,311	6%	3,498,321	2,946,633	19%	5,142,933	4,497,944	14%
Total net position	\$ 2,224,340	\$ 1,873,612	19%	\$ 4,189,565	\$ 4,088,601	2%	\$ 6,413,905	\$ 5,962,213	8%

The City's governmental activities had an increase in net position of \$350,728. The business-type activities had an increase in net position of \$100,964.

Revenues, Expenses and Changes in Net Position (Modified Cash Basis)
Year Ended June 30, 2020

	Governmental Activities		% Inc. (Dec.)	Business-type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2020	2019		2020	2019		2020	2019	
Revenues:									
Program revenues:									
Charges for Services	\$ 1,430,524	\$ 1,223,414	17%	\$ 9,692,590	\$ 9,382,185	3%	\$ 11,123,114	\$ 10,605,599	5%
Grants & Contributions	75,336	118,320	-36%	-	-	-	75,336	118,320	-36%
Capital Grants, Contributions & Debt Proceeds	218,464	109,069	100%	2,393,164	-	100%	2,611,628	109,069	2294%
General Revenues:									
Sales Tax	3,027,256	2,695,103	12%	-	-	-	3,027,256	2,695,103	12%
Other Taxes	174,763	186,443	-6%	-	-	-	174,763	186,443	-6%
Other General Revenues	239,680	254,049	-6%	79,489	79,583	0%	319,169	333,632	-4%
Total Revenues	5,166,023	4,586,398	13%	12,165,243	9,461,768	29%	17,331,266	14,048,166	23%
Program Expenses:									
General Government	89,128	196,708	-55%	-	-	-	89,128	196,708	-55%
Public Safety	3,511,144	3,368,183	4%	-	-	-	3,511,144	3,368,183	4%
Highways and Streets	902,954	1,069,403	-16%	-	-	-	902,954	1,069,403	-16%
Culture and Recreation	425,762	695,764	-39%	-	-	-	425,762	695,764	-39%
Electric	-	-		6,161,027	5,497,851	12%	6,161,027	5,497,851	12%
Sanitation	-	-		1,236,747	808,284	53%	1,236,747	808,284	53%
Water	-	-		1,848,060	1,045,164	77%	1,848,060	1,045,164	77%
Sewer	-	-		1,973,914	1,010,662	95%	1,973,914	1,010,662	95%
Principal & Interest on Long-term debt	730,838	614,444	19%	-	-	-	730,838	614,444	19%
Total Expenses	5,659,826	5,944,502	-5%	11,219,748	8,361,961	34%	16,879,574	14,306,463	18%
Excess (Deficiency)	(493,803)	(1,358,104)	-64%	945,495	1,099,807	-14%	451,692	(258,297)	-275%
Net Transfers	844,531	1,840,206	-54%	(844,531)	(1,840,206)	-54%	-	-	-
Increase (Decrease) in Net Position	\$ 350,728	\$ 482,102	-27%	\$ 100,964	\$ (740,399)	-114%	\$ 451,692	\$ (258,297)	-275%
Beginning Net Position	1,873,612	1,391,510	35%	4,088,601	4,829,000	-15%	5,962,213	6,220,510	-4%
Ending Net Position	\$ 2,224,340	\$ 1,873,612	19%	\$ 4,189,565	\$ 4,088,601	2%	\$ 6,413,905	\$ 5,962,213	8%

CITY OF COLLINSVILLE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2020

In governmental activities, capital grants, contributions and debt proceeds increased \$109,395 from the prior year due to the issuance of the Police and Fire note payables. Grants and contributions decreased \$42,984 due to the issuance of a FEMA grant for public safety from the prior year.

In business-type activities, capital grants, contributions & debt proceeds increased \$2,393,164 due primarily to the issuance of the 2019 OWRB note and the issuance of ODOT grants. These grants and the OWRB note also contributed to an increase in expenses.

Governmental Activities

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>	
	General government	\$ 89		\$ 197	-55%	
Public safety	3,511	3,368	4%	(2,243)	(2,404)	-7%
Streets	903	1,069	-16%	(642)	(746)	-14%
Culture, parks and recreation	426	696	-39%	(426)	(696)	-39%
Principal & Interest on long-term debt	731	614	19%	(731)	(614)	19%
Total	<u>\$ 5,660</u>	<u>\$ 5,944</u>	-5%	<u>\$(3,936)</u>	<u>\$ (4,494)</u>	-12%

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>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>	
	Electric	\$ 6,161		\$ 5,498	12%	
Sanitation	1,237	808	53%	166	(60)	-377%
Water	1,848	1,045	77%	773	(28)	-2861%
Sewer	1,974	1,011	95%	(1,016)	(181)	461%
Total	<u>\$ 11,220</u>	<u>\$ 8,362</u>	34%	<u>\$ 866</u>	<u>\$ 1,020</u>	-15%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2020 fiscal year, the governmental funds reported a combined fund balance of \$2,224,340.

Other fund highlights include:

- For the year ended June 30, 2020, the General Fund's total fund balance increased by \$91,721.

Budgetary Highlights

For the year ended June 30, 2020, the General Fund reported actual budgetary basis revenues over final estimates by \$280,406 or a 6.9% positive variance. General Fund actual expenditures were under final appropriations by \$585,852 or a 12.1% positive variance.

