



Claremore
Clearly More.

"Regardless if you are an elected official or employee, Claremore is better because of your commitment and heart for public service." – JOHN FEARY, CITY MANAGER

CITY OF CLAREMORE, OKLAHOMA

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2021

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**CITY OF CLAREMORE, OKLAHOMA
LIST OF PRINCIPAL OFFICIALS**

June 30, 2021

MAYOR AND CITY COUNCIL

Bill Flanagan	Mayor
Scott Savage	Councilmember Ward 1
Debbie Long	Councilmember Ward 1
Justin Michael	Councilmember Ward 2
Brian Callender	Councilmember Ward 2
Jennifer Lewis	Councilmember Ward 3
Jonathan Eslick	Councilmember Ward 3
Herb McSpadden	Councilmember Ward 4
Lindsey Erwin	Councilmember Ward 4

ADMINISTRATION

John Feary	City Manager
Suzan Maloy	Executive Manager of Budget and Finance
Ashley Hickman	Human Resource Director
Sean Douglas	Fire Chief
Stan Brown	Chief of Police
Sarah Sharp	City Clerk
Chad Bacon	Utility Supervisor
Jonah Humes	Public Infrastructure Administrator
Meggie Froman-Knight	Executive Director, CIEDA
Kyle Clifton	Director, Planning and Development Services
Sherry Beach	Director, Library
Joe Kays	Director, Parks & Recreation
Tanya Andrews	Director, Claremore Expo Center
Tim White	Director, Information Technology



**HINKLE &
COMPANY**
Strategic PC
Business Advisors

Independent Auditors' Report

City Council
City of Claremore
Claremore, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Claremore as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the City of Claremore'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 this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement 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 auditors' 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 12 and pension information will be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Claremore Industrial and Economic Development Authority's basic financial statements. The other information on page 69 through 76 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules 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 16, 2021 on our consideration of the City's internal control over financial reporting and 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 result of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Tulsa, Oklahoma
December 16, 2021

Hill & Company, PC



Management of the City of Claremore ("City") provides this discussion and analysis of the City of Claremore's financial performance as an overview of the city's financial activities for the fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with the city's financial statements, which follow.

Financial Highlights

- Total net position of the City increased by \$1,504,902 or 1.2% from the prior year, which is lower than the 3.5% increase reported in the prior year primarily due to an extraordinary charge related to a spike in electric costs caused by an historic ice storm in February 2021.
- The City's governmental activities net position increased by \$5,491,937 or 9.2% which was higher than the 0.3% increase reported in the fiscal year ended June 30, 2020. The increase in the current year is largely attributed to higher sales and use tax, the award of a COVID 19 grant in the current year to reimburse the City for costs incurred in the prior year, and governmental capital asset additions that were funded by utility debt.
- Net position of the business-type activities decreased by \$3,987,135 or 6.0%, which was significantly lower than the 6.7% increase reported in the prior year due primarily to a \$3,937,540 extraordinary charge for additional electricity costs due to the February ice storm that was not passed on to customers in the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include (or are comprised of) three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (pension information and budgetary schedules) and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. The statements are prepared using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid. The government-wide financial statements include the following:

The *statement of net position* presents information on all of the city's assets and deferred outflows, and liabilities and deferred inflows, with the difference between the four reported *as net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (i.e., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the city that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The *governmental activities* of the city include administrative, culture and recreation, public safety, community development, and streets. The *business-type activities* of the city include three enterprise activities: the water system, the sewer system, and the sanitation system.

The government-wide financial statements include not only the city and the Claremore Public Works Authority (CPWA) and Claremore Cultural Development Authority (CCDA) (both blended component units) which comprise the primary government, but also the Claremore Industrial and Economic Development Authority (CIEDA). *This discretely presented component unit* operates similar to private sector business but has financial accountability to the city. The financial information for the component unit is reported separately from the financial information presented for the primary government. Complete financial statements of CIEDA, including its MD&A, may be obtained from its Board of Trustees, PO Box 249, Claremore, OK 74018.

The government-wide financial statements can be found immediately following this discussion and analysis on pages 14-15 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The city, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the city can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating governments' near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Sales Tax Street Fund, and EXPO/WWTP Sales Tax Fund, which are considered to be major funds. Data from the other seventeen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found immediately following the government-wide statements on pages 16-19

Proprietary funds. These funds are used to report activities that operate like those of commercial enterprises. Because these funds charge fees for services provided to outside customers, they are known as enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements. The city uses one enterprise fund to account for the operations of its electric, water, sanitary sewer, and sanitation services and one fund to account for the operation of its recreation services. These funds are considered major proprietary funds for presentation purposes. The basic proprietary funds financial statements can be found immediately following the governmental funds financial statements on pages 20-22.

Component Unit Financial Statements. As mentioned above, these are operations for which the city has financial accountability, but they have certain independent qualities as well, and they operate similar to business-type activities. The government-wide financial statements present information for the component unit in a single column of the statement of net position and the statement of activities.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements, beginning on page 23.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the city's pension plan and the budgets for each major fund. A budgetary comparison statement has been provided for each major fund to demonstrate compliance with these budgets. Required supplementary information can be found immediately following the notes to the financial statements beginning on page 59.

Other Information. The combining statements referred to earlier are presented following the required supplementary information beginning on page 69.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Net position is the difference between total assets plus total deferred outflows of resources less total liabilities and deferred inflows of resources and is an indicator of the current fiscal health of the City. For the year ended June 30, 2021, the City's combined net position increased by \$1.5 million. The following table provides a summary of the City's net position:

Summary of Net Position
(Table 1 - In millions)

	Governmental Activities		Business Type Activities		Total		Total % Change
	2021	2020	2021	2020	2021	2020	2020-2021
Current and other assets	\$ 33.0	\$ 30.4	\$ 41.5	\$ 35.0	\$ 74.5	\$ 65.4	14%
Capital assets	49.1	45.1	84.3	84.8	133.4	129.9	3%
Total assets	82.1	75.5	125.8	119.8	207.9	195.3	6%
Deferred outflows of resources	6.1	5.1	2.9	1.7	9.0	6.8	32%
Long-term debt outstanding	0.2	0.4	61.2	50.6	61.4	51.0	20%
Other liabilities	20.5	17.5	5.1	4.5	25.6	22.0	16%
Total liabilities	20.7	17.9	66.3	55.1	87.0	73.0	19%
Deferred inflows of resources	2.3	3.0	0.2	0.2	2.5	3.2	-22%
Net position							
Net investment in capital	48.9	44.8	40.6	44.5	89.5	89.3	0%
Restricted	0.2	0.2	11.7	11.3	11.9	11.5	3%
Unrestricted	16.1	14.7	9.9	10.4	26.0	25.1	4%
Total net position	\$ 65.2	\$ 59.7	\$ 62.2	\$ 66.2	\$ 127.4	\$ 125.9	1%

The table above reflects an increase of 9.2% for governmental activities net position and a decrease of approximately 6.0% for business-type activities. The City's overall financial position improved during fiscal year 2021.

The City's governmental activities net position increased by \$5.5 million, primarily due higher tax revenue, the award of a grant to reimburse the City for COVID-19 related mitigation activities, and the transfer of governmental capital assets that were funded by utility debt.

The net position of the City's business type activities decreased by \$4.0 million, primarily due to the extraordinary charge for a spike in the cost of electricity during an historic ice storm as discussed previously.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table provides a summary of the City's changes in net position:

**Summary of Changes in Net Position
Table 2 (In millions)**

	Governmental Activities		% Inc. (Dec.)	Business-type Activities		% Inc. (Dec.)	Total		Total % Change 2020-2021
	2021	2020		2021	2020		2021	2020	
<i>Revenues:</i>									
Program revenues									
Charges for services	\$ 0.6	\$ 0.6	0%	\$ 39.9	\$ 38.6	3%	\$ 40.5	\$ 39.2	3%
Operating grants and contributions	2.7	1.5	80%	-	-	-	2.7	1.5	80%
Capital grants and contributions	0.5	0.1	400%	0.2	0.1	-	0.7	0.2	250%
General revenues									
Sales and use taxes	15.4	13.9	11%	-	-	-	15.4	13.9	11%
Other taxes	0.6	0.6	0%	-	-	-	0.6	0.6	0%
Intergovernmental revenue	0.5	0.4	25%	-	-	-	0.5	0.4	25%
Other	0.5	0.7	-29%	0.2	0.4	-50%	0.7	1.1	-36%
Total revenues	<u>20.8</u>	<u>17.8</u>	17%	<u>40.3</u>	<u>39.1</u>	3%	<u>61.1</u>	<u>56.9</u>	7%
<i>Expenses:</i>									
General government	3.7	3.9	-5%	-	-	-	3.7	3.9	-5%
Public safety and judiciary	13.4	11.6	16%	-	-	-	13.4	11.6	16%
Transportation	3.8	3.7	3%	-	-	-	3.8	3.7	3%
Culture, parks, recreation & promotion	2.7	2.4	13%	-	-	-	2.7	2.4	13%
Electric operations	-	-	-	19.7	18.7	5%	19.7	18.7	5%
Water operations	-	-	-	3.9	3.7	5%	3.9	3.7	5%
Wastewater operations	-	-	-	4.5	4.5	0%	4.5	4.5	0%
Solid waste operations	-	-	-	1.9	1.7	12%	1.9	1.7	12%
Recreation services	-	-	-	2.1	2.3	-9%	2.1	2.3	-9%
Total expenses	<u>23.6</u>	<u>21.6</u>	9%	<u>32.1</u>	<u>30.9</u>	4%	<u>55.7</u>	<u>52.5</u>	6%
Increase (decrease) in net position before transfers	(2.8)	(3.8)	-26%	8.2	8.2	0%	5.4	4.4	23%
Transfers, net	8.3	4.0	108%	(8.3)	(4.0)	108%	-	-	
Electric charges - ice storm	-	-	-	(3.9)	-	-	(3.9)	-	
Change in net position	<u>\$ 5.5</u>	<u>\$ 0.2</u>	2650%	<u>\$ (4.0)</u>	<u>\$ 4.2</u>	-195%	<u>\$ 1.5</u>	<u>\$ 4.4</u>	-66%

The results of 2021 were shaped largely by a continued slightly upward trajectory recovering from mitigation efforts and business closures due to a novel coronavirus outbreak worldwide as well as an historic ice storm. Total net position increased by 1.2% or \$1.5 million. Significant changes were related to:

Governmental Activities:

- An 11% increase in sales and use tax revenues on top of an 8.5% increase in the prior year.
- Higher pension costs for all the City's pension programs.
- A grant award for COVID-19 mitigation costs incurred primarily in the prior year in the amount of \$1.4 million.
- The transfer of \$1.8 million in capital asset additions that were funded by utility debt.

Business-type Activities:

- Ignoring the extraordinary charge related to the historic ice storm discussed previously, electric margins were essentially flat.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Operating loss for CCDA was slightly lower than prior as tourism and event activity began to recover from the coronavirus mitigation efforts.

Governmental Activities:

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Table 3 presents the cost of each of the City's five largest programs—public safety and judiciary (police, fire, and court), general government, transportation (streets), cultural (parks, library, cemetery, and senior citizens), and fleet maintenance (a shared service)—as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

Governmental Activities
Table 3
(In Thousands)

	Total Cost of Services		%	Net (Expense) Revenue from Services		%
	2021	2020		2021	2020	
General government	\$ 3,140	\$ 3,892	-19%	\$ (2,947)	\$ (3,587)	-18%
Public safety and judiciary	13,427	11,599	16%	(10,443)	(9,968)	5%
Transportation	3,799	2,896	31%	(3,325)	(2,799)	19%
Cultural, parks, recreation	2,705	2,428	11%	(2,559)	(2,307)	11%
Fleet maintenance	612	834	-27%	(612)	(833)	-27%
	<u>\$ 23,683</u>	<u>\$ 21,649</u>	9%	<u>\$ (19,886)</u>	<u>\$ (19,494)</u>	2%

Overall, the City's governmental activities' total costs increased 9% over last year and net costs increased by 2%.

Business-type Activities:

Total cost of services for the City's business-type activities increased 4% from last year.

Business-Type Activities
Table 4
(In Thousands)

	Total Cost of Services		%	Net (Expense) Revenue from Services		%
	2021	2020		2021	2020	
Electric operations	\$ 19,723	\$ 18,743	5%	\$ 10,355	\$ 10,006	3%
Water operations	3,949	3,670	8%	933	1,063	-12%
Wastewater operations	4,454	4,513	-1%	(2,253)	(2,320)	-3%
Solid waste operations	1,876	1,703	10%	198	444	-55%
Recreation services	2,061	2,245	-8%	(1,229)	(1,391)	-12%
	<u>\$ 32,063</u>	<u>\$ 30,874</u>	4%	<u>\$ 8,004</u>	<u>\$ 7,802</u>	3%

The City's Funds

The General Fund is the City's primary operating fund and the source of day-to-day operations. The general fund is significantly reliant on transfers from the CPWA. The fund balance increased by \$701,680, or 12.2 percent from the prior year.

General Fund Budgetary Highlights

The general fund budget increased 4.3% from the original one approved in June 2020. General Fund actual expenditures were below budgeted appropriations by \$555,331, partially due to the reclassification of workers compensation fees as transfers to other funds to follow the payroll activity. Actual revenues were higher than budgeted by \$1,650,802, reflecting higher use tax and coronavirus relief fund receipts.

Capital Asset and Debt Administration

At the end of June 30, 2021, the City had \$133.4 million invested in capital assets including police and fire equipment, buildings, park facilities, streets and drainage systems, and electric, water, and sewer infrastructure. Additions to capital assets included a dam project at the lake, a water tower project, multiple street additions and repaving, a new building and drainage improvements at the EXPO center, airport land, apron rehabilitation, windcone and perimeter fencing, water line replacements, lift station additions, sidewalk additions, the purchase of two sanitation trucks, police and utility vehicles, a fire truck, and a sewer crawler with camera. Information on capital assets is located in Note 3.D.

Capital Assets
Table 5
Net of Accumulated Depreciation
(In millions)

	Governmental		Business-type		Totals		Total % Change
	Activities		Activities				
	2021	2020	2021	2020	2021	2020	
<i>Non-Depreciable Assets</i>							
Land	\$ 4.3	\$ 3.9	\$ 2.1	\$ 2.1	\$ 6.4	\$ 6.0	7%
Construction-in-progress	2.1	0.6	3.1	2.1	5.2	2.7	93%
<i>Depreciable Assets</i>							
Buildings	15.4	14.5	25.7	25.6	41.1	40.1	2%
Equipment and furniture	15.1	13.9	13.6	13.2	28.7	27.1	6%
Infrastructure	72.9	70.8	102.2	100.5	175.1	171.3	2%
<i>Accumulated Depreciation</i>	(60.7)	(58.6)	(62.4)	(58.7)	(123.1)	(117.3)	5%
Totals	\$ 49.1	\$ 45.1	\$84.3	\$84.8	\$133.4	\$129.9	3%

Debt Administration

At year-end, the City had \$61.4 million in outstanding notes, bonds and capital leases. Additional debt information can be found in Note 3.F.

These debts are further detailed below as follows:

Outstanding Debt
Table 6
 (in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Total % Change</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	
Notes Payable	\$ -	\$ -	\$ 57.3	\$ 26.2	\$ 57.3	\$ 26.2	119%
Revenue Bonds	-	-	-	24.4	-	24.4	-100%
Capital Leases	0.2	0.4	-	-	0.2	0.4	-50%
GRDA Cost Recovery	-	-	3.9	-	3.9	-	
Totals	<u>\$ 0.2</u>	<u>\$ 0.4</u>	<u>\$ 61.2</u>	<u>\$ 50.6</u>	<u>\$ 61.4</u>	<u>\$ 51.0</u>	20%

Economic Factors and Next Year's Budget

The City of Claremore expects the economy to continue to improve in the next year, reflecting manufacturing and industrial expansion and additional use tax receipts from internet sales. Management will continue to strive for fiscal conservativeness while developing plans to improve the systems and operations needed to meet citizens' needs.

The fiscal year 2021-2022 government-wide budget of \$85.2 million is a increase of 1% from the prior year and includes continued capital asset acquisitions as well as the addition of 8 City employees.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Claremore's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Manager of Finance and Budget, City of Claremore, 104 S. Muskogee Ave., Claremore, OK 74017 or phone (918) 341-1325.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-wide financial statements
- Fund Financial Statements:
 - ❑ Governmental Funds
 - ❑ Proprietary (enterprise) fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

City of Claremore, Oklahoma
Statement of Net Position
June 30, 2021

	Primary Government			Component Unit
	Governmental	Business-type	Total	Claremore
	Activities	Activities		Industrial and Economic Development Authority
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 11,138,633	\$ 2,210,092	\$ 13,348,725	\$ 1,228,231
Cash and cash equivalents - restricted	-	20,500,661	20,500,661	379,101
Accounts receivable, net	287,548	5,289,057	5,576,605	12,034
Interest receivable	12,063	-	12,063	-
Interest receivable - restricted	-	30,776	30,776	1,625
Prepaid expenses	28,731	-	28,731	2,478
Inventory	253,902	1,777,362	2,031,264	29,182
Due from other governments	2,966,447	27,902	2,994,349	-
Due from related entities	-	-	-	46,287
Note receivable, current - restricted	-	477,882	477,882	629,882
Total current assets	<u>14,687,324</u>	<u>30,313,732</u>	<u>45,001,056</u>	<u>2,328,820</u>
Noncurrent Assets:				
Investments	18,257,906	1,665,584	19,923,490	3,905,854
Restricted assets:				
Investments	-	8,992,647	8,992,647	-
Note receivable, net of current portion	-	496,997	496,997	788,222
Capital assets:				
Land and construction in progress	6,451,550	5,259,301	11,710,851	-
Depreciable buildings, property, and equipment, net	42,681,686	79,084,623	121,766,309	3,169,685
Total noncurrent assets	<u>67,391,142</u>	<u>95,499,152</u>	<u>162,890,294</u>	<u>7,863,761</u>
Total assets	<u>82,078,466</u>	<u>125,812,884</u>	<u>207,891,350</u>	<u>10,192,581</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Related to employee benefit plans	6,079,422	864,980	6,944,402	70,229
Unamortized asset retirement obligation	-	819,500	819,500	-
Deferred charge on debt refunding	-	1,203,460	1,203,460	-
Total deferred outflows of resources	<u>6,079,422</u>	<u>2,887,940</u>	<u>8,967,362</u>	<u>70,229</u>
LIABILITIES:				
Current Liabilities:				
Accounts payable and accrued liabilities	1,236,249	1,600,467	2,836,716	41,200
Accrued interest payable	-	226,472	226,472	2,541
Due to related entities	20,250	26,037	46,287	-
Current portion of long-term debt	122,654	6,214,800	6,337,454	630,518
Total current liabilities	<u>1,379,153</u>	<u>8,067,776</u>	<u>9,446,929</u>	<u>674,259</u>
Noncurrent liabilities:				
Deposits subject to refund	-	1,111,593	1,111,593	-
Net pension liability	13,804,762	831,489	14,636,251	60,899
Other post employment benefits liability	2,729,812	230,182	2,959,994	9,198
Claims reserve	1,205,621	-	1,205,621	-
Accrued compensated absences	1,398,769	224,898	1,623,667	-
Asset retirement obligation	-	840,000	840,000	-
Noncurrent portion of long-term debt	125,294	54,982,618	55,107,912	1,615,697
Total non-current liabilities	<u>19,264,258</u>	<u>58,220,780</u>	<u>77,485,038</u>	<u>1,685,794</u>
Total liabilities	<u>20,643,411</u>	<u>66,288,556</u>	<u>86,931,967</u>	<u>2,360,053</u>
DEFERRED INFLOWS OF RESOURCES:				
Related to employee benefit plans	2,335,213	234,239	2,569,452	22,021
NET POSITION:				
Net investment in capital assets	48,885,288	40,570,179	89,455,467	2,137,349
Restricted by:				
Enabling legislation	223,029	9,967,527	10,190,556	-
External contracts	-	1,761,682	1,761,682	585,267
Unrestricted	16,070,947	9,878,641	25,949,588	5,158,120
Total net position	<u>\$ 65,179,264</u>	<u>\$ 62,178,029</u>	<u>\$ 127,357,293</u>	<u>\$ 7,880,736</u>

See accompanying notes to the basic financial statements.

City of Claremore, Oklahoma
Statement of Activities
For the fiscal year ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit CIEDA
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary Government:								
General government	\$ 3,139,806	\$ 192,369	\$ -	\$ -	\$ (2,947,437)	\$ -	\$ (2,947,437)	\$ -
Public safety and judiciary	13,426,614	289,645	2,694,264	-	(10,442,705)	-	(10,442,705)	-
Transportation	3,799,381	-	-	474,115	(3,325,266)	-	(3,325,266)	-
Cultural, parks, recreation and promotion	2,705,452	122,739	7,883	15,714	(2,559,116)	-	(2,559,116)	-
Fleet maintenance	611,761	-	-	-	(611,761)	-	(611,761)	-
Total governmental activities	23,683,014	604,753	2,702,147	489,829	(19,886,285)	-	(19,886,285)	-
Business-type activities:								
Electric operations	19,723,568	30,078,825	-	-	-	10,355,257	10,355,257	-
Water operations	3,949,430	4,882,635	-	-	-	933,205	933,205	-
Wastewater operations	4,453,643	2,050,373	-	149,988	-	(2,253,282)	(2,253,282)	-
Solid waste operations	1,875,436	2,073,158	-	-	-	197,722	197,722	-
Recreation services	2,061,378	832,830	-	-	-	(1,228,548)	(1,228,548)	-
Total business-type activities	32,063,455	39,917,821	-	149,988	-	8,004,354	8,004,354	-
Total primary government	\$ 55,746,469	\$ 40,522,574	\$ 2,702,147	\$ 639,817	(19,886,285)	8,004,354	(11,881,931)	
Component Unit:								
Economic development	\$ 875,097	\$ 437,955	\$ -	\$ -				(437,142)
Airport	538,482	490,449	-	-				(48,033)
Total component unit	\$ 1,413,579	\$ 928,404	\$ -	\$ -				(485,175)
General revenues:								
Taxes:								
Sales and use taxes					15,355,093	-	15,355,093	-
Franchise and public service taxes					634,506	-	634,506	-
Property tax					-	-	-	285,353
Intergovernmental revenue not restricted to specific programs					511,836	-	511,836	-
Investment income					128,771	71,914	200,685	442,034
Miscellaneous					407,040	216,646	623,686	-
Total general revenues					17,037,246	288,560	17,325,806	727,387
Change in net position before transfers and extraordinary charges					(2,849,039)	8,292,914	5,443,875	242,212
Additional electric charges from ice storm					-	(3,937,540)	(3,937,540)	-
Transfers - Internal activity					8,341,076	(8,342,509)	(1,433)	1,433
Change in net position					5,492,037	(3,987,135)	1,504,902	243,645
Net position - beginning					59,687,227	66,165,164	125,852,391	7,637,091
Net position - ending					\$ 65,179,264	\$ 62,178,029	\$ 127,357,293	\$ 7,880,736

See accompanying notes to the basic financial statements

City of Claremore, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2021

	General	Sales Tax Street Fund	EXPO/WWTP Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 3,530,237	\$ 1,370,238	\$ 2,841,607	\$ 3,396,551	\$ 11,138,633
Prepaid expenses	22,512	1,346	-	4,873	28,731
Inventory	23,994	97,696	-	132,212	253,902
Investments	4,264,560	9,096,217	3,102,767	1,794,362	18,257,906
Receivables:					-
Court receivables	277,666	9,882	-	-	287,548
Due from other governments	423,387	861,316	828,888	828,889	2,942,480
Grants	-	1,079	-	22,888	23,967
Accrued interest	1,049	8,715	975	1,324	12,063
Total assets	<u>\$ 8,543,405</u>	<u>\$ 11,446,489</u>	<u>\$ 6,774,237</u>	<u>\$ 6,181,099</u>	<u>\$ 32,945,230</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 639,756	\$ 160,557	\$ 96,063	\$ 339,873	\$ 1,236,249
Unavailable revenue - court fines	203,369	-	-	-	203,369
Claims reserve	1,205,621	-	-	-	1,205,621
Due to other funds	20,250	-	-	-	20,250
Total liabilities	<u>2,068,996</u>	<u>160,557</u>	<u>96,063</u>	<u>339,873</u>	<u>2,665,489</u>
Fund Balances:					
Nonspendable	23,994	97,696	-	-	121,690
Restricted	-	-	-	223,029	223,029
Unrestricted:					
Committed	1,398,769	11,188,236	6,678,174	4,439,295	23,704,474
Assigned	2,196,868	-	-	1,178,902	3,375,770
Unassigned	2,854,778	-	-	-	2,854,778
Total fund balances	<u>6,474,409</u>	<u>11,285,932</u>	<u>6,678,174</u>	<u>5,841,226</u>	<u>30,279,741</u>
Total liabilities and fund balances	<u>\$ 8,543,405</u>	<u>\$ 11,446,489</u>	<u>\$ 6,774,237</u>	<u>\$ 6,181,099</u>	<u>\$ 32,945,230</u>

See accompanying notes to the basic financial statements.

City of Claremore, Oklahoma
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Fund balances of governmental funds	\$	30,279,741
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of depreciation of \$60,744,051		49,133,236
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are not reported in the funds:		
Unavailable revenue - court fines		203,369
Some liabilities, including pension obligations, are applicable to future periods and, therefore, are not reported in the funds:		
Accrued compensated absences		(1,398,769)
Net pension liability (measurement date is June 30, 2020)		(13,804,762)
Other post employment benefit liability (OPEB)		(2,729,812)
Long term debt		(247,948)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows of resources related to pensions and OPEB		6,079,422
Deferred inflows of resources related to pensions and OPEB		(2,335,213)
Net position of governmental activities	\$	65,179,264

See accompanying notes to the basic financial statements

City of Claremore, Oklahoma
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2021

	General	Sales Tax Street Fund	EXPO/WWTP Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 2,212,449	\$ 4,580,688	\$ 4,580,688	\$ 4,615,774	\$ 15,989,599
Intergovernmental	341,380	170,456	-	-	511,836
Licenses and permits	175,107	-	-	-	175,107
Charges for services	81,484	-	-	86,910	168,394
Fines and forfeitures	249,818	-	-	7,593	257,411
Grants and contributions	1,348,998	-	-	526,135	1,875,133
Investment income	38,772	50,418	30,911	8,670	128,771
Miscellaneous	108,244	220,557	-	102,041	430,842
Total Revenues	<u>4,556,252</u>	<u>5,022,119</u>	<u>4,611,599</u>	<u>5,347,123</u>	<u>19,537,093</u>
Expenditures:					
General government	2,680,880	-	-	224,322	2,905,202
Public safety and judiciary	9,337,992	-	68	838,863	10,176,923
Transportation	-	2,017,230	-	1,002	2,018,232
Cultural, parks, recreation and promotion	1,535,838	-	254,299	493,144	2,283,281
Fleet maintenance	-	-	-	604,393	604,393
Capital outlay	351,354	1,937,638	800,443	1,997,768	5,087,203
Debt service:					
Principal retirement	-	-	-	120,071	120,071
Interest and fiscal charges	-	-	-	7,919	7,919
Total Expenditures	<u>13,906,064</u>	<u>3,954,868</u>	<u>1,054,810</u>	<u>4,287,482</u>	<u>23,203,224</u>
Excess (deficiency) of revenues over expenditures	(9,349,812)	1,067,251	3,556,789	1,059,641	(3,666,131)
Other Financing Sources (Uses):					
Transfers in	11,578,950	77,506	-	1,056,615	12,713,071
Transfers out	(1,527,458)	(580,350)	(2,529,999)	(1,457,053)	(6,094,860)
Total Other Financing Sources (Uses)	<u>10,051,492</u>	<u>(502,844)</u>	<u>(2,529,999)</u>	<u>(400,438)</u>	<u>6,618,211</u>
Net change in fund balances	701,680	564,407	1,026,790	659,203	2,952,080
Fund balances - beginning	5,772,729	10,721,525	5,651,384	5,182,023	27,327,661
Fund balances - ending	<u>\$ 6,474,409</u>	<u>\$ 11,285,932</u>	<u>\$ 6,678,174</u>	<u>\$ 5,841,226</u>	<u>\$ 30,279,741</u>

See accompanying notes to the basic financial statements

City of Claremore, Oklahoma
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the fiscal year ended June 30, 2021

Net change in fund balances - total governmental funds	\$	2,952,080
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized		6,787,440
Depreciation expense		(2,788,642)
Capital assets sold, salvaged, or transferred (net)		(14,570)
Revenues in the Statement of Activities that do not provide current financial resources		
Court receivables expected to collect after the availability period (60 days)		203,369
Repayment of debt principal is an expenditure in the governmental funds, and debt issuance is considered an other financing source, but repayment reduces long-term liabilities in the Statement of Net Position:		
Principal payments on long term debt		120,071
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in		
Accrued compensated absences		(178,881)
Other post employment benefits		(104,071)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:		
Employer pension contributions		1,574,121
Contributions made by the State of Oklahoma on behalf of City employees		(1,293,045)
Cost of benefits earned net of employee contributions		(1,765,835)
Change in net position of governmental activities	\$	5,492,037