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

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

- The FY 2021 budget is relatively consistent to prior years.
- Sales and Use tax have increased. Shopping local and the continued housing growth have attributed to the increases. Hopefully, the increases will continue.
- Utility revenues remain steady.
- The Covid-19 pandemic brought awareness of different aspects to city operations. A majority of funds spent for added protection of citizens and staff will be reimbursed through the CARES Act funding.
- In the next several years the City will need a mechanical lagoon system. The City is outgrowing the old system. Cost estimates are roughly \$13-\$15 million.
- The City also needs to loop several water lines for better water quality. Cost estimate is several million dollars at this time.
- The 1.75 cent sales tax is currently scheduled to sunset in 2029. Staff will be working to make this a permanent sales tax to offset costs of several needed projects.

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, 2020**

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, 2020

Statement of Net Position (Modified Cash Basis) – June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,469,760	\$ 3,965,286	\$ 6,435,046
Investments	277,439	325,554	602,993
Internal Balances	(517,611)	517,611	-
Total Assets	<u>2,229,588</u>	<u>4,808,451</u>	<u>7,038,039</u>
LIABILITIES			
Due to other governments	2,581	10,153	12,734
Due to depositors	2,667	-	2,667
Utility deposit liabilities:			
Due within one year	-	121,747	121,747
Due in more than one year	-	486,986	486,986
Total liabilities	<u>5,248</u>	<u>618,886</u>	<u>624,134</u>
NET POSITION			
Restricted for cemetery	174,498	-	174,498
Restricted for capital projects	405,230	309,667	714,897
Restricted for debt service	-	381,577	381,577
Unrestricted	1,644,612	3,498,321	5,142,933
Total net position	<u>\$ 2,224,340</u>	<u>\$ 4,189,565</u>	<u>\$ 6,413,905</u>

See accompanying notes to these financial statements.

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Statement of Activities (Modified Cash Basis) – Year Ended June 30, 2020

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	\$ 82,478	\$ 195,023	\$ -	\$ -	\$ 112,545	\$ -	\$ 112,545
Public Safety	3,511,144	1,041,103	8,891	218,464	(2,242,686)	-	(2,242,686)
Highways and streets	909,604	194,398	66,445	-	(648,761)	-	(648,761)
Culture and Recreation	425,762	-	-	-	(425,762)	-	(425,762)
Principal & Interest on Long-term debt	730,838	-	-	-	(730,838)	-	(730,838)
Total governmental activities	<u>5,659,826</u>	<u>1,430,524</u>	<u>75,336</u>	<u>218,464</u>	<u>(3,935,502)</u>	<u>-</u>	<u>(3,935,502)</u>
Business-type activities:							
Electric	6,161,027	6,966,434	-	137,962	-	943,369	943,369
Water	1,848,060	1,036,282	-	1,584,809	-	773,031	773,031
Sewer	1,973,914	894,893	-	62,274	-	(1,016,747)	(1,016,747)
Sanitation	1,236,747	794,981	-	608,119	-	166,353	166,353
Total business-type activities	<u>11,219,748</u>	<u>9,692,590</u>	<u>-</u>	<u>2,393,164</u>	<u>-</u>	<u>866,006</u>	<u>866,006</u>
Total primary government	<u>16,879,574</u>	<u>11,123,114</u>	<u>75,336</u>	<u>2,611,628</u>	<u>(3,935,502)</u>	<u>866,006</u>	<u>(3,069,496)</u>
General revenues:							
Taxes:							
Sales and use tax					\$ 3,027,256	\$ -	\$ 3,027,256
Franchise taxes and public service taxes					119,805	-	119,805
E-911 taxes					54,958	-	54,958
Intergovernmental revenue not restricted to specific programs					39,342	-	39,342
Unrestricted investment earnings					10,328	27,985	38,313
Miscellaneous					190,010	51,504	241,514
Transfers					844,531	(844,531)	-
Total general revenues and transfers					<u>4,286,230</u>	<u>(765,042)</u>	<u>3,521,188</u>
Change in net position					350,728	100,964	451,692
Net position - beginning					1,873,612	4,088,601	5,962,213
Net position - ending					<u>\$ 2,224,340</u>	<u>\$ 4,189,565</u>	<u>\$ 6,413,905</u>

See accompanying notes to these financial statements.

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2020

	<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	\$ 2,064,530	\$ 405,230	\$ -	\$ 2,469,760
Investments	93,622	-	183,817	277,439
Total assets	<u>\$ 2,158,152</u>	<u>\$ 405,230</u>	<u>\$ 183,817</u>	<u>\$ 2,747,199</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other governments	\$ 2,581	\$ -	\$ -	\$ 2,581
Due to other funds	517,611	-	-	517,611
Due to depositors	2,667	-	-	2,667
Total liabilities	<u>522,859</u>	<u>-</u>	<u>-</u>	<u>522,859</u>
Fund balances:				
Restricted	-	405,230	174,498	579,728
Assigned	538,301	-	9,319	547,620
Unassigned	1,096,992	-	-	1,096,992
Total fund balances	<u>1,635,293</u>	<u>405,230</u>	<u>183,817</u>	<u>2,224,340</u>
Total liabilities and fund balances	<u>\$ 2,158,152</u>	<u>\$ 405,230</u>	<u>\$ 183,817</u>	<u>\$ 2,747,199</u>

See accompanying notes to these financial statements.

CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance
(Modified Cash Basis) – Year Ended June 30, 2020

	General Fund	1999 Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,315,583	\$ 1,314,789	\$ 571,647	\$ 3,202,019
Intergovernmental	114,678	-	-	114,678
Charges for services	1,149,113	-	9,985	1,159,098
Fines and forfeitures	142,838	-	-	142,838
Licenses and permits	128,588	-	-	128,588
Investment income	8,748	-	1,580	10,328
Miscellaneous	190,010	-	-	190,010
Total revenues	<u>3,049,558</u>	<u>1,314,789</u>	<u>583,212</u>	<u>4,947,559</u>
EXPENDITURES				
Current:				
General government	82,478	-	-	82,478
Public safety	3,162,361	-	-	3,162,361
Highways and streets	580,800	-	-	580,800
Culture and recreation	176,661	-	-	176,661
Capital Outlay	373,316	-	-	373,316
Debt Service:				
Principal	94,551	-	-	94,551
Interest and other charges	10,473	-	-	10,473
Total Expenditures	<u>4,480,640</u>	<u>-</u>	<u>-</u>	<u>4,480,640</u>
Excess (deficiency) of revenues over expenditures	<u>(1,431,082)</u>	<u>1,314,789</u>	<u>583,212</u>	<u>466,919</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	218,464	-	-	218,464
Transfers in	1,304,339	-	-	1,304,339
Transfers out	-	(1,067,347)	(571,647)	(1,638,994)
Total other financing sources and uses	<u>1,522,803</u>	<u>(1,067,347)</u>	<u>(571,647)</u>	<u>(116,191)</u>
Net change in fund balances	91,721	247,442	11,565	350,728
Fund balances - beginning	1,543,572	157,788	172,252	1,873,612
Fund balances - ending	<u>\$ 1,635,293</u>	<u>\$ 405,230</u>	<u>\$ 183,817</u>	<u>\$ 2,224,340</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, 2020**

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUND

CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Proprietary Fund Statement of Net Position (Modified Cash Basis) – June 30, 2020

	Collinsville Municipal Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,893,309
Restricted cash and cash equivalents	812,991
Investments	97,554
Due from other funds	517,611
Total current assets	4,321,465
Non-current assets:	
Restricted cash and cash equivalents	258,986
Restricted investments	228,000
Total non-current assets	486,986
Total assets	4,808,451
 LIABILITIES	
Current liabilities:	
Due to other governments	10,153
Deposits subject to refund	121,747
Total current liabilities	131,900
Non-current liabilities:	
Deposits subject to refund	486,986
Total non-current liabilities	486,986
Total liabilities	618,886
 NET POSITION	
Restricted for capital projects	309,667
Restricted for debt service	381,577
Unrestricted	3,498,321
Total net position	\$ 4,189,565

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, 2020

	Collinsville Municipal Authority
Operating Revenues:	
Electric	\$ 6,373,217
Water	948,039
Sewer	818,690
Sanitation	727,286
Penalties	138,629
Planning fees	4,532
Administration fees	423,624
Miscellaneous	258,572
Total operating revenues	9,692,589
Operating Expenses:	
General government	1,937,100
Electric	4,461,702
Water and sewer distribution	362,086
Water and sewer treatment	757,756
Sanitation	395,235
Total Operating Expenses	7,913,879
Operating income	1,778,710
Non-Operating Revenues (Expenses):	
Investment income	27,985
Miscellaneous	51,504
Grant revenue	520,098
Proceeds from long-term debt	1,873,066
Capital outlay	(2,968,526)
Debt service:	
Principal retirement	(1,177,572)
Interest expense and fees	(338,956)
Total non-operating revenue (expenses)	(2,012,401)
Income (loss) before transfers	(233,691)
Transfers:	
Transfers in	1,638,994
Transfers out	(1,304,339)
Change in net position	100,964
Total net position - beginning	4,088,601
Total net position - ending	\$ 4,189,565

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, 2020

	Collinsville Municipal Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 9,744,093
Payments to suppliers	(5,758,995)
Payments to employees	(2,159,541)
Interfund receipts/payments	(89,954)
Receipts of customer meter deposits	130,927
Refunds of customer meter deposits	(88,364)
Net cash provided by operating activities	<u>1,778,166</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds of grant	520,098
Transfers from other funds	1,638,994
Transfers to other funds	(1,304,339)
Net cash provided by noncapital financing activities	<u>854,753</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(2,968,526)
Proceeds of long-term debt	1,873,066
Principal paid on debt	(1,177,572)
Interest and fiscal agent fees paid on debt	(338,956)
Net cash provided by (used in) capital and related financing activities	<u>(2,611,988)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale (Purchase) of investments	(4,334)
Interest and dividends	27,985
Net cash provided by investing activities	<u>23,651</u>
Net increase in cash and cash equivalents	44,582
Balances - beginning of year	<u>3,920,704</u>
Balances - end of year	<u>\$ 3,965,286</u>
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	2,893,309
Restricted cash and cash equivalents - Current	812,991
Restricted cash and cash equivalents - Non-current	258,986
Total cash and cash equivalents, end of year	<u>3,965,286</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,778,710
Adjustments to reconcile operating income to net cash provided by operating activities:	
Miscellaneous revenue	51,504
Change in assets and liabilities:	
Due to other governments	(4,657)
Due from other funds	(89,954)
Deposits subject to refund	42,563
Net cash provided by operating activities	<u>\$ 1,778,166</u>

See accompanying notes to these financial statements.