See accompanying notes to the basic financial statements

City of Claremore, Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2021

	<u>CPWA</u>	<u>CCDA</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 1,700,400	\$ 509,692	\$ 2,210,092
Accounts receivable, net	5,275,107	13,950	5,289,057
Due from other governments	27,902	-	27,902
Inventory	1,777,362	-	1,777,362
Restricted assets:			
Cash and cash equivalents	20,500,661	-	20,500,661
Interest receivable	30,776	-	30,776
Note receivable, current portion	477,882	-	477,882
Total current assets	<u>29,790,090</u>	<u>523,642</u>	<u>30,313,732</u>
Noncurrent Assets:			
Investments	1,665,584	-	1,665,584
Restricted assets:			
Investments	8,992,647	-	8,992,647
Note receivable, net of current portion	496,997	-	496,997
Land and construction in progress	3,362,467	1,896,834	5,259,301
Other capital assets, net	69,552,107	9,532,516	79,084,623
Total noncurrent assets	<u>84,069,802</u>	<u>11,429,350</u>	<u>95,499,152</u>
Total assets	<u>113,859,892</u>	<u>11,952,992</u>	<u>125,812,884</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to employee benefit plans	714,430	150,550	864,980
Unamortized asset retirement obligation	819,500	-	819,500
Deferred charge on refunding	1,203,460	-	1,203,460
Related to defined benefit pension plan	<u>2,737,390</u>	<u>150,550</u>	<u>2,887,940</u>
LIABILITIES:			
Current Liabilities:			
Accounts payable and accrued expenses	1,519,529	80,938	1,600,467
Accrued interest payable	226,472	-	226,472
Due to related entities	26,037	-	26,037
Current portion of long term obligations	6,214,800	-	6,214,800
Total current liabilities	<u>7,986,838</u>	<u>80,938</u>	<u>8,067,776</u>
Noncurrent liabilities:			
Deposits subject to refund	1,108,468	3,125	1,111,593
Net pension liability	717,829	113,660	831,489
Other post employment benefits liability	182,723	47,459	230,182
Accrued compensated absences	184,842	40,056	224,898
Asset retirement obligation	840,000	-	840,000
Noncurrent portion of long-term obligations	54,982,618	-	54,982,618
Total noncurrent liabilities	<u>58,016,480</u>	<u>204,300</u>	<u>58,220,780</u>
Total liabilities	<u>66,003,318</u>	<u>285,238</u>	<u>66,288,556</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to employee benefit plans	<u>179,999</u>	<u>54,240</u>	<u>234,239</u>
NET POSITION:			
Net investment in capital assets	29,140,829	11,429,350	40,570,179
Restricted for:			
Debt service	1,761,682	-	1,761,682
Hospital trust fund	9,967,527	-	9,967,527
Unrestricted	9,543,927	334,714	9,878,641
Total net position	<u>\$ 50,413,965</u>	<u>\$ 11,764,064</u>	<u>\$ 62,178,029</u>

See accompanying notes to the basic financial statements

City of Claremore, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the fiscal year ended June 30, 2021

	Enterprise Funds		
	CPWA	CCDA	Total
Operating revenues:			
Charges for services:			
Electricity charges	\$ 30,078,825	\$ -	\$ 30,078,825
Water charges	4,513,789	-	4,513,789
Sewer and storm water charges	2,050,373	-	2,050,373
Sanitation charges	2,073,158	-	2,073,158
Recreation services	-	-	-
Rentals	-	366,143	366,143
Penalties and fees	368,846	-	368,846
Other	216,646	466,687	683,333
Total operating revenues	<u>39,301,637</u>	<u>832,830</u>	<u>40,134,467</u>
Operating expenses:			
Electric	18,521,107	-	18,521,107
Water	2,043,564	-	2,043,564
Sewer	2,235,076	-	2,235,076
Sanitation	1,577,776	-	1,577,776
Recreation	-	1,310,231	1,310,231
Depreciation and amortization	3,857,383	751,147	4,608,530
Total operating expenses	<u>28,234,906</u>	<u>2,061,378</u>	<u>30,296,284</u>
Operating income (loss)	11,066,731	(1,228,548)	9,838,183
Non-operating revenues (expenses):			
Investment income	71,914	-	71,914
Grant revenue	149,988	-	149,988
Interest expense and fiscal charges	(1,435,671)	-	(1,435,671)
Debt issuance costs	(331,500)	-	(331,500)
Total non-operating revenues (expenses)	<u>(1,545,269)</u>	<u>-</u>	<u>(1,545,269)</u>
Net income (loss) before transfers and extraordinary item	9,521,462	(1,228,548)	8,292,914
Transfers in	2,904,094	1,417,660	4,321,754
Transfers out	(12,664,263)	-	(12,664,263)
Additional electric charges from ice storm	(3,937,540)	-	(3,937,540)
Change in net position	<u>(4,176,247)</u>	<u>189,112</u>	<u>(3,987,135)</u>
Net position - beginning	54,590,212	11,574,952	66,165,164
Net position - ending	<u>\$ 50,413,965</u>	<u>\$ 11,764,064</u>	<u>\$ 62,178,029</u>

See accompanying notes to the basic financial statements

City of Claremore, Oklahoma
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2021

	CPWA	CCDA	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 39,012,339	\$ 813,487	\$ 39,825,826
Payments to suppliers	(20,059,888)	(504,410)	(20,564,298)
Payments to or on behalf of employees	(3,584,765)	(755,035)	(4,339,800)
Receipts of customer deposits	292,012	8,291	300,303
Customer deposits refunded or applied	(215,885)	(5,125)	(221,010)
Net cash provided by (used in) operating activities	<u>15,443,813</u>	<u>(442,792)</u>	<u>15,001,021</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	798,744	798,744
Transfers to other funds	(12,656,607)	-	(12,656,607)
Net cash provided by (used in) non-capital and related financing activities	<u>(12,656,607)</u>	<u>798,744</u>	<u>(11,857,863)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Grant receipts	186,332	-	186,332
Purchases of capital assets	(3,504,936)	(614,772)	(4,119,708)
Proceeds from capital debt	33,175,000	-	33,175,000
Principal paid on capital debt	(26,524,502)	-	(26,524,502)
Interest and fiscal agent fees paid on capital debt	(1,832,155)	-	(1,832,155)
Escrowed funds for debt refunding/defeasance	(1,225,343)	-	(1,225,343)
Transfers from other funds	2,904,094	618,916	3,523,010
Net cash provided by capital and related financing activities	<u>3,178,490</u>	<u>4,144</u>	<u>3,182,634</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(1,072,436)	-	(1,072,436)
Note principal and interest payments from related party	516,877	-	516,877
Interest and dividends	14,466	-	14,466
Net cash provided used in investing activities	<u>(541,093)</u>	<u>-</u>	<u>(541,093)</u>
Net increase in cash and cash equivalents	5,424,603	360,096	5,784,699
Balances - beginning of the year	16,776,458	149,596	16,926,054
Balances - end of the year	<u>\$ 22,201,061</u>	<u>\$ 509,692</u>	<u>\$ 22,710,753</u>
Reconciliation to the Statement of Net Position:			
Cash and cash equivalents	\$ 1,700,400	\$ 509,692	\$ 2,210,092
Restricted cash and cash equivalents	20,500,661	-	20,500,661
Total cash and cash equivalents	<u>\$ 22,201,061</u>	<u>\$ 509,692</u>	<u>\$ 22,710,753</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 11,066,731	\$ (1,228,548)	\$ 9,838,183
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	3,857,383	751,147	4,608,530
Change in assets, liabilities, and deferrals:			-
Increase in receivables, net	(289,298)	(13,011)	(302,309)
Decrease in inventory	175,577	-	175,577
Increase in accounts payable	444,230	28,145	472,375
Increase (decrease) in customer deposits payable	76,127	(3,166)	72,961
Increase (decrease) in accrued compensated absences	(933)	9,310	8,377
Increase in carrying values of employee benefit plans	113,996	13,331	127,327
Net cash provided by (used in) operating activities	<u>\$ 15,443,813</u>	<u>\$ (442,792)</u>	<u>\$ 15,001,021</u>

See accompanying notes to the basic financial statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's accounting and financial reporting policies conform to accounting principles generally accepted in the United States of America (GAAP). Generally Accepted Accounting Principles (GAAP) includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The accounting and reporting framework and the more significant accounting principles and practices of Claremore are discussed in subsequent sections of this Note.

1.A. FINANCIAL REPORTING ENTITY

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

Primary Government:	City of Claremore
Component Units:	Claremore Public Works Authority (CPWA)
	Claremore Cultural Development Authority (CCDA)
	Claremore Industrial and Economic Development Authority (CIEDA)

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, and Statement No. 61, *The Financial Reporting Entity: Omnibus* and includes all component units of which the City is fiscally accountable.

Each of these component units is a Public Trust established pursuant to Title 60 of Oklahoma State Statutes. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets that are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation of the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

BLENDED COMPONENT UNITS

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units funds are blended into those of the City's by appropriate fund category to comprise the primary government presentation.

The component units that are blended into the primary governments' fund categories are presented below:

Claremore Public Works Authority (CPWA) - Created April 7, 1972, to finance, develop and operate the electric, water, sewer, and solid waste activities. The current City Council serves as the entire governing body (Trustees). Any issuances of debt would require a two-thirds approval of the City Council. The CPWA is reported as an enterprise fund within the primary government presentation.

Claremore Cultural Development Authority (CCDA) - Created June 7, 1999 to provide funds for cultural and recreational services for the City and its inhabitants. The current City Council serves as the entire governing body. Any issuance of debt would require a two-thirds approval of the City Council. The CCDA is reported as an enterprise fund within the primary government presentation

DISCRETELY PRESENTED COMPONENT UNIT

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The component unit that is discretely presented in the City's report is presented below:

Claremore Industrial and Economic Development Authority (CIEDA) was created September 16, 1968, to promote, stimulate, encourage, and finance the development of industry and commerce and other related activities on behalf of the City. CIEDA also manages the City's airport under an annual contract. Trustee appointments are approved by the City Council and may be removed at will by the City Council. The City assumes no responsibility for the Authority's day-to-day operations and the Authority's Trustees are responsible for management contracts. In addition, the City has no obligation for the debt of the Authority.

Complete financial statements of the discretely presented component unit can be obtained by contacting the Administrative office of the Claremore Industrial and Economic Development Authority, PO Box 249, Claremore, Oklahoma 74018.

1.B. BASIS OF PRESENTATION

Government-Wide Financial Statements:

The statement of net position and statement of activities display information about the City as a whole. They include all financial activities of the reporting entity. Eliminations have been made to minimize the double reporting of transactions involving internal activities. Individual funds are not displayed in these statements. Instead, the statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between the expenses and program revenues directly associated with the different governmental functions and business-type activities to arrive at the net revenue or expense of the function or activity prior to the use of taxes and other general revenues. Program revenues include (1) fees, fines, and service charges generated by the program or activity, (2) operating grants and contributions that are restricted to meeting the operational requirements of the program or activity, and (3) capital grants and contributions that are restricted to meeting the capital requirements of the program or activity and include assets donated by developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements:

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

1. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
3. A fund not meeting the criteria of (1) and (2), however management has elected to report the fund as a major fund due to its significance to users of the financial statements.

FUND TYPES AND MAJOR FUNDS:

All remaining governmental and enterprise funds not meeting the above criteria are aggregated and reported as nonmajor funds. The funds of the financial reporting entity are described below:

GOVERNMENTAL FUNDS

General Fund

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

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specified revenue sources that are restricted or committed to expenditures for specified purposes other than capital projects or debt service. The reporting entity includes the following special revenue funds: Sales Tax Street Fund and EXPO/WWTP Fund, both of which are considered major funds. Nonmajor funds include the Police Juvenile Fund, Local Seizures Fund, Drug Seizure Fund, Sales Tax Park, IRS Seizures Fund, Sales Tax Police, Sales Tax Fire, Animal Control Fund, Emergency Taxes, Cemetery Care Fund, Emergency Management, Fleet Maintenance, and the Library Fund.

Capital Project Funds

Capital Project Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities or other capital assets. The reporting entity includes five capital project funds, none of which are major funds: Capital Improvement Sales Tax, Airport Fund, CDBG Sewer Fund, and Bicycle Trails Grant Fund.

PROPRIETARY FUND TYPES

Proprietary funds include both enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-like activities provided and charged to other funds or entities within the reporting entity. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Claremore Public Works Authority enterprise fund. This fund accounts for activities of the public trust in providing electric, water, wastewater, and sanitation services to the public and is considered a major fund. The reporting entity also includes the Claremore Cultural Development Authority.

COMPONENT UNIT

The discretely presented component unit is a separate legal entity whose governing body (in majority) is appointed by the Mayor or City Council, but whose governing body is not substantially the same as the City Council nor is it an entity established to provide services primarily to the primary government. Since this component unit is not as closely associated with the City as is a blended component unit, it is reported in a discretely presented column on the government-wide financial statements labeled "Component Units." The reporting entity includes the Claremore Industrial and Economic Development Authority, a discretely presented component unit.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

The government-wide financial statements and the proprietary fund statements report using the *economic resources* measurement focus and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in Net Position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements report using the *“current financial resources”* measurement focus and the modified accrual basis of accounting. Under the current financial resources focus, only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Sales and use taxes, franchise taxes, hotel/motel taxes, court fines and interest are considered susceptible to accrual. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recorded when due.

1.D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY

Cash and Cash Equivalents

Cash and cash equivalents include all demand, savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less. Revenue bond account investments in money market accounts are also considered cash equivalents and carried at cost.

Investments

Investments consist of non-negotiable certificates of deposit whose original maturity term exceeds three months, investments in U.S. Government Securities, and securities that are guaranteed by the U.S. Government. All non-negotiable certificates of deposit are carried at cost. Investments in U.S. Government Securities and those backed by the U.S. Government are carried at fair value. The City places no limit on the amount it may invest in any one issuer. The City has not adopted a formal deposit and investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates other than restrictions set forth in state statutes.

Receivables

Material receivables in the governmental fund types and the governmental activities include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. These are reported as *Due From Other Governments*. Non-exchange transactions collectible but not available are deferred in the fund financial statements. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Business-type activities and the proprietary type fund consist of revenues earned at year-end and not yet received. Billed and unbilled utility accounts receivable comprise the majority of these receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Component unit notes receivable of the Claremore Industrial and Economic Development Authority consist of hangar rentals, accrued investment interest, administrative fees and reimbursements related to the conduit debt and tax increment financing activity, and accrued grant revenue.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Inventories

The City maintains a materials inventory related to the electric, water, and sewer facilities and component unit inventories consist of aviation fuel; inventory values are carried on a first-in first-out basis.

Capital Assets and Depreciation

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements

In the government-wide financial statements and the proprietary fund type, property, plant and equipment are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets that are recorded at their estimated fair value at the date of donation. The governmental fund infrastructure assets consisting of streets and drainage systems were capitalized for the first time for the year ended June 30, 2006. Estimated historical cost was used to value the majority of the assets acquired prior to that time. The City capitalizes all capital purchases of land, buildings and improvements, infrastructure, and leasehold improvements regardless of cost, and furniture and equipment in excess of \$2,000. Computer hardware and software is expensed when purchased.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The ranges of estimated useful lives by type of asset are as follows:

- Buildings and Improvements 20-50 years
- Furniture and Equipment 3-25 years
- Infrastructure 25-45 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Restricted Assets

Restricted assets reported in the fund financial statements include current assets of the governmental and enterprise funds that are legally restricted as to their use. The primary restricted assets are related to the Hospital Sale Trust, revenue bond trustee accounts restricted for debt service, and deposits held for refund.

Deferred Outflows of Resources

Deferred outflows are the consumption of net position by the City that are applicable to a future reporting period. At June 30, 2021, the City reported deferred outflows of resources related to its defined benefit pension plans and the unamortized asset retirement obligation.

Long-Term Debt

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

All long-term debt to be repaid from governmental resources and business-type and similar discretely presented component unit resources are reported as liabilities as incurred. The long-term debt consists primarily of revenue bonds and notes payable. This long-term debt is reported net of unamortized premiums, and discounts, if any.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Long-term debt of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Deferred Inflows of Resources

Deferred inflows are the acquisitions of net position by the City that are applicable to a future reporting period. At June 30, 2021, the City reported deferred inflows of resources related to its defined benefit pension plans and an entitlement for retired employees and their families to participate in the City's health insurance plan.

Compensated Absences

The City's policy regarding vacation and compensatory time permits employees to accumulate varying amounts as determined by management and contracts with employee groups. One half of accrued sick leave may be paid upon termination at various rates accordingly to non-union and union employees. In the fund financial statements, governmental funds report only the compensated absences that have matured; however, the compensated absences obligation is reported as a fund balance reserve in compliance with the State Constitution.

Pensions

The City participates in three employee pension systems as follows:

<u>Name of Plan/System</u>	<u>Type of Defined Benefit Plan</u>
Oklahoma Police Pension and Retirement Plan (OPPRS)	Cost Sharing Multiple Employer
Oklahoma Firefighters Pension and Retirement Plan (OFPRS)	Cost Sharing Multiple Employer
Oklahoma Municipal Retirement Fund (OMRF)	Agent Multiple Employer

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's retirement plans and additions to/deductions from the City's fiduciary net positions have been determined on the same basis as they are reported by each respective plan or system. For this purpose, benefit payments are recognized when due and payable in accordance with the respective plan benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OPPRS, OFPRS, and OMRF plans' fiduciary net position is available in a separately issued financial report for each plan. Those reports may be obtained as follows: Oklahoma Police Pension and Retirement System – www.ok.gov/OPPRS and the Oklahoma Firefighters Pension and Retirement System – www.ok.gov/FPFRS and the Oklahoma Municipal Retirement Fund at www.okmrf.org.

Equity Classifications

Government-Wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

1. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. 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 or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position - All other Net Position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Since the City implemented GASB Statement 54, fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- 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) laws through constitutional provisions or enabling legislation.
- c. Committed – included 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 Council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through 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 the unassigned 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 fund balance amounts require that restricted amounts would be reduced first, followed by committed amounts and then assigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

1.E. REVENUES, EXPENDITURES AND EXPENSES

Sales Tax

The City levies a three-cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The sales tax is recorded as revenue in the funds as follows:

- One third is designated for street improvements and is recorded in the Sales Tax Street Fund. This sales tax is permanent (1% of taxable sales).
- One third is designated for repayment of long-term debt of the Expo/Recreation Center and Wastewater Plant and is recorded in the EXPO/WWTP Sales Tax Fund. This sales tax (1% of taxable sales) expires in 2034.
- The remaining third expires on July 1, 2021 (1% of taxable sales) and is split as follows:
 - 40% to the Capital Improvement Sales Tax Fund to be used for capital improvements and maintenance
 - 20% to the Sales Tax Park Fund to be used for the parks and recreation department
 - 20% to the Sales Tax Police fund to be used for police operations
 - 20% to the Sales Tax Fire fund to be used for fire operations
- Sales tax resulting from sales occurring prior to yearend and received by the City after year end has been accrued and is included under the caption *Due From Other Governments* because they represent taxes on sales occurring during the reporting period.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Property Tax

Under State statutes, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments. The City has not levied any property tax; however, the City has designated four tax increment districts for which incremental additional property tax will be paid to the City for a specified term. The property tax is recognized in the financial presentation of CIEDA.

Property taxes are collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October.

Pledged Revenue

The City has pledged net revenues from the water and sewer systems and the 1% sales tax levied and reported in the Sales Tax Street Fund to repay the \$21,000,000 Utility System and Sales Tax Revenue Note, Series 2015 which was issued on March 10, 2015 to RCB Bank, which will be used for expansion and renovation of the water treatment plant. The note is payable through March 2030. The total principal and interest payable for the remainder of the life of this note is \$15,466,603. Debt service payments of \$1,696,348 for the current fiscal year were 24.6% of pledged net revenues.

The City has pledged net revenues from the water and sewer systems and the 1% sales tax levied and reported in the Sales Tax Street Fund to repay the \$10,000,000 Utility System and Sales Tax Revenue Note, Series 2019 which was issued on October 15, 2019 to JPMorgan Chase Bank, N.A., which will be used to finance capital asset acquisitions. The note is payable through June 2034. The total principal and interest payable for the remainder of the life of this note is \$10,961,929. Debt service payments of \$361,395 for the current fiscal year were 5.2% of pledged net revenues.

The City has pledged net revenues from the water and sewer systems and the 1% sales tax levied and reported in the Sales Tax Street Fund to repay the \$10,000,000 Utility System and Sales Tax Revenue Note, Series 2020 which was issued on October 15, 2019 to JPMorgan Chase Bank, N.A., which will be used to finance capital asset acquisitions. The note is payable through June 2034. The total principal and interest payable for the remainder of the life of this note is \$10,833,031. Debt service payments of \$321,875 for the current fiscal year were 4.7% of pledged net revenues.

The City has pledged net revenues from the electric system to repay the \$23,175,000 Electric System Revenue Refunding Note, Taxable Series 2021 which was issued on March 1, 2021, to Truist Bank, Charlotte, North Carolina which was used to refund the Utility System Refunding Revenue Bonds, Series 2012, the Capital Improvement Refunding Revenue Bonds, Taxable Series 2013A, the Electric System Refunding Revenue Bonds, Series 2013B, and the Utility System Refunding Revenue Bonds, Series 2013C. The note is payable through July 2035. The total principal and interest payable for the remainder of the life of this note is \$24,718,363. Debt service accruals of \$72,144 for the current fiscal year were 0.5% of pledged net revenues.

Expenditures and Expenses

In the government-wide financial statements, expenses, including depreciation of capital assets, are reported by function or activity. In the governmental fund financial statements, expenditures are reported by class (further reported by function), capital outlay and debt service. In the proprietary fund financial statements, expenses are reported by object or activity.

1.F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements:

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

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

Government-Wide Financial Statements:

Interfund activity related to services provided and used is not eliminated in the process of consolidating the government-wide financial statements. All other interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements, as follows:

1. Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds is not eliminated in the statement of activities.
3. Primary government and component unit activity and balances - resource flows between the primary government (the City, CPWA, and CCDA) and the discretely presented component units (the CIEDA) are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

1.G. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unity, the City and its component units are subject to various federal, state and local laws and contractual regulations.

2.A. DEFICIT FUND BALANCES OR NET POSITION

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund of the City (excluding public trusts). The City did not create any deficit fund balances in the current year.

2.B. DEPOSITS AND INVESTMENTS REQUIREMENTS

In accordance with State Statutes, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations, surety bonds, or certain letters of credit. As required by 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.

Investments of a City (excluding Public Trusts) are limited by State Statute to the following:

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

Public trusts created under O.S. Title 60, are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2021, the City and its public trusts, complied with the above investment restrictions.

2.C. DEBT RESTRICTIONS AND COVENANTS

Revenue Bond Debt

The bond indentures relating to the revenue bond issued by the CPWA contain a number of financial restrictions or covenants. These include covenants requiring flow of funds through special accounts, required reserve account balances and revenue bond debt service coverage requirements. The CPWA complied with the requirements of the bond indentures in all material respects for the fiscal year ended June 30, 2021.

NOTE 3. DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS

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

3.A. DEPOSITS AND INVESTMENTS

The City's policies regarding deposits of cash and investments are discussed in Note 2.B.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. The City is governed by the State Public Deposit Act which requires that the City obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered in the name of the government, and if held by either a counterparty or a counterparty's trust, department or agent, but not in the government's name.

As of June 30, 2021, the City was not exposed to custodial credit risk as defined above.

Total bank deposits of \$1,607,332 of the discretely presented component unit were either insured with Federal Deposit Insurance Corporation Insurance or collateralized.

As of June 30, 2021, the City's reporting entity had the following deposits and investments:

Type	Fair Value	Credit Rating	Maturities in Years			
			On Demand	Less than one	1 - 5	6 - 10
Demand deposits and cash on hand	\$15,021,148	n/a	\$15,021,148	\$ -	\$ -	\$ -
Money market fund - federal obligations	20,791,048	AAA	-	20,791,048	-	-
Certificates of deposit	7,775,293	n/a	-	2,904,575	4,870,718	-
US Treasury securities	19,178,034	n/a	-	-	16,091,450	3,086,584
	<u>\$62,765,523</u>		<u>\$15,021,148</u>	<u>\$ 23,695,623</u>	<u>\$ 20,962,168</u>	<u>\$ 3,086,584</u>
Reconciliation to Statement of net position:						
Cash and cash equivalents	\$13,348,725					
Restricted - cash and cash equivalents	20,500,661					
Investments	19,923,490					
Restricted - investments	8,992,647					
	<u>\$62,765,523</u>					

Investments

The City's investment policy requires diversification in order to eliminate the risk of loss resulting from the over-concentration of assets with a specific maturity date, issuer, or class of securities.

NOTES TO THE BASIC FINANCIAL STATEMENTS

3.B. ACCOUNTS RECEIVABLE

Accounts receivable of the governmental activities consists of court receivables, business-type activities consists of customer utilities receivable. Component unit accounts receivable consists of airport hangar and land rentals. Receivables detail at June 30, 2021 is as follows:

	Governmental Activities	Business-Type Activities	Component Unit (CIEDA)
Accounts Receivable	\$581,112	\$8,030,424	\$12,034
Allowance for uncollectible accounts	(293,564)	(2,741,367)	(-)
Net Accounts Receivable	\$287,548	\$5,289,057	\$12,034

3.C. RESTRICTED ASSETS

The amounts reported as restricted assets in the fund financial statements are comprised of cash and investments held by the trustee bank on behalf of the various public trusts (authorities) related to their required revenue note accounts as described in Note 2.B., and deposits held for refund.

Restricted Assets:

Cash and cash equivalents	
Meter deposit subject to refund	\$ 1,315,306
Capital projects	17,423,673
Debt service	1,761,682
Total cash and cash equivalents	20,500,661
Investments	
Hospital Trust Agreement	8,992,647
Note receivable	
Hospital Trust Agreement	974,879
Total restricted assets	\$ 30,468,187

NOTES TO THE BASIC FINANCIAL STATEMENTS

3.D. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deletions and Net Transfers (In)/Out	Balance June 30, 2021
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 3,960,669	\$ 351,354	\$ -	\$ 4,312,023
Construction-in-progress	595,389	2,213,562	669,424	2,139,527
Total Capital assets not being depreciated	<u>4,556,058</u>	<u>2,564,916</u>	<u>669,424</u>	<u>6,451,550</u>
Depreciable assets				
Buildings and improvements	14,486,788	971,771	18,829	15,439,730
Equipment and furniture	13,865,169	1,805,895	601,491	15,069,573
Infrastructure	70,802,154	2,114,280	-	72,916,434
Total depreciable assets	<u>99,154,111</u>	<u>4,891,946</u>	<u>620,320</u>	<u>103,425,737</u>
Less accumulated depreciation	<u>58,561,161</u>	<u>2,788,642</u>	<u>605,752</u>	<u>60,744,051</u>
Net depreciable assets	<u>40,592,950</u>	<u>2,103,304</u>	<u>14,568</u>	<u>42,681,686</u>
Governmental activities capital assets, net	<u>\$ 45,149,008</u>	<u>\$ 4,668,220</u>	<u>\$ 683,992</u>	<u>\$ 49,133,236</u>
<i>Business-type Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 2,142,092	\$ -	\$ -	\$ 2,142,092
Construction-in-progress	2,092,861	2,443,215	1,418,867	3,117,209
Total Capital assets not being depreciated	<u>4,234,953</u>	<u>2,443,215</u>	<u>1,418,867</u>	<u>5,259,301</u>
Depreciable Assets:				
Buildings and improvements	25,575,663	160,857	2,291	25,734,229
Equipment and furniture	13,271,409	1,350,542	1,074,850	13,547,101
Infrastructure	100,477,167	1,697,169	-	102,174,336
Total depreciable assets	<u>139,324,239</u>	<u>3,208,568</u>	<u>1,077,141</u>	<u>141,455,666</u>
Less accumulated depreciation	<u>58,736,946</u>	<u>4,598,030</u>	<u>963,933</u>	<u>62,371,043</u>
Net depreciable assets	<u>80,587,293</u>	<u>(1,389,462)</u>	<u>113,208</u>	<u>79,084,623</u>
Business-type activities capital assets, net	<u>\$ 84,822,246</u>	<u>\$ 1,053,753</u>	<u>\$ 1,532,075</u>	<u>\$ 84,343,924</u>
<i>Component Unit (CIEDA):</i>				
Depreciable Assets:				
Buildings and improvements	\$ 2,613,347	\$ -	\$ -	\$ 2,613,347
Equipment and furniture	427,999	19,172	13,211	433,960
Infrastructure	2,045,837	-	-	2,045,837
Total depreciable assets	<u>5,087,183</u>	<u>19,172</u>	<u>13,211</u>	<u>5,093,144</u>
Less accumulated depreciation	<u>1,793,817</u>	<u>142,853</u>	<u>13,211</u>	<u>1,923,459</u>
Net depreciable assets	<u>3,293,366</u>	<u>(123,681)</u>	<u>-</u>	<u>3,169,685</u>
Component unit capital assets, net	<u>\$ 3,293,366</u>	<u>\$ (123,681)</u>	<u>\$ -</u>	<u>\$ 3,169,685</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

Depreciation expense was charged to functions in the statement of activities as follows:

Primary Government:

Governmental Activities:

General government	\$221,040
Public safety and judiciary	481,589
Culture, parks, and recreation	395,784
Transportation	<u>1,690,229</u>
Total depreciation expense - governmental activities	<u>\$2,788,642</u>

Business-Type Activities:

Electric	\$718,739
Water	1,308,703
Wastewater	1,474,287
Solid waste	345,154
Recreation	<u>751,147</u>
Total depreciation expense - business-type activities	<u>\$4,598,030</u>

Discretely Presented Component Unit:

CIEDA:

Airport	\$ 27,418
Railroad spur	<u>115,435</u>
Total depreciation expense – component unit	<u>\$ 142,853</u>

3.E.TAX ANTICIPATION RECEIVABLES

In 2011, CIEDA proposed, and the City adopted, a resolution which declared the City's intent to create a "reinvestment area" pursuant to the provisions of the Oklahoma Local Development Act, Title 62, Section 850 of the Oklahoma Statutes. The resolution also directed the City's Local Development Act Review Committee to analyze the area and determine the potential of creating tax increment districts within the City. As of June 30, 2021, the following districts had been created:

TIF District #1 –Baker Hughes Increment District Project

The City created TIF District #1 on November 12, 2012. On February 8, 2014, the following notes were issued:

The Claremore Public Works Authority issued Tax Apportionment/Utility Revenue Note Series 2014B to CIEDA in the amount of \$3,480,000, bearing interest at 4% and payable in 10 annual installments with interest only being paid the first two payments and \$516,877 each year hereafter with the final payment due June 1, 2022, secured by an electric substation at the City's industrial park.