**CITY OF COLLINSVILLE, OKLAHOMA
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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

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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."

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, 2020, the City recognized \$38,313 of investment income. At June 30, 2020, the primary government held the following deposits and investments:

Type	Carrying Value
Deposits:	
Demand deposits	\$ 5,743,802
Time deposit	602,993
	\$ 6,346,795
Investments:	
Cavanal Hill	AAAm \$ 137,124
Federated Government Obligations	AAAm 292,968
Blackrock Liq Fedfd-Csh Res #00U3	AAAm 261,152
	691,244
Total deposits and investments	\$ 7,038,039
 Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 6,435,046
Investments	602,993
	\$ 7,038,039

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, 2020, 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, 2020 consisted of \$691,244 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, 2020, 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, 2020, 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, 2020 are as follows:

	Current	Noncurrent	
	Cash and cash equivalents	Cash and cash equivalents	Investments
Utility Deposits	\$ 121,747	\$ 258,986	\$ 228,000
Bond Trustee Accounts	691,244	-	-
Total	\$ 812,991	\$ 258,986	\$ 228,000

CITY OF COLLINSVILLE, OKLAHOMA
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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:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund Balances:			
Restricted for:			
Cemetery care	\$ -	\$ 174,498	\$ 174,498
Assigned for:			
Next year's budget	304,894	-	304,894
Capital improvements	233,407	-	233,407
Cemetery care	-	9,319	9,319
Unassigned	<u>1,096,992</u>	<u>-</u>	<u>1,096,992</u>
Total Fund Balance	<u>\$ 1,635,293</u>	<u>\$ 183,817</u>	<u>\$ 1,819,110</u>
 Enterprise Fund:			
Restricted for:			
Capital projects	\$ 309,667		
Debt service	381,577		
Unrestricted	<u>3,498,321</u>		
	<u>\$ 4,189,565</u>		

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6. Internal and Interfund Balances and Transfers

Interfund receivable and payables at June 30, 2020 were comprised of the following:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
General Fund	CMA	\$ 517,611	expenses paid out of wrong fund
Total		<u>\$ 517,611</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ -	\$ (517,611)	\$ (517,611)
Proprietary Funds	517,611	-	517,611
Total	<u>\$ 517,611</u>	<u>\$ (517,611)</u>	<u>\$ -</u>

Transfers between legal entities and funds netted to \$2,943,333 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	\$ 732,692	Operational purposes
CMA	General Fund	571,647	Sales tax transfer
Sales Tax Reserve Fund	CMA	571,647	Sales tax transfer
1999 Sales Tax Fund	CMA	1,067,347	Debt service payments
Total		<u>\$ 2,943,333</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 1,304,339	\$ (1,638,994)	\$ (334,655)
Proprietary Funds	1,638,994	(1,304,339)	334,655
	<u>\$ 2,943,333</u>	<u>\$ (2,943,333)</u>	<u>\$ -</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ (334,655)
Transfer of governmental activities out of business-type fund	1,179,186
Total Transfers - Internal Activity	<u>\$ 844,531</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>
2018	\$120,971	\$120,971
2019	\$127,477	\$127,477
2020	\$139,995	\$139,995

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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>
2018	\$61,950	\$61,950
2019	\$68,060	\$68,060
2020	\$71,828	\$71,828

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>
2018	\$148,882	\$148,882
2019	\$164,123	\$164,123
2020	\$163,543	\$163,543

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 \$25,749 for the year ended June 30, 2020.

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, 2020, the City had no retirees participating in the plan’s insurance coverage. For fiscal year 2020, 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, 2020, the reporting entity's long-term debt changed as follows:

Type of Debt:	Balance due June 30, 2019 Reestimated	Additions	Deductions	Balance due June 30, 2020	Amount Due Within One Year
<i>Governmental Activities:</i>					
Capital Lease Payable	\$ 183,619	\$ 218,464	\$ 84,066	\$ 318,017	\$ 89,685
Notes Payable - direct borrowing	34,082	-	10,485	23,597	11,021
Total Governmental Activities	\$ 217,701	\$ 218,464	\$ 94,551	\$ 341,614	\$ 100,706
<i>Business-type Activities:</i>					
Revenue Bonds	\$ 8,927,400	\$ -	\$ 532,400	\$ 8,395,000	\$ 650,000
Capital Lease Payable	74,946	678,272	139,418	613,800	209,057
Water Rights Obligation- direct borrowing	90,046	-	5,685	84,361	5,869
Notes Payable- direct borrowings	4,395,704	1,157,350	500,069	5,052,985	521,954
Total Business-type Activities	\$13,488,096	\$ 1,835,622	\$ 1,177,572	\$ 14,146,146	\$ 1,386,880

Governmental activities had the following long-term debt payable from taxes and other general revenues for June 30, 2020:

Capital Leases:

Lease purchase agreement with RCB Bank for police vehicles, original amount of \$86,053, payable in monthly installments installments of \$2,522, with an annual interest rate of 3.5%, final payment due January 2022. \$ 46,540

Lease purchase agreement with American Bank for Ambulance, original amount of \$135,630, payable in monthly installments installments of \$2,394, with an annual interest rate of 2.25%, final payment due June 2023. 83,247

Lease purchase agreement with American Bank for Ambulance, original amount of \$182,214, payable in monthly installments installments of \$2,386, with an annual interest rate of 2.7%, final payment due July 2026. 160,272

Lease purchase agreement with American Bank for Police car, original amount of \$35,157, payable in monthly installments installments of \$788, with an annual interest rate of 2.55%, final payment due July 2023. 27,958

Total Capital Leases Payable \$ 318,017

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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.	\$ 23,597
Total Notes Payable	\$ 23,597

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:

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.	8,395,000
Total Revenue Bonds Payable	\$ 8,395,000

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, 2020 is \$84,361. 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:

\$162,086 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.	\$ 44,813
\$570,675 lease purchase agreement with RCB Bank for a Trash truck, payable in monthly installments of \$12,418, with an annual interest rate of 2.15%, final payment due November 2023.	\$ 490,475
\$107,597 lease purchase agreement with RCB Bank for a Pole truck, payable in monthly installments of \$3,105, with an annual interest rate of 2.5%, final payment due August 2022.	\$ 78,513
Total Capital Leases Payable	\$ 613,801

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Notes Payable-Direct Borrowing:

<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>	\$ 116,573
<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>	598,327
<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>	49,428
<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>	40,006
<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>	209,393
<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>	615,000
<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>	2,300,000

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2020 OWRB note payable for wastewater improvements, original amount of \$8,291,000, payable in semi-annual installments with an annual interest rate of 2.2%, final payment due September 2052. 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, and may appoint a temporary trustees to take over, operate and maintain the system on a profitable basis. 1,002,437

2019 note payable to American Bank, original amount of \$124,548, secured by Caterpillar Backhoe purchase payable in monthly installments of \$2,734 with an annual interest rate of 2.55%, final payment due July 2023. In the event of default, the lender may: 1) accelerate payment of principal and interest; 2) take legal action if necessary; 3) make a claim for any and all insurance benefits or refunds that may be available; 4) assemble collateral; 5) repossess collateral. 97,138

2019 note payable to American Bank, original amount of \$30,365, secured by Ford F250, payable in monthly installments of \$877 with an annual interest rate of 2.5%, final payment due November 2022. In the event of default, the lender may: 1) accelerate payment of principal and interest; 2) take legal action if necessary; 3) make a claim for any and all insurance benefits or refunds that may be available; 4) assemble collateral; 5) repossess collateral. 24,683

Total Notes Payable \$ 5,052,985

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

Governmental Activities

Year Ended June 30,	<u>Notes Payable - direct borrowing</u>			<u>Capital Leases Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	11,021	929	11,950	89,685	6,783	96,468
2022	11,584	366	11,950	79,557	4,532	84,089
2023	992	4	996	63,643	3,154	66,797
2024	-	-	-	27,427	1,951	29,378
2025	-	-	-	27,418	1,219	28,637
2025-2028	-	-	-	30,287	474	30,761
Total	<u>\$ 23,597</u>	<u>\$ 1,299</u>	<u>\$ 24,896</u>	<u>\$ 318,017</u>	<u>\$ 18,113</u>	<u>\$ 336,130</u>

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Business-type Activities

Year Ended June 30,	<u>Notes Payable- direct borrowings</u>			<u>Capital Leases Payable</u>		
	Principal	Interest	Total	Principal	Interest	Total
2021	521,954	274,864	796,818	209,057	11,319	220,376
2022	531,460	261,889	793,349	190,808	6,835	197,643
2023	480,856	249,176	730,032	152,177	3,053	155,230
2024	460,606	238,411	699,017	61,758	332	62,090
2025	304,781	227,893	532,674	-	-	-
2026-2030	1,485,891	1,032,940	2,518,831	-	-	-
2031-2035	1,769,000	843,156	2,612,156	-	-	-
2036-2040	1,640,000	668,109	2,308,109	-	-	-
2041-2045	1,885,000	475,682	2,360,682	-	-	-
2046-2050	2,165,000	254,662	2,419,662	-	-	-
2051-2053	1,097,000	34,344	1,131,344	-	-	-
Total	\$ 12,341,548	\$ 4,561,126	\$ 16,902,674	\$ 613,800	\$ 21,539	\$ 635,339
Less: Amt not yet drawn	(7,288,563)					
	\$ 5,052,985					

	<u>Revenue Bonds Payable</u>			<u>Water Rights Contract Obligations- direct borrowing</u>		
	Principal	Interest	Total	Principal	Interest	Total
2021	650,000	204,166	854,166	5,869	2,720	8,589
2022	665,000	187,984	852,984	6,058	2,531	8,589
2023	740,000	171,058	911,058	6,253	2,336	8,589
2024	760,000	152,582	912,582	6,455	2,134	8,589
2025	905,000	133,052	1,038,052	6,663	1,926	8,589
2026-2030	4,675,000	299,336	4,974,336	36,681	6,266	42,947
2031-2032	-	-	-	16,382	796	17,178
Total	\$ 8,395,000	\$ 1,148,178	\$ 9,543,178	\$ 84,361	\$ 18,709	\$ 103,070

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, the \$550,000 2009 OWRB CWSRF Promissory Note, and the \$8,291,000 2020 OWRB 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, 2027, 2030 and 2052. Pledged sales taxes received in the current year were \$1,314,789 and net utility revenues were \$3,873,191, for a total of net pledged revenues of \$5,187,980. Debt service payments of \$923,674, related to the above debt issues, for the current fiscal year are 17.8% of total pledged sales taxes and net utility revenues. Net revenues available to pay debt service are 284% of annual average debt service of \$1,365,907.