In order to finance the above note, CIEDA simultaneously issued Tax Apportionment/Revenue Note Series 2014A and 2014B in the amount of \$1,740,000 each (\$3,480,000 total) to the Claremore Hospital Sale Fund, bearing interest at the rate of 4% and payable in 10 annual installments with interest only due the first two years and annual payments of \$258,437.50 each (\$516,877 total) for the remaining 8 years. The final payment is due June 1, 2022 and it is secured by an electric substation at the City's industrial park.

NOTES TO THE BASIC FINANCIAL STATEMENTS

On April 4, 2016, CIEDA and CPWA issued corresponding note amendments to provide for interest only payments on June 1, 2016 with the previously scheduled principal payments being spread over the remainder of the life of the notes with the final payment date unchanged.

Payments on the note are reported as "contributions to primary government" in the statement of revenues, expenses, and changes in net position.

TIF District #2 – NXTGen Filterworks

The City created TIF District #2 on February 18, 2013. The TIF District was created in order to reimburse CIEDA and the City for the cost of the financing assistance to NXTGEN Filterworks. NXTNano, LLC is the successor in interest to NXTGen Filterworks.

On August 8, 2013, the City provided funding to CIEDA in order to provide development financing assistance in exchange for a \$350,000 note issued by NXTGen Filterworks to acquire, renovate, and equip a manufacturing facility within the Claremore Industrial Park. The note is non-interest bearing with annual payments of \$35,000 due beginning March 1, 2015 and a maturity date of March 1, 2024, secured by a manufacturing facility and subordinate to two other loans. NXTGen Filterworks (now NXTNano, LLC) can receive offsets of the annual payment by meeting certain employment benchmarks. The TIF District was created in order to reimburse CIEDA and the City for the cost of the financing assistance.

In April 2016, the City agreed to amend the note issued by NXTGen Filterworks to effectively delay the due date and amortization period of the note by two years, with the first payment due March 1, 2017.

In the March 2017, NXTNano, PLLC began making payments as scheduled.

TIF District #3 – Promise Hotels

The City created TIF District #3 on November 1, 2013 for the purpose of constructing and equipping conference facilities adjacent to a hotel.

On December 29, 2014, CIEDA issued Tax Apportionment Note Series 2014C and 2014B in the amount of \$375,000 each (\$750,000 in total), bearing a variable interest rate initially of 4.6% per annum, payable in annual payments beginning June 1, 2015 and maturing June 1, 2023, in order to provide financing assistance to RC Hospitality, LLC. The notes were subsequently purchased by Patriot Bank. This direct borrowing contains a provision that in an event of default, the entire amount may be declared due and payable. On the same date, RC Hospitality, LLC issued a development financing promissory note to CIEDA in the amount of \$750,000. In the event of default by the Authority on the note to Patriot Bank, the note receivable from RC Hospitality, secured by commercial property, may be assigned to Patriot Bank. Incremental property taxes, sales tax, and hotel/motel taxes may be apportioned to offset the annual payments due from RC Hospitality, LLC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Changes in Tax Anticipation Receivables

	Balance			Balance	Due within
	June 30, 2020	Advanced	Received	June 30, 2021	One Year
TIF District #1 - Due From CPWA	\$ 1,434,380	\$ -	\$ 459,501	\$ 974,879	\$ 477,882
TIF District #2 - Due From NXTNano	231,558	-	27,333	204,225	35,000
TIF District #3 - Due From RH Hospitality, LLC	351,000	-	112,000	239,000	117,000
Total TIF receivable	<u>\$ 2,016,938</u>	<u>\$ -</u>	<u>\$ 598,834</u>	<u>\$ 1,418,104</u>	<u>\$ 629,882</u>

3.F. LONG-TERM DEBT

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities, business-type activities, and component units.

Governmental Activities

As of June 30, 2021, the long-term debt payable from governmental activities resources consisted of the following:

Capital Leases:

Equipment lease payable to RCB Bank, original issue amount of \$600,625, secured by a fire pumper truck, nominal annual rate of 2.15%, with final maturity of November 2022.

Current amount is \$122,654, non-current portion \$247,948 \$ 247,948

Total long-term debt payable from governmental resources \$ 247,948

Business-Type Activities:

As of June 30, 2021, the long-term debt payable from business-type activities resources consisted of the following:

Notes Payable:

Claremore PWA Utility Revenue Note, Series 2013B, original issue amount of \$3,480,000, secured by an electric system substation at the Claremore Industrial Park, interest rate of 4.00%, and final maturity June 2023. Note was issued to CIEDA, a related party, to construct an electric system substation and annual debt service may be offset from incremental property taxes received related to the project.

Current portion \$477,882 non-current portion \$496,996 \$ 974,878

Claremore PWA Utility System and Sales Tax Revenue Note, Series 2015, original issue amount of \$21,000,000, secured by net revenues from the water and sewer system and sales tax revenues deposited to Sales Tax Street Fund, interest rate of 2.59%, and final maturity March 2030. Note was issued for the enlargement and renovation of the water treatment plant. This direct borrowing contains a provision that, upon default, the trustee or noteholder may sue for specific performance, accelerate payments, appoint temporary trustees to take over and operate the system, and/or sue to enforce action.

Current portion \$1,350,000 non-current portion \$12,360,000 13,710,000

NOTES TO THE BASIC FINANCIAL STATEMENTS

Claremore PWA Utility System and Sales Tax Revenue Note, Series 2019, original issue amount of \$10,000,000, secured by net revenues from the water and sewer system and sales tax revenues deposited to Sales Tax Street Fund, interest rate of 1.69%, and final maturity June 2034. Note was issued to fund capital acquisitions and improvements. This direct borrowing contains a provision that, upon default, the trustee or noteholder may sue for specific performance, accelerate payments, appoint temporary trustees to take over and operate the system, and/or sue to enforce action.

Current portion \$200,000, non-current portion \$9,400,000	9,600,000
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Claremore PWA Utility System and Sales Tax Revenue Note, Series 2020, original issue amount of \$10,000,000, secured by net revenues from the water and sewer system and sales tax revenues deposited to Sales Tax Street Fund, interest rate of 1.25%, and final maturity June 2034. Note was issued to fund capital acquisitions and improvements. This direct borrowing contains a provision that, upon default, the trustee or noteholder may sue for specific performance, accelerate payments, appoint temporary trustees to take over and operate the system, and/or sue to enforce action.

Current portion \$200,000, non-current portion \$9,600,000	9,800,000
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Claremore PWA Electric System Revenue Refunding Note, Taxable Series 2021, issued March 1, 2021 in the original amount of \$23,175,000, secured by net revenues from the electric system, interest rate of 1.59%, and final maturity July 2035. Note was issued to refund the outstanding amounts of the Authority's Utility System Refunding Revenue Bonds, Series 2012; Capital Improvement Refunding Revenue Bonds, Taxable Series 2013A; Electric System Refunding Revenue Bonds, Series 2013B; and Utility System Refunding Revenue Bonds, Series 2013C. This direct borrowing contains a provision that, upon default, the trustee or noteholder may sue for specific performance, accelerate payments, appoint temporary trustees to take over and operate the system, and/or sue to enforce action.

Current portion \$2,860,000, non-current portion \$20,315,000	23,175,000
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Winter Storm Cost Recovery Agreement to the Grand River Dam Authority (GRDA) for extraordinary energy costs incurred during an historic ice storm in the amount of \$3,937,540. The contractual agreement requires the CPWA to reimburse the GRDA. The City's share of the cost to be paid \$1,000,000 in November 2021 and the rest will be financed by GRDA over a period of 10 years at 3% interest.

Current portion \$1,126,918, non-current portion \$2,810,622	3,937,540
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Total Long Term Debt outstanding – Business-type	<u>\$61,197,418</u>
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Current portion	\$ 6,214,800
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Non-current portion	<u>54,982,618</u>
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Total Long Term Debt outstanding – Business-type	<u>\$61,197,418</u>
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NOTES TO THE BASIC FINANCIAL STATEMENTS

Component Unit (CIEDA):

Notes payable:

Note payable to BancFirst executed on July 20, 2018 in the amount of \$1,111,499, bearing interest at 5.25% per annum, payable in 59 monthly installments of \$7,412 and a final payment of \$967,790.93 due July 15, 2023, and secured by a commercial building. This direct borrowing includes a power of sale that, upon default, allows the mortgagee to take the property and sell it without going to court in a foreclosure action.

Current portion \$35,636, non-current portion \$996,700 \$1,032,336

CIEDA Tax Apportionment/Utility Revenue Note Series 2013A, original issue amount of \$1,740,000, secured by an electric system substation at the Claremore Industrial Park, interest rate of 4.00%, and final maturity June 2022.

Note was issued to the Hospital Sale Trust Fund, a related party, to partially fund the note issued by CPWA as discussed above.

Current portion \$238,941, non-current portion \$248,498 487,439

CIEDA Tax Apportionment/Utility Revenue Note Series 2013B, original issue amount of \$1,740,000, secured by an electric system substation at the Claremore Industrial Park, interest rate of 4.00%, and final maturity June 2022.

Note was issued to the Hospital Sale Trust Fund, a related party, to partially fund the note issued by CPWA as discussed above.

Current portion \$238,941, non-current portion \$248,499 487,440

CIEDA Tax Apportionment Revenue Note Series 2014B&C, original issue amount of \$750,000, secured by commercial real estate and equipment and a note receivable in the same amount and terms from RC Hospitality, Inc., interest rate of 4.60%, and final maturity June 2023. This direct placement borrowing is subject to acceleration, foreclosure of the secured real estate, and/or sale of the equipment in the event of default.

Note was issued to Patriot Bank to provide construction financing to RC Hospitality, LLC.

Current portion \$117,000, non-current portion \$122,000 239,000

Total Long-Term Debt outstanding – Component Unit \$ 2,246,215

Current portion \$ 630,518

Non-current portion 1,615,697

Total Notes Payable \$ 2,246,215

CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORT
For the fiscal year ended June 30, 2021

NOTES TO THE BASIC FINANCIAL STATEMENTS

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Amounts Due in One Year
Governmental Activities:					
Capital lease payable	\$ 368,019	\$ -	\$ 120,071	\$ 247,948	\$ 122,654
Total Governmental Activities	<u>\$ 368,019</u>	<u>\$ -</u>	<u>\$ 120,071</u>	<u>\$ 247,948</u>	<u>\$ 122,654</u>
Business-type Activities:					
Notes from direct borrowings and direct placements	\$ 26,254,380	\$ 33,175,000	\$ 2,169,502	\$ 57,259,878	\$ 5,087,882
Revenue bonds payable	24,355,000	-	24,355,000	-	-
GRDA cost recovery obligation	-	3,937,540	-	3,937,540	1,126,918
Total Business-type Activities	<u>\$ 50,609,380</u>	<u>\$ 37,112,540</u>	<u>\$ 26,524,502</u>	<u>\$ 61,197,418</u>	<u>\$ 6,214,800</u>
Component Unit - CIEDA:					
Tax anticipation notes	\$ 1,785,380	\$ -	\$ 571,501	\$ 1,213,879	\$ 594,882
Notes from direct borrowings	1,065,445	-	33,109	1,032,336	35,636
Total Component Unit - CIEDA	<u>\$ 2,850,825</u>	<u>\$ -</u>	<u>\$ 604,610</u>	<u>\$ 2,246,215</u>	<u>\$ 630,518</u>

Payment requirements to maturity:

Year Ending June 30,	Governmental Activities		Business Type Activities		Component Unit (CIEDA)	
	Capital Lease Payable		Bonds and Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	122,654	5,336	6,214,800	1,000,460	630,518	103,297
2023	125,294	2,696	6,471,610	996,668	656,549	76,884
2024	-	-	6,087,509	864,106	959,148	4,193
2025	-	-	6,215,646	748,969	-	-
2026	-	-	5,964,030	626,592	-	-
2027-2031	-	-	21,560,112	1,733,506	-	-
2032-2036	-	-	8,683,711	249,771	-	-
2037-2041	-	-	-	-	-	-
Total	<u>\$ 247,948</u>	<u>\$ 8,032</u>	<u>\$ 61,197,418</u>	<u>\$ 6,220,072</u>	<u>\$ 2,246,215</u>	<u>\$ 184,374</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

3.G. INTERFUND TRANSACTION AND BALANCES

Interfund transfers for the year ended June 30, 2021 were as follows:

Transfer from	Transfer to	Amount	Nature of Interfund Transfer
* General Fund	* CCDA	\$ 593,154	General operations
* General Fund	* CCDA	38,941	Donations
* General Fund	* CCDA	166,649	Hotel room tax agreement
* General Fund	* CPWA, CCDA, Sales Tax Street	210,341	Workers compensation subsidy
Capital Improvement Sales Tax	* CPWA	49,231	Fixed asset acquisitions
Capital Improvement Sales Tax	* CCDA	302,413	Fixed asset acquisitions
* Expo/Rec Sales Tax Fund	* CCDA	311,365	Fixed asset acquisitions
* Expo/Rec Sales Tax Fund	* CPWA	2,055,580	Debt service
* Expo/Rec Sales Tax Fund	* CPWA	163,054	Fixed asset acquisitions
CDBG	* CPWA	179,266	Fixed asset acquisitions
* CPWA	* General Fund	9,950,000	General operations
* CPWA	* General Fund	749,729	Shared overhead reimbursement
Sale Tax Fire	* General Fund	475,520	Shared overhead reimbursement
Sale Tax Park	* General Fund	152,943	Shared overhead reimbursement
Sales Tax Police	* General Fund	476,947	Shared overhead reimbursement
* Sales Tax Street	* General Fund	580,350	Shared overhead reimbursement
* General Fund	Animal Control	25,000	General operations
* General Fund	Airport Fund	24,986	Grant match - airport improvements
* General Fund	Emergency Management	10,133	Reimbursement
* General Fund	CIEDA (Component unit)	350,000	Airport management, economic incentives
* General Fund	CIEDA (Component unit)	84,827	Incremental hotel and sales tax (TIF3)
* CPWA	CIEDA (Component unit)	83,483	Incremental utility revenue (TIF1)
CIEDA (Component Unit)	* CPWA	516,877	TIF Baker Hughes - Hospital Trust payment
* CPWA	Governmental activities	1,722,865	Fixed asset transfer (non-cash), net
		<u>\$ 19,273,654</u>	

* Represents major fund

Reconciliation to Fund Financial Statements:

	Transfers in	Transfers out	Total
Governmental Funds	\$ 12,713,071	\$ 6,094,860	\$ 6,618,211
Proprietary Funds	4,321,754	12,664,263	(8,342,509)
Total funds	17,034,825	18,759,123	(1,724,298)
Fixed asset transfer to governmental from business-type activities, net	1,720,519	(2,346)	1,722,865
Total primary government	18,755,344	18,756,777	(1,433)
Component unit (CIEDA)	518,310	516,877	1,433
Total government wide	<u>\$ 19,273,654</u>	<u>\$ 19,273,654</u>	<u>\$ -</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

Interfund balances on June 30, 2021 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Nature of Interfund Balance</u>
* CIEDA (Component Unit) *	CPWA	\$ 26,037	Incremental electric revenue (TIF)
* CIEDA (Component Unit) *	General Fund	20,250	Incremental sales tax, hotel tax (TIF)
Total		<u>\$ 46,287</u>	
		Due From	Due To
		<u>Related Entities</u>	<u>Related Entities</u>
Reconciliation to Fund Financial Statements:			Net Internal
Governmental Funds		\$ -	\$ 20,250
Proprietary Funds		-	26,037
Total fund financial statements		<u>\$ -</u>	<u>\$ 46,287</u>
CIEDA (Component Unit)		46,287	-
Total (memo only)		<u>\$ 46,287</u>	<u>\$ -</u>

* Fund is a major fund

3.H. FUND BALANCES AND NET POSITION

Government-Wide Financial Statements

Net position restrictions at June 30, 2021 were as follows:

<u>Fund</u>	<u>Restricted By</u>	<u>Amount</u>
Cemetery Care Fund	State statute	223,029
CPWA	Debt covenants - external	1,761,682
CPWA	Hospital Trust Agreement	9,878,641
		<u>\$ 11,863,352</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

Fund Level Financial Statements:

	General Fund	Sales Tax Street Fund	EXPO/WWTP Sales Tax Fund	Other Governmental Fund	Total
Fund Balance:					
Nonspendable:					
Inventory	\$ 23,994	\$ 97,696	\$ -	\$ -	\$ 121,690
Restricted For:					
Cemetery	-	-	-	223,029	223,029
Committed For:					
Street improvements - city ordinance	-	11,188,236	-	-	11,188,236
Debt service - city ordinance	-	-	6,678,174	-	6,678,174
Park improvements -city ordinance	-	-	-	1,374,323	1,374,323
Police operations - city ordinance	-	-	-	678,718	678,718
Fire service - city ordinance	-	-	-	728,799	728,799
Capital improvement - city ordinance	-	-	-	1,657,455	1,657,455
Accrued leave - state constitution	1,398,769	-	-	-	1,398,769
Sub-total restricted	1,398,769	11,188,236	6,678,174	4,439,295	23,704,474
Assigned for:					
Budgetary - council resolution	2,196,868	-	-	-	2,196,868
Police and judiciary -council resolution	-	-	-	179,088	179,088
Emergency management -council resolution	-	-	-	326,462	326,462
Fleet management -council resolution	-	-	-	219,237	219,237
Library operations-council resolution	-	-	-	83,030	83,030
Capital improvements -council resolution	-	-	-	371,085	371,085
Sub-total assigned	2,196,868	-	-	1,178,902	3,375,770
Unassigned:	2,854,778	-	-	-	2,854,778
TOTAL FUND BALANCE	\$ 6,474,409	\$ 11,285,932	\$ 6,678,174	\$ 5,841,226	\$ 30,279,741

NOTE 4. OTHER NOTES

4.A. DEFINED BENEFIT PENSION PLANS

The City participates in three employee pension systems as follows:

<u>Name of Plan/System</u>	<u>Type of Defined Benefit Plan</u>
Oklahoma Police Pension and Retirement Plan (OPPRS)	Cost Sharing Multiple Employer
Oklahoma Firefighters Pension and Retirement Plan (OFPRS)	Cost Sharing Multiple Employer
Oklahoma Municipal Retirement Fund (OMRF)	Agent Multiple Employer

Plan Descriptions

The City of Claremore, as employer, contributes to two cost-sharing multiple-employer defined benefit pension plans on behalf of the policemen and firefighters and to the OMRF for all other eligible employees. The plans provide retirement and disability benefits, and death benefits to plan members and beneficiaries. The cost to administer the OPPRS and OFPRS plans is financed through the contributions, insurance premium taxes, state appropriations, and investment earnings. The OMRF plan is financed through contributions and investment earnings. Each plan issues a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained as follows: Oklahoma Police Pension and Retirement System – www.ok.gov/OPPRS and the Oklahoma Firefighters Pension and Retirement System – www.ok.gov/FPRS and the Oklahoma Municipal Retirement Fund at www.okmrf.org.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The Oklahoma Police Pension and Retirement System is administrator of the Oklahoma Police Pension and Retirement Plan (OPPRS), a multi-employer, cost sharing defined benefit plan established by Oklahoma Statutes. The System is a component unit of the State of Oklahoma and is part of the State's reporting entity. Responsibility for administration of the OPPRS is assigned to a Board of Trustees comprised of thirteen members including six active members representing specific geographic areas of the state and one retired member; the remaining six members are either governmental office holders or appointees with demonstrated experience in finance or licensed to practice law or accounting in the state.

The Oklahoma Firefighters Pension Retirement System is administrator of the Oklahoma Firefighters Pension and Retirement Plan (OFPRS). The System is a part of the State financial reporting entity, which is combined with other similar funds to comprise the fiduciary pension trust funds of the State. Responsibility for administration of the OFPRS is assigned to the Oklahoma Firefighters Pension and Retirement System Board of Trustees comprised of thirteen members including the five members of the Board of Trustees of the Oklahoma State Firefighters Association, one member of the Professional Firefighters Associations, one member of the Oklahoma State Retired Firefighters Association, one member each appointed by the Oklahoma House and Senate, two members appointed by the Oklahoma Municipal League, and the State Insurance Commissioner or designee.

The overall operations of the OMRF are supervised by a nine-member Board of Trustees elected by the participating municipalities. JPMorgan Chase Bank ("JPMorgan") acts as securities custodian. The Fund utilizes mutual funds, collective trust funds of banks and trust companies, or separate accounts specifically tailored for the Fund by investment advisors. At July 1, 2020, the City's OMRF plan had 149 active participants, 46 retired participants in payment status, 6 survivors in payment status, 8 disabled participants, and 16 deferred vested former employees.

Plan Benefits

All three plans provide defined retirement benefits based on the members final average compensation, age, and term of services. In addition, the retirement programs provide for benefits upon disability and to survivors upon the death of eligible members. Benefits are established and amended by state statute for the OPPRS and OFPRS and by the City Council for the OMRF. Retirement provisions for each plan are as follows:

OPPRS

The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

OFPRS

Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have complete 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more of service

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

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

OMRF

All regular, full time employees of the City except police, firefighters, and other employees who are covered under an approved system are eligible to participate immediately upon hire. Vesting occurs after 7 years of service and the normal retirement age is 65 with earlier retirement available at age 55 with benefits reduced 5% per year under age 65. Service credit may be transferred from other OMRF employers. Employees hired prior to 7/1/2010 receive a benefit of 3% of final average compensation per year of service and employees hired after 7/1/2010 receive 1.875% of final average compensation. Final average compensation for both groups is calculated as the 5 highest consecutive years of salaries of the last 10 years of service. Disability benefits are payable after 7 or more years of service without reduction for total and permanent disability. Surviving beneficiaries of vested members receive 50% of the accrued benefit. The plan does not provide cost of living adjustments for any beneficiary class. Additional details of the plan benefits may be obtained by contacting the City's Human Resources department.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Member and Employer Contributions

The contribution requirements of the OPPRS and OFPRS plans are at an established rate determined by Oklahoma statute and are not based on actuarial calculations. The City Council has the authority to set and amend contribution rates by ordinance for the OMRF benefit plan in accordance with O.S. Title 11, Section 48-102. Specific requirements for each plan are as follows:

OPPRS

All persons employed by the City as police officers and expected to work more than 25 hours per week are required to participate in the Plan. Required employer contribution levels are 13% of base salary and each participant contributes 8% of his/her actual paid base salary, however, the City contributes half of the officer's required contribution, bringing the total City employer contribution to 17%. The Oklahoma Legislature has authority to establish and amend contribution amounts. Additional funds are provided to the Plan by the State of Oklahoma, a non-employer contributing entity, through a 14% allocation of the tax on premiums collected by insurance companies operating in Oklahoma and by the net investment income generated on assets held by the Plan. The Plan is responsible for paying administrative costs. Administrative costs of the Plan are paid by using the earnings from the invested assets of the Plan.

OPFRS

Required employer contribution levels are 14% of applicable earnings and firefighters contribute 9%, however, the City contributes 7% of the firefighters' contribution as well, bringing the total City employer contribution to 21% of covered payroll. In addition, member cities contribute \$60 for each volunteer firefighter. The Oklahoma Legislature has the authority to establish and amend contribution amounts. The State of Oklahoma, a non-employer contributing entity, presently allocates 36% of the insurance premium tax collected from various types of insurance policies to the Plan. The State of Oklahoma may also appropriate additional funds annually as needed to pay current costs and to amortize the unfunded actuarial present value of accumulated plan benefits.

OMRF

Employee contribution rates are set by ordinance by the City Council at 6% for employees hired before 7/1/2010 and 3.75% for employees hired after 7/1/2010. Since employee contributions are set by ordinance, the employer contributions are determined to be the amount to meet the Plan's actuarial requirements. The actuarial report prepared 7/1/2020 set the employer contribution rate at 4.59% and 6.50% of covered payroll for the fiscal year ended June 30, 2020 and 2021, respectively. OMRF participating employees include employees of the City's governmental activities, business-type activities, and CIEDA, a discretely presented component unit. Total employer contributions in the fiscal year ended June 30, 2020 from all sources totaled \$466,760 which equals the actuarially determined amount based on a covered payroll of \$6,555,590.

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the City of Claremore reported a liability for its proportionate share of the net pension liability for the OFPRS, OPPRS, and OMRF. The net pension liability (asset) for all three plans was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of July 1, 2020. The City's proportionate share of the net pension liability was based on the City's share of contributions in the respective pension plan relative to the total contributions of all participating OPPRS or OFPRS Plan employers since the plans are cost sharing-multiple employer type plans. At June 30, 2020, the City's proportionate share was 0.6768 percent of the total OPPRS plan and 0.984952 percent of the total OFPRS plan. Since the OMRF is an agent multiple employer plan, the net pension liability (asset) is determined for the City's plan alone.

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2021, the City recognized pension expense of \$683,349 and \$1,587,322 for the OPPRS and OFPRS plans, respectively and \$733,306 for the OMRF plan. At June 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to the three defined benefit pension plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPPRS		
Difference between expected and actual plan experience	\$ 20,109	\$ 211,095
Net difference between projected and actual earnings on pension plan investments	1,097,797	180,700
Changes in assumptions	79,852	-
Contributions subsequent to the measurement date	372,273	-
OFPRS		
Difference between expected and actual plan experience	1,546,451	162,805
Net difference between projected and actual earnings on pension plan investments	858,291	679,939
Changes in assumptions	-	205,619
Contributions subsequent to the measurement date	696,458	-
OMRF		
Difference between expected and actual plan experience	406,228	547,771
Changes in assumptions	492,392	-
Net difference between projected and actual earnings on pension plan investments	590,295	144,531
Contributions subsequent to the measurement date	505,390	
	<u>\$ 6,665,536</u>	<u>\$ 2,132,460</u>
Reconciliation to the Statement of Net Position:		
Governmental activities	\$ 6,079,422	\$ 2,335,213
Business-type activities	864,980	234,239
Discretely presented component unit (CIEDA)	70,229	22,021
Subtract OPEB (to reconcile, see Note 4C)	(349,095)	(459,013)
Total pension related	<u>\$ 6,665,536</u>	<u>\$ 2,132,460</u>

Amounts reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension expense in the year ending June 30, 2022 as follows: \$1,379,031 for governmental activities, \$184,196 for business-type activities, and \$10,894 for CIEDA, a discretely presented component unit.

The average of the expected remaining service lives of all employees that are provided with pensions through the Statewide Systems (active and inactive employees) determined at July 1, 2019 the beginning of the measurement period ended June 30, 2020 is 5.83 years for the OPPRS and 4.69 years for the OFPRS.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the aggregated three pension plans will be recognized in pension expense (revenue) as follows:

Year ended June 30:	
2021	\$ 728,111
2022	(8,691)
2023	538,028
2024	463,687
2025	<u>52,512</u>
Total	<u>\$ 1,773,647</u>

Actuarial Assumptions

For all plans, valuations are based on actuarial assumptions, the benefit provisions, and census of system members. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. Any unfunded actuarial accrued liability is amortized based on a level percentage of payroll.

The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>OPPRS</u>	<u>OFPRS</u>	<u>OMRF</u>
Inflation	3.00%	3.00%	3.00%
Salary increases	1.50% - 14.00%	0.50% - 6.00%	4% - 7.42%
Salary inflation	3.00%	3.00%	
Investment rate of return	7.50%, net of investment expenses	7.50%, net of investment expenses	7.50%, net of investment expenses
Cost-of-living adjustments	Officers eligible to receive increased benefits based on a repealed statute receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase of base salary of 3%	Half of the dollar amount of a 3% assumed increase in base pay for firefighters with 20 years of service as of May 26, 1983. No COLA is assumed for members not eligible for this increase	No current provision

Mortality rates for the OPRRS and OFPRS were based on the RP-2000 Blue Collar Healthy Combined with generational mortality improvement using Scale AA. The OMRF Plan uses the UP 94 mortality scale (projected). The OPRRS Plan uses an age set forward of 4 years for disabled pensioners.

The most recent experience study for OPRRS and OFPRS considered actual System experience for the period July 2012 through June 30, 2017. The last Analysis of Demographic Experience of the OMRF considered Fund experience for the years

NOTES TO THE BASIC FINANCIAL STATEMENTS

2012-2016. Total Pension Liability for both Plans as of June 30, 2020 is based on the results of an actuarial valuation date of July 1, 2020.