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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 \$2,615,985. Pledged sales taxes received in the current year were \$600,230. Debt service payments of \$224,441 for the current fiscal year were 37.4% 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 \$649,502. Pledged sales taxes received in the current year were \$571,647. Debt service payments of \$160,212 for the current fiscal year were 28.0% 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, 2020, is summarized as follows:

CMA – accrued compensated absences	\$95,603
City – accrued compensated absences	<u>185,290</u>
Total	<u>\$280,893</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 2020, 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, 2020

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 350,000	\$ 775,339	\$ 1,310,967	\$ 535,628
Resources (Inflows):				
Taxes	1,116,681	1,116,681	1,315,583	198,902
Intergovernmental	94,165	170,625	114,678	(55,947)
Charges for services	1,049,568	1,049,568	1,149,113	99,545
Fines and forfeitures	104,573	104,573	142,838	38,265
Licenses and permits	80,778	80,778	128,588	47,810
Investment income	6,969	6,969	7,946	977
Miscellaneous	127,201	279,967	190,010	(89,957)
Transfers In	1,263,528	1,263,528	1,304,339	40,811
Total Resources (Inflows)	<u>3,843,463</u>	<u>4,072,689</u>	<u>4,353,095</u>	<u>280,406</u>
Charges to Appropriations (Outflows):				
Non-departmental	70,474	58,474	54,584	3,890
Municipal Court	89,935	101,935	72,875	29,060
Police	1,395,716	1,437,925	1,399,548	38,377
Animal warden	55,164	55,464	54,590	874
Fire	1,754,333	1,844,600	1,804,287	40,313
Street	500,018	1,021,807	605,249	416,558
Park/Cemetery	311,342	299,342	243,149	56,193
Economic Development/Public Info	190	190	-	190
Buildings	16,291	28,291	27,894	397
Total Charges to Appropriations	<u>4,193,463</u>	<u>4,848,028</u>	<u>4,262,176</u>	<u>585,852</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,401,886</u>	<u>\$ 1,401,886</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	1,220,923	1,220,923	1,314,789	93,866
Total Resources (Inflows)	<u>1,220,923</u>	<u>1,220,923</u>	<u>1,314,789</u>	<u>93,866</u>
Amounts available for appropriation	<u>\$ 1,220,923</u>	<u>\$ 1,220,923</u>	<u>\$ 1,314,789</u>	<u>\$ 93,866</u>
Charges to Appropriations (Outflows):				
Transfers out	1,111,819	1,111,819	1,067,347	44,472
Total Charges to Appropriations	<u>1,111,819</u>	<u>1,111,819</u>	<u>1,067,347</u>	<u>44,472</u>
Ending Budgetary Fund Balance	<u>\$ 109,104</u>	<u>\$ 109,104</u>	<u>\$ 247,442</u>	<u>\$ 138,338</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)	\$4,353,095
Add: Capital Improvement Account combined with General – investment income	802
Loan proceeds not budgeted	<u>218,464</u>
Total revenues as recorded on statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$4,572,361</u>
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances:	
Total revenues	\$3,049,558
Proceeds from long-term debt	218,464
Transfers in	<u>1,304,339</u>
Total resources	<u>\$4,572,361</u>
Total charges to appropriations (outflows)	\$4,262,176
Add: Capital purchases from long-term debt issuance	<u>218,464</u>
Total expenditures as recorded on statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$4,480,640</u>

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General Fund Combining Balance Sheet Accounts (Modified Cash Basis) – June 30, 2020

	<u>General Fund</u>	<u>Capital Improvement Account</u>	<u>Total General Fund</u>
ASSETS			
Cash and cash equivalents	\$ 1,924,745	\$ 139,785	\$ 2,064,530
Investments	-	93,622	93,622
Deposit with insurance pool	-	-	-
Total assets	<u>1,924,745</u>	<u>233,407</u>	<u>2,158,152</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	517,611	-	517,611
Due to other governments	2,581	-	2,581
Due to depositors	2,667	-	2,667
Total liabilities	<u>522,859</u>	<u>-</u>	<u>522,859</u>
Fund balances:			
Assigned	304,894	233,407	538,301
Unassigned	1,096,992	-	1,096,992
Total fund balances	<u>1,401,886</u>	<u>233,407</u>	<u>1,635,293</u>
Total liabilities and fund balances	<u>\$ 1,924,745</u>	<u>\$ 233,407</u>	<u>\$ 2,158,152</u>

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General Fund Accounts Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Year Ended June 30, 2020

	General Fund	Capital Improvement Account	Total General Fund
REVENUES			
Taxes	\$ 1,315,583	\$ -	\$ 1,315,583
Intergovernmental	114,678	-	114,678
Charges for services	1,149,113	-	1,149,113
Fines and forfeitures	142,838	-	142,838
Licenses and permits	128,588	-	128,588
Investment income	7,946	802	8,748
Miscellaneous	190,010	-	190,010
Total revenues	<u>3,048,756</u>	<u>802</u>	<u>3,049,558</u>
EXPENDITURES			
Current:			
General government	82,478	-	82,478
Public safety	3,162,361	-	3,162,361
Highways and streets	580,800	-	580,800
Culture and recreation	176,661	-	176,661
Economic development	-	-	-
Capital Outlay	373,316	-	373,316
Debt Service:			
Principal	94,551	-	94,551
Interest and other charges	10,473	-	10,473
Total Expenditures	<u>4,480,640</u>	<u>-</u>	<u>4,480,640</u>
Excess (deficiency) of revenues over expenditures	<u>(1,431,884)</u>	<u>802</u>	<u>(1,431,082)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt	218,464	-	218,464
Transfers in	1,304,339	-	1,304,339
Total other financing sources and uses	<u>1,522,803</u>	<u>-</u>	<u>1,522,803</u>
Net change in fund balances	90,919	802	91,721
Fund balances - beginning	1,310,967	232,605	1,543,572
Fund balances - ending	<u>\$ 1,401,886</u>	<u>\$ 233,407</u>	<u>\$ 1,635,293</u>

CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

NonMajor Governmental Funds Combining Balance Sheet (Modified Cash Basis) – June 30, 2020

	Sales Tax Reserve Fund	Cemetery Care Fund	Total Governmental Funds
ASSETS			
Investments	\$ -	\$ 183,817	\$ 183,817
Total assets	\$ -	\$ 183,817	\$ 183,817
 Fund balances:			
Restricted	-	174,498	174,498
Assigned	-	9,319	9,319
Total fund balances	-	183,817	183,817
Total fund balances	\$ -	\$ 183,817	\$ 183,817

NonMajor Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Year Ended June 30, 2020

	Sales Tax Reserve Fund	Cemetery Care Fund	Total-Other Governmental Funds
REVENUES			
Taxes	\$ 571,647	\$ -	\$ 571,647
Charges for services	-	9,985	9,985
Investment earnings	-	1,580	1,580
Total revenues	571,647	11,565	583,212
 OTHER FINANCING SOURCES (USES)			
Transfers out	(571,647)	-	(571,647)
	(571,647)	-	(571,647)
 Net change in fund balances	-	11,565	11,565
Fund balances - beginning	-	172,252	172,252
Fund balances - ending	\$ -	\$ 183,817	\$ 183,817

CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Schedule of Net Position – Collinsville Municipal Authority Accounts (Modified Cash Basis) – June 30, 2020

	Collinsville Municipal Authority Accounts			Total
	CMA Operating Account	Meter Deposit Account	Debt Service Account	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,893,309	\$ -	\$ -	\$ 2,893,309
Restricted cash and cash equivalents	6,371	121,747	684,873	812,991
Investments	97,554	-	-	97,554
Due from other funds	517,611	-	-	517,611
Total current assets	<u>3,514,845</u>	<u>121,747</u>	<u>684,873</u>	<u>4,321,465</u>
Non-current assets:				
Restricted cash and cash equivalents	-	258,986	-	258,986
Restricted investments	-	228,000	-	228,000
Total non-current assets	<u>-</u>	<u>486,986</u>	<u>-</u>	<u>486,986</u>
Total assets	<u>3,514,845</u>	<u>608,733</u>	<u>684,873</u>	<u>4,808,451</u>
LIABILITIES				
Current Liabilities:				
Due to other governments	10,153	-	-	10,153
Deposits subject to refund	-	121,747	-	121,747
Total current liabilities	<u>10,153</u>	<u>121,747</u>	<u>-</u>	<u>131,900</u>
Non-current liabilities:				
Deposits subject to refund	-	486,986	-	486,986
Total non-current liabilities	<u>-</u>	<u>486,986</u>	<u>-</u>	<u>486,986</u>
Total liabilities	<u>10,153</u>	<u>608,733</u>	<u>-</u>	<u>618,886</u>
NET POSITION				
Restricted for capital projects	-	-	309,667	309,667
Restricted for debt service	6,371	-	375,206	381,577
Unrestricted	3,498,321	-	-	3,498,321
Total net position	<u>\$ 3,504,692</u>	<u>\$ -</u>	<u>\$ 684,873</u>	<u>\$ 4,189,565</u>

CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Schedule of Revenues, Expenses and Changes in Net Position – Collinsville Municipal Authority Accounts (Modified Cash Basis) – Year Ended June 30, 2020