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

Asset Class	OPPRS	OFPRS	OMRF		
	LT Expected Real Return	LT Expected Real Return	Target	LT Expected	
				Real Return	Weighted Return
Domestic equity	5.16%	7.72%	35%	5.8%-6.4%	1.45%-0.64%
International equity	8.61%	9.70%	20%	6.20%	1.24%
Other equity	8.23%		10%	5.00%	0.50%
Domestic fixed income	3.27%	4.38%	30%	2.30%	0.69%
Global fixed income	3.27%				
Real estate	4.97%	6.96%	5%	4.60%	0.23%
Other assets	2.42%	5.75%			
				Total	4.75%
				Inflation	2.75%
					7.50%

Target weighting by class:			
Total fixed income target	25%	10%-30%	30%
Total equity target	60%	45% - 65%	65%
Total other assets target	15%	5%-28%	5%

Discount Rate

The discount rate used to measure the total pension liability for the OPPRS and OFPRS was 7.50% for all plans. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at the contractually required rates, determined by State statutes, for the OPPRS and OFPRS plans and at the actuarially determined rate for the OMRP plan. Projected cash flows also assume that the State of Oklahoma will continue contributing 14% and 36% of the insurance premium for the OPPRS and OFPRS, respectively, as established by statute. For all plans, the pension plans' fiduciary net positions were expected to be available to make all projected future benefit payments of current plan members for all future years and hence, the blended GASB discount rate is equal to the long-term rate of return of 7.50% for all plans (specified rate).

NOTES TO THE BASIC FINANCIAL STATEMENTS

Changes in Net Pension Liability (Asset) – Agent Multiple Employer Plan (OMRF)

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2020 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2020 and the City's report ending date of June 30, 2021 that would have had a significant impact on the net pension asset. The following table reports the components of changes in net pension asset for the OMRF plan:

CHANGES IN NET PENSION LIABILITY (OMRF PLAN)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at 7/1/2019	\$ 19,937,219	\$ 18,228,074	\$ 1,709,145
Changes for the Year:			
Service cost	566,779		566,779
Interest cost	1,453,353		1,453,353
Difference between expected and actual experience	(480,078)		(480,078)
Assumption changes	-		-
Contributions - Employer		466,760	(466,760)
Contributions - Employee		291,897	(291,897)
Net investment income		743,105	(743,105)
Benefit payments, including refunds of employee contributions	(1,138,940)	(1,138,940)	-
Benefit changes due to plan amendments	-		-
Administrative expense		(38,655)	38,655
Net changes	401,114	324,167	76,947
Balance at 7/1/2020	\$ 20,338,333	\$ 18,552,241	\$ 1,786,092

NOTES TO THE BASIC FINANCIAL STATEMENTS

Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate.

The following presents the City's proportionate share of the net pension liability (asset) calculated using the specified discount rate, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the specified current rate:

	1% Decrease	Current	1% Increase
Discount rate used >	6.50%	Discount	8.50%
		Rate 7.50%	
Cost sharing plans - proportionate share			
OPPRS	\$ 2,745,784	\$ 777,304	\$ (887,677)
OFPRS	15,757,915	12,133,754	9,101,568
Total net pension liability - cost sharing	18,503,699	12,911,058	8,213,891
Agent plan - "stand alone" determination:			
OMRF	4,363,068	1,786,092	(315,555)
Total - All city of Claremore's Plans	\$22,866,767	\$ 14,697,150	\$ 7,898,336
Reconciliation to the Statement of Net Position:			
Governmental activities		\$ 13,804,762	
Business-type activities		831,489	
Discretely presented component unit (CIEDA)		60,899	
Total net pension liability		\$ 14,697,150	

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial reports for each pension system.

Both the OPPRS and the OFPRS issue a publicly available financial report that includes financial statements and the required supplementary information for each pension system. Those reports may be obtained as follows: Oklahoma Police Pension and Retirement System (OPPRS) – www.ok.gov/OPPRS and the Oklahoma Firefighters Pension and Retirement System (OFPRS) – www.ok.gov/FPRS and the Oklahoma Municipal Retirement Fund at www.okmrf.org.

Payables to the pension plans

At June 30, 2021 the City reported no payables to the defined benefit pension plans for legally required employer contributions.

4.B. DEFINED CONTRIBUTION PLAN

The City offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457 ("the Plan"). The Plan, available to all City employees, permits them to defer a portion of their current salary to future years. Each participant may direct the Plan to invest his or her account balance in one or more of several investment funds. The Plan offers a variety of investment options that will provide participants with a reasonable opportunity to build diversified portfolios.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The compensation deferred is available to the employees upon termination, retirement, death or unforeseeable emergency.

The Plan is administered by the City Council who has full power and authority to adopt investment policies and to select and monitor the funds made available to participants. The Council also has the authority to establish rules and regulations for the administration of the plan and advises the City management on employment of investment providers.

The Plan is not reported in the City's financial statements because the assets are held in trust by an independent trustee for the benefit of participating employees.

4.C. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Postemployment Health Insurance Implicit Rate Subsidy Plan

Plan description - The City offers post-employment benefit (OPEB) options for medical and Rx, insurance benefits for retired employees and their dependents under the age of 65 that elect to make required premium benefit payments on a monthly basis. The plan is a single-employer defined benefit OPEB plan. The benefits are provided through a substantive plan in which retired employees and dependents under the age of 65 may continue on their medical plan through the City. A substantive plan is one in which the plan terms are understood by the employer and the plan members. This understanding is based on communications between the employer and plan member and the historical pattern of practice with regard to the sharing of benefit costs. All of the City's employees may become eligible for those post-retirement benefits if they are retired members of the Oklahoma Police Pension and Retirement System, Oklahoma Firefighter's Pension and Retirement System, or the City of Claremore Retirement Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits provided - The Plan covers all current retirees of the City who elected postretirement medical coverage through the City Health Plan and future retired employees of the City fully insured health plan. In accordance with administrative policy, the benefit levels are the same as those afforded to active employees; this creates an implicit rate subsidy. The benefits offered by the City to retirees include health and RX benefits. The retiree retains coverage with the City, by making an election within 30 days of termination of service and have 10+ years of creditable service with the City.

The amount of benefit payments during fiscal year June 30, 2021 were \$82,880.

Employees Covered by Benefit Terms

Active Employees	221
Inactive not yet receiving benefits	0
Inactive or beneficiaries receiving benefits	<u>14</u>
Total	<u>235</u>

Total OPEB Liability – The total OPEB liability was determined based on an alternative measurement method valuation performed as of June 30, 2020 which is also the measurement date.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Actuarial Assumptions- The total OPEB liability in the June 30, 2020 valuation, was determined using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal Cost Method
- Discount Rate – 2.21% based on the 20 year municipal bond yield
- Retirement Age – Civilians - 55 with 7 years of service, Police and Fire 20 years of service
- Medical Trend Rates

<u>Year</u>	<u>Rate</u>
2020	5.99%
2025	5.86%
2030	5.99%
2035	5.87%
2040	5.33%
2045	5.15%
2050	5.03%
2060	4.87%

Changes in Total OPEB Liability–

	Total OPEB Liability
Balances at Beginning of Year	\$ 2,497,490
Changes for the Year:	
Service cost	159,587
Interest expense	92,998
Differences between expected and actual experience	46,813
Change in assumptions	255,184
Benefits paid	(82,880)
Net Changes	471,702
Balances End of Year	\$ 2,969,192

OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2021, the City recognized OPEB expense of \$82,880. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,266	\$ 177,506
Changes of assumptions	224,949	281,507
City Contributions subsequent to the measurement date	82,880	-
Total	\$ 349,095	\$ 459,013

NOTES TO THE BASIC FINANCIAL STATEMENTS

Amounts reported as deferred outflows or resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ended June 30:	
2022	\$ (57,613)
2023	(57,613)
2024	(57,613)
2025	(53,643)
2026	(33,983)
Thereafter	67,667
	<u>\$ (192,798)</u>

Sensitivity of the City's total OPEB liability to changes in the discount rate- The following presents the City's net OPEB liability, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Employers' total OPEB liability	\$ 3,319,156	\$ 2,969,192	\$ 2,661,103

Sensitivity of the City's OPEB liability to changes in the healthcare cost trend rates - The following presents the City's net OPEB liability, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.99 percent decreasing to 3.87 percent) or 1-percentage-point higher (6.99 percent decreasing to 5.87 percent) than the current healthcare cost trend rates:

	1% Decrease (4.99% decreasing to 3.87%)	Current Discount Rate (5.99 % decreasing to 4.87%)	1% Increase (6.99% decreasing to 5.87%)
Employers' total OPEB liability	\$ 2,642,885	\$ 2,969,192	\$ 3,360,479

4.D. TAX ABATEMENTS

The City entered into a sales and hotel tax rebate agreement with a local hotel as allowed in the Oklahoma State Constitution, Article 10, Section 14. Under this law, the City may establish economic development programs and provide sales and hotel tax increments for development as part of its economic development plan.

RC Hospitality, LLC (the Developer) received rebated sales and hotel tax credits during 2021 that offset a portion of the payments due related to a development financing note issued to CIEDA on December 29, 2014. The agreement is for a maximum of 10 years from the effective date of the establishment of the Promise Hotel Increment District (TIF District #3). As part of the agreement, the Developer has constructed an 80-room hotel and conference center. The credit offsets are calculated as the amount of additional incremental sales and hotel tax revenue, over the established base, that is generated within the Promise Hotel Increment District. In the event that credits exceed the amount necessary to amortize the note, CIEDA retains the excess to be applied against the subsequent note payment.

4.E. CONDUIT DEBT OBLIGATIONS

Component Unit (CIEDA)

In support of its primary mission, CIEDA arranges financing to industrial, commercial, governmental, and other various organizations in an effort to promote economic development within and near the territorial limits of the City of Claremore. Over time these transactions have taken on various forms, including the issuance of notes and bonds. CIEDA leases the facilities acquired with the proceeds to the organizations under financing lease arrangements providing for transfer of the property to such organizations at the end of the lease.

The notes and bonds issued by CIEDA are special and limited obligations of CIEDA, payable solely out of revenues derived from and in connection with the underlying loan agreements and the underlying security provided under the loan agreements. CIEDA or any political subdivision thereof is not obligated in any manner for repayment of the notes and bonds. Accordingly, the notes and bonds are not reported as liabilities in the accompanying financial statements nor are the related investments reported as assets.

At June 30, 2021 the only remaining outstanding note was one that was issued on behalf of the Northeast Technology Center with a balance of \$6.5 million, maturing June 2027.

4.F. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employee; employee's health and life; and natural disasters. The City manages these various risks of loss with purchased commercial insurance for all major programs except workers' compensation, for which the City assumed the risk of loss on July 1, 2016. For insured programs, there has been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The self-insured workers compensation program is accounted for in the General Fund with participating departments charged a risk-adjusted estimated annual claim cost. The plan is administered by the City with the assistance of a third party for claims discounting and processing.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirement of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. For the self-insured worker's compensation program, changes in the claims liability for the City from July 1, 2020 through June 30, 2021 are as follows:

Claims liability analysis:

Claims liability, June 30, 2019	\$ 57,154
Claims and changes in estimates	778,640
Claim payments	(338,334)
Claims liability, June 30, 2020	497,460
Claims and changes in estimates	105,141
Claim payments	(223,002)
Claim liability, June 30, 2021	\$ 379,599

Assets available to pay claims at June 30, 2021 **\$ 1,014,862**

Because the year ended June 30, 2021 is the fifth year for the City to assume the risk of loss for workers compensation, the claims incurred but not reported has been estimated as the amount necessary to bring the total expense to the level the City previously incurred for insured coverage. This has resulted in the establishment of a reserve for incurred but not reported claims of \$635,263, or total claims reserve of \$1,205,621 including reported claims. The City has purchased reinsurance for individual claims more than \$750,000 for electric utility workers and \$500,000 for all others.

4.G. COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

Contingencies

Grant Program Involvement

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

Litigation

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

Subsequent Events

Medical Self Insurance

Effective July 1, 2021, the City has implemented a self-insurance program for employee medical insurance, administered by BlueCross BlueShield of Oklahoma (BCBS). Also effective July 1, 2021, the City has purchased a Stop Loss Coverage Policy from BCBS with a minimum Aggregate Point of Attachment of \$1,957,854 and with an Employer's Run-Off Claim Liability equal to 15% of the annualized Employer Claim Liability based on the participation of the two calendar months immediately preceding termination.

Management has evaluated subsequent events through the date of this report and has determined that no additional information needs to be added to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedules –
 - General Fund
 - Sales Tax Street Fund
 - EXPO/WWTP Sales Tax Fund
- Notes to RSI – Budgetary Comparison Schedules
- Schedule of City of Claremore's Share of Net Pension Liability
- Schedule of Employer Contributions
- Schedule of Changes in Net OPEB Liability and Related Ratios

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CLAREMORE
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance to final Favorable (unfav)
Beginning budgetary fund balance	\$ 842,439	\$ 1,504,453	\$ 5,772,729	\$ 4,268,276
Resources (inflows)				
Taxes				
Use tax	1,400,000	1,400,000	1,613,029	213,029
Franchise tax	530,000	530,000	599,420	69,420
Total taxes	<u>1,930,000</u>	<u>1,930,000</u>	<u>2,212,449</u>	<u>282,449</u>
Intergovernmental				
Alcoholic beverage tax	130,000	130,000	209,919	79,919
Tobacco tax	145,000	145,000	131,461	(13,539)
Grants and contributions	-	-	1,348,998	1,348,998
Total intergovernmental	<u>275,000</u>	<u>275,000</u>	<u>1,690,378</u>	<u>1,415,378</u>
Licenses and permits				
Occupational licenses	25,100	25,100	32,079	6,979
Construction Permits	106,200	106,200	93,374	(12,826)
Animal license	6,000	6,000	5,524	(476)
Inspection fees	15,000	15,000	9,144	(5,856)
Miscellaneous licenses and permits	29,900	29,900	34,987	5,087
Total licenses and permits	<u>182,200</u>	<u>182,200</u>	<u>175,108</u>	<u>(7,092)</u>
Charges for services				
Ambulance	500	500	-	(500)
Plots and interment	35,000	35,000	56,023	21,023
Miscellaneous fees	27,200	27,200	25,461	(1,739)
Total charges for services	<u>62,700</u>	<u>62,700</u>	<u>81,484</u>	<u>18,784</u>
Fines and forfeitures	<u>268,150</u>	<u>268,150</u>	<u>249,818</u>	<u>(18,332)</u>
Other income				
Investment income	130,000	130,000	38,772	(91,228)
Miscellaneous income	57,400	57,400	108,243	50,843
Total other income	<u>187,400</u>	<u>187,400</u>	<u>147,015</u>	<u>(40,385)</u>
Other financing sources				
Overhead transfers	1,628,950	1,628,950	1,628,950	-
Transfers in	9,950,000	9,950,000	9,950,000	-
	<u>11,578,950</u>	<u>11,578,950</u>	<u>11,578,950</u>	<u>-</u>
Amounts available for appropriation	<u>15,326,839</u>	<u>15,988,853</u>	<u>21,907,931</u>	<u>5,919,078</u>

(CONTINUED)