	Collinsville Municipal Authority Accounts			Total
	CMA Operating Account	Meter Deposit Account	Debt Service Account	
Operating Revenues:				
Electric	\$ 6,373,217	\$ -	\$ -	\$ 6,373,217
Water	948,039	-	-	948,039
Sewer	818,690	-	-	818,690
Sanitation	727,286	-	-	727,286
Penalties	138,629	-	-	138,629
Planning fees	4,532	-	-	4,532
Administration fees	423,624	-	-	423,624
Miscellaneous	258,572	-	-	258,572
Total operating revenues	<u>9,692,589</u>	<u>-</u>	<u>-</u>	<u>9,692,589</u>
Operating Expenses:				
General government	1,937,100	-	-	1,937,100
Electric	4,461,702	-	-	4,461,702
Water and sewer distribution	362,086	-	-	362,086
Water and sewer treatment	757,756	-	-	757,756
Sanitation	395,235	-	-	395,235
Total Operating Expenses	<u>7,913,879</u>	<u>-</u>	<u>-</u>	<u>7,913,879</u>
Operating income	<u>1,778,710</u>	<u>-</u>	<u>-</u>	<u>1,778,710</u>
Non-Operating Revenues (Expenses):				
Investment income	17,277	-	10,708	27,985
Miscellaneous	51,504	-	-	51,504
Grant revenue	520,098	-	-	520,098
Proceeds from long-term debt	1,873,066	-	-	1,873,066
Capital outlay	(2,415,154)	-	(553,372)	(2,968,526)
Debt service:				
Principal retirement	(334,172)	-	(843,400)	(1,177,572)
Interest expense and fees	(47,454)	-	(291,502)	(338,956)
Total non-operating revenue (expenses)	<u>(334,835)</u>	<u>-</u>	<u>(1,677,566)</u>	<u>(2,012,401)</u>
Income (loss) before transfers	<u>1,443,875</u>	<u>-</u>	<u>(1,677,566)</u>	<u>(233,691)</u>
Transfers:				
Interaccount transfers in	-	-	159,304	159,304
Interaccount transfers out	(159,304)	-	-	(159,304)
Transfers in	571,647	-	1,067,347	1,638,994
Transfers out	(1,304,339)	-	-	(1,304,339)
Change in net position	551,879	-	(450,915)	100,964
Total net position - beginning	2,952,813	-	1,135,788	4,088,601
Total net position - ending	<u>\$ 3,504,692</u>	<u>\$ -</u>	<u>\$ 684,873</u>	<u>\$ 4,189,565</u>

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Schedules of Expenditures of Federal and State Awards (Modified Cash Basis) – Year Ended June 30, 2020

**CITY OF COLLINSVILLE, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<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 TRANSPORTATION:</u>				
Passed Through Oklahoma Department of Transportation: Highway Planning and Construction	20.205	STP-172B(362) UT-SS	\$ 245,262	\$ 245,262
Highway Planning and Construction	20.205	STP-172B(362) UT-WL	166,730	166,730
Subtotal - CFDA 20.205			411,992	411,992
Total U. S. Department of Transportation			\$ 411,992	\$ 411,992
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Bulletproof Vests Program	16.607	N/A	\$ 1,531	\$ 693
Passed through District Attorney's Council: JAG LLE Grant	16.738	JAG-LLE-2019	9,054	9,054
Total U.S. Department of Justice			10,585	9,747
<u>U. S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Assistance to Firefighters Grant	97.052	EMW-2017-FO-01314	\$ 56,858	\$ 4,703
Total Department of Homeland Security			56,858	4,703
<u>U. S. HEALTH RESOURCES AND SERVICES ADMINISTRATION:</u>				
COVID-19 Cares Act - US HHS Stimulus Provider Relief Fund	93.498	N/A	\$ 10,308	\$ 10,308
TOTAL FEDERAL AWARDS			\$ 489,743	\$ 436,750

**CITY OF COLLINSVILLE, OKLAHOMA
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<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>ATTORNEY GENERAL</u>				
Safe Oklahoma Grant	N/A	N/A	\$ 3,556	\$ 3,556
Total OK Department of Emergency Management			3,556	3,556
<u>OKLAHOMA DEPARTMENT OF AGRICULTURE</u>				
Forestry Services - Rural Fire Grant	N/A	N/A	\$ 4,642	\$ 4,642
Total Oklahoma Department of Agriculture			4,642	4,642
<u>U. S. DEPARTMENT OF TRANSPORTATION</u>				
Passed Through Oklahoma Department of Transportation: Highway Planning and Construction	N/A	STP-172B(362) UT-WL	61,316	61,316
Highway Planning and Construction	N/A	STP-172B(362) UT-SS	41,682	41,682
Total U. S. Department of Agriculture			102,998	102,998
TOTAL STATE AWARDS			\$ 111,196	\$ 111,196

CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Debt Service Coverage Schedule – June 30, 2020

Gross Revenue Available for Debt Service:

Operating revenues of leased systems	\$8,139,946
Sales tax revenue - restricted for debt service	<u>1,314,789</u>

Total Gross Revenues Available	9,454,735
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System Operating Expenses	<u>5,581,544</u>
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Net Revenues Available for Debt Service	<u><u>\$3,873,191</u></u>
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Debt Service Requirements:

Average annual debt service - 2001, 2007, 2009, and 2020 OWRB promissory note, 2006 Revenue Note, and 2015 Sales Tax and Utility Revenue Bonds	<u><u>\$1,365,907</u></u>
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Coverage	<u><u>284%</u></u>
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Coverage Requirement	<u><u>125%</u></u>
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INTERNAL CONTROL AND COMPLIANCE INFORMATION



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, 2020, 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 December 18, 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
December 18, 2020