**CITY OF CLAREMORE
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

(CONTINUED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to final Favorable (unfav)</u>
Charges to appropriations (outflows)				
General government:				
Information technology	437,427	437,427	422,053	15,374
Human resources	218,857	218,857	235,466	(16,609)
City clerk	135,011	135,011	125,995	9,016
Managerial	322,865	587,939	333,096	254,843
Finance	384,794	384,794	362,709	22,085
General government	1,215,570	1,215,570	538,514	677,056
Development services	577,106	577,106	514,474	62,632
Custodial	89,648	89,648	83,213	6,435
Non departmental	370,000	370,000	65,360	304,640
Total general government	<u>3,751,278</u>	<u>4,016,352</u>	<u>2,680,880</u>	<u>1,335,472</u>
Public safety and judiciary				
Police and court	4,296,816	4,296,816	4,117,942	178,874
Fire	4,746,771	4,746,771	5,220,050	(473,279)
Total public safety and judiciary	<u>9,043,587</u>	<u>9,043,587</u>	<u>9,337,992</u>	<u>(294,405)</u>
Cultural, parks, recreation, and promotion				
Library	394,378	394,378	376,015	18,363
Cemetery	151,046	151,046	140,402	10,644
Recreation	661,436	681,165	675,902	5,263
Senior Citizens	376,271	376,271	343,519	32,752
Total cultural, parks, recreation, and promotion	<u>1,583,131</u>	<u>1,602,860</u>	<u>1,535,838</u>	<u>67,022</u>
Capital outlay	-	-	351,354	(351,354)
Other financing uses				
Transfers to other funds	358,843	736,054	925,982	(189,928)
Hotel room tax agreement	144,000	144,000	166,649	(22,649)
Contributions to CIEDA	446,000	446,000	434,827	11,173
Total other financing uses	<u>948,843</u>	<u>1,326,054</u>	<u>1,527,458</u>	<u>(201,404)</u>
Total charges to appropriations	<u>15,326,839</u>	<u>15,988,853</u>	<u>15,433,522</u>	<u>555,331</u>
Ending budgetary fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,474,409</u>	<u>\$ 6,474,409</u>

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CLAREMORE
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
SALES TAX STREET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to final Favorable (unfav)</u>
Beginning budgetary fund balance	\$ 1,318,440	\$ 1,318,440	\$ 10,721,525	\$ 9,403,085
Resources (inflows)				
Taxes				
Sales tax	3,750,000	3,750,000	4,580,688	830,688
Intergovernmental				
Gasoline excise tax	34,000	34,000	32,575	(1,425)
Commercial vehicle fee	140,000	140,000	137,881	(2,119)
Miscellaneous	3,000	58,000	220,557	162,557
Total intergovernmental	<u>177,000</u>	<u>232,000</u>	<u>391,013</u>	<u>159,013</u>
Other income				
Investment income	100,000	100,000	50,418	(49,582)
Transfer in	-	-	77,506	77,506
Total other income	<u>100,000</u>	<u>100,000</u>	<u>127,924</u>	<u>27,924</u>
Amounts available for appropriation	<u>5,345,440</u>	<u>5,400,440</u>	<u>15,821,150</u>	<u>10,420,710</u>
Charges to appropriations (outflows)				
Personal services	1,415,685	1,478,346	1,567,317	(88,971)
Material and supplies	675,230	667,569	449,913	217,656
Capital outlay	2,674,175	2,674,175	1,937,638	736,537
Overhead transfers	580,350	580,350	580,350	-
Total charges to appropriations	<u>5,345,440</u>	<u>5,400,440</u>	<u>4,535,218</u>	<u>865,222</u>
Ending budgetary fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,285,932</u>	<u>\$ 11,285,932</u>

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CLAREMORE
 BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
 EXPO/WWTP SALES TAX FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to final Favorable (unfav)</u>
Beginning budgetary fund balance	\$ 1,292,444	\$ 1,596,289	\$ 5,651,384	\$ 4,055,095
Resources (inflows)				
Taxes				
Sales tax	3,750,000	3,750,000	4,580,688	830,688
Other income				
Investment income	40,000	40,000	30,911	(9,089)
Amounts available for appropriation	<u>5,082,444</u>	<u>5,386,289</u>	<u>10,262,983</u>	<u>4,876,694</u>
Charges to appropriations (outflows)				
Material and supplies			254,367	(254,367)
Capital outlay	1,630,929	1,934,774	800,443	1,134,331
Transfers out	3,451,515	3,451,515	2,529,999	921,516
Total charges to appropriations	<u>5,082,444</u>	<u>5,386,289</u>	<u>3,584,809</u>	<u>1,801,480</u>
Ending budgetary fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,678,174</u>	<u>\$ 6,678,174</u>

**CITY OF CLAREMORE, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

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

- a. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1.
- b. Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 15 days prior to July 1.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is adopted by resolution of the City Council.
- d. By July 1, the adopted budget is filed with the Office of State Auditor and Inspector.

All funds of the City with revenues and expenditures are required to have annual budgets under this section of the state law, except funds of public trusts or authorities. The legal level of control at which expenditures may not legally exceed appropriations is the department within a fund. The Budget Act recognizes the following object categories of control by department within a fund: Personal Services, Materials and Supplies, Other Services and Charges, Capital Outlay, Debt Service, and Interfund Transfers.

Transfers of appropriations between departments and supplemental appropriations require City Council approval. The City Manager may transfer appropriations between object categories within a department without City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector. The City's actual spending did not exceed appropriations in the current year.

Budgetary Accounting

The annual operating budgets of the General Fund are prepared and presented on the modified accrual basis of accounting for revenues and on the cash basis for expenditures, excluding internal service account activity of the General Fund.

The City utilizes encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. The City considers all appropriations to lapse at year-end; any open purchase orders to be honored in the subsequent budget year are reappropriated in the subsequent year's budget. As a result, encumbrances are not treated as the equivalent of expenditures in the budget and actual financial statements.

CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORT
For the fiscal year ended June 30, 2021

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OF CLAREMORE'S SHARE OF NET PENSION LIABILITIES*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Oklahoma Police Pension and Retirement Plan</u>							
City's portion of net pension liability	0.6768%	0.6230%	0.6495%	0.6660%	0.6799%	0.7120%	0.6911%
City's proportionate share of the net pension liability (asset)	\$ 777,304	\$ (39,770)	\$ (300,409)	\$ 51,225	\$ 1,041,153	\$ 29,030	\$ (232,695)
City's covered-employee payroll	\$ 2,266,817	\$ 2,025,826	\$ 1,981,294	\$ 1,985,885	\$ 2,004,941	\$ 2,012,431	\$ 1,933,492
City's proportional share of the net pension liability as a percentage of its covered employee payroll	34.291%	-1.963%	-15.162%	2.579%	51.929%	1.443%	-12.035%
Plan fiduciary net position as a percentage of the total pension liability	95.80%	100.24%	101.89%	99.68%	93.50%	99.82%	101.53%
<u>Oklahoma Firefighters Pension and Retirement Plan</u>							
City's portion of net pension liability	0.9850%	0.9782%	1.0249%	0.9962%	1.0032%	1.0257%	0.9876%
City's proportionate share of the net pension liability	\$ 12,133,753	\$ 10,335,850	\$ 11,536,306	\$ 12,529,415	\$ 12,256,138	\$ 10,887,371	\$ 10,155,561
City's covered-employee payroll	\$ 3,161,621	\$ 3,024,864	\$ 3,048,129	\$ 2,638,707	\$ 2,806,136	\$ 2,802,586	\$ 2,636,429
City's proportional share of the net pension liability as a percentage of its covered employee payroll	383.78%	341.70%	378.47%	474.83%	436.76%	388.48%	385.20%
Plan fiduciary net position as a percentage of the total pension liability	69.98%	72.85%	70.73%	66.61%	64.87%	68.27%	68.12%
<u>Employee Retirement System of Claremore, Oklahoma (OMRF)</u>							
City's portion of net pension liability	100%	100%	100%	100%	100%	100%	100%
City's net pension liability (asset)	\$ 1,786,092	\$ 1,709,145	\$ 370,488	\$ (169,460)	\$ 700,958	\$ (152,767)	\$ (650,127)
City's covered-employee payroll	\$ 6,555,590	\$ 6,789,906	\$ 6,095,827	\$ 5,927,200	\$ 5,600,491	\$ 5,452,954	\$ 5,230,443
City's proportional share of the net pension liability as a percentage of its covered employee payroll	27.25%	25.17%	6.08%	-2.86%	12.52%	-2.80%	-12.43%
Plan fiduciary net position as a percentage of the total pension liability	91.22%	91.43%	97.99%	100.99%	95.77%	100.97%	104.32%

GASB Statement No. 68 requires ten years of information to be reported in this table. However, until a full 10-year trend is compiled, the City will present information that is available.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
DEFINED BENEFIT PENSION PLANS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Oklahoma Police Pension and Retirement Plan</u>							
Statutorily required contribution	\$ 372,273	\$ 385,359	\$ 341,104	\$ 338,030	\$ 356,470	\$ 340,840	\$ 342,113
Contributions related to the statutorily required contributions (does not include State contributions)	372,273	385,359	341,104	338,030	356,470	340,840	342,113
Contribution (deficiency) excess	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 2,189,841	\$ 2,266,817	\$ 2,025,826	\$ 1,981,294	\$ 1,985,885	\$ 2,012,431	\$ 1,933,492
Contributions as a percentage of covered-employee payroll	17%	17%	17%	17%	18%	17%	18%
<u>Oklahoma Firefighters Pension and Retirement Plan</u>							
Statutorily required contribution	\$ 696,458	\$ 727,173	\$ 636,090	\$ 617,110	\$ 617,625	\$ 645,411	\$ 644,595
Contributions related to the statutorily required contributions (does not include State contributions)	696,458	727,173	636,090	617,110	617,625	645,411	644,595
Contribution (deficiency) excess	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 3,028,078	\$ 3,161,621	\$ 3,024,864	\$ 3,048,129	\$ 2,638,707	\$ 2,802,586	\$ 2,636,429
Contributions as a percentage of covered-employee payroll	23%	23%	21%	20%	23%	23%	24%
<u>Employee Retirement System of Claremore, Oklahoma (OMRF)</u>							
Statutorily required contribution	\$ 505,390	\$ 487,174	\$ 307,385	\$ 254,129	\$ 281,445	\$ 268,264	\$ 277,010
Contributions related to the statutorily required contributions	505,390	487,174	307,385	254,129	281,445	268,264	277,010
Contribution (deficiency) excess	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 7,775,231	\$ 6,555,590	\$ 6,789,906	\$ 6,095,827	\$ 5,927,200	\$ 5,600,491	\$ 5,452,954
Contributions as a percentage of covered-employee payroll	6.50%	7.43%	4.53%	4.17%	4.75%	4.79%	5.08%

Data reported is for the City's fiscal year ending June 30

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
POSTEMPLOYMENT HEALTH INSURANCE IMPLICIT RATE SUBSIDY PLAN**

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 159,587	\$ 157,279	\$ 168,230	\$ 183,075
Interest	92,998	101,586	102,946	80,015
Differences between expected and actual experience	46,813	(101,292)	(162,476)	-
Changes in assumptions (discount rate)	255,184	(46,817)	(259,971)	(172,326)
Expected net benefit payments	(82,880)	(80,942)	(88,401)	(82,790)
Net change in total OPEB liability	471,702	29,814	(239,672)	7,974
Balances at Beginning of Year	2,497,490	2,467,676	2,707,348	2,699,374
Balances End of Year	\$ 2,969,192	\$ 2,497,490	\$ 2,467,676	\$ 2,707,348
Covered employee payroll	\$ 10,851,000	\$ 11,290,000	\$ 10,580,000	\$ 11,332,000
Net OPEB liability as a percentage of covered- employee payroll	27.36%	22.12%	23.32%	23.89%

Notes to Schedule:

Only 4 fiscal years are presented because 10-year data is not yet available

CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORT
For the fiscal year ended June 30, 2021

REQUIRED SUPPLEMENTARY INFORMATION

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OTHER INFORMATION

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

Such statements and schedules include:

- Combining Schedules – Non-major governmental funds
- Schedule of Federal Awards
- Schedule of Revenue Bond Coverage

**CITY OF CLAREMORE, OKLAHOMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	SPECIAL REVENUE FUNDS									
	Police Juvenile Fund	Drug Seizure Fund	Sales Tax Park	IRS Seizures Fund	Local Seizures Fund	Sales Tax Police	Sales Tax Fire	Animal Control Fund	Emergency Taxes	Cemetery Care Fund
ASSETS										
Cash	\$ 59,178	\$ 113	\$ 1,024,263	\$ 40,260	\$ 32,290	\$ 476,706	\$ 524,434	\$ 50,041	\$ 76,954	\$ 8,099
Prepaid Expenses	-	-	-	-	-	3,613	1,260	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-
Investments	-	-	211,154	-	-	51,345	56,161	-	112,752	215,609
Receivables:										
Due from other governments	-	-	165,778	-	-	165,778	165,778	-	-	-
Grants	-	-	-	-	-	-	2,599	-	-	-
Accrued interest	-	-	201	-	-	49	53	-	107	205
Total assets	\$ 59,178	\$ 113	\$ 1,401,396	\$ 40,260	\$ 32,290	\$ 697,491	\$ 750,285	\$ 50,041	\$ 189,813	\$ 223,913
LIABILITIES										
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 27,073	\$ -	\$ -	\$ 18,773	\$ 21,486	\$ 2,794	\$ 1,863	\$ 884
Total liabilities	-	-	27,073	-	-	18,773	21,486	2,794	1,863	884
FUND BALANCES										
Restricted	-	-	-	-	-	-	-	-	-	223,029
Committed	-	-	1,374,323	-	-	678,718	728,799	-	-	-
Assigned	59,178	113	-	40,260	32,290	-	-	47,247	187,950	-
Total fund balances	59,178	113	1,374,323	40,260	32,290	678,718	728,799	47,247	187,950	223,029
Total liabilities and fund balances	\$ 59,178	\$ 113	\$ 1,401,396	\$ 40,260	\$ 32,290	\$ 697,491	\$ 750,285	\$ 50,041	\$ 189,813	\$ 223,913

(CONTINUED)

**CITY OF CLAREMORE, OKLAHOMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	SPECIAL REVENUE FUNDS (CONT'D)			CAPITAL PROJECT FUNDS			Total Nonmajor Governmental Funds	
	Emergency Management	Fleet Maintenance	Library Fund	Capital Improvement Sales Tax	Airport Fund	CDBG Sewer Fund		Bicycle Trails Grant
ASSETS								
Cash	\$ 134,103	\$ 158,252	\$ 85,164	\$ 368,924	\$ 51,608	\$ 98,022	\$ 208,140	\$ 3,396,551
Prepaid Expenses	-	-	-	-	-	-	-	4,873
Inventory	-	132,212	-	-	-	-	-	132,212
Investments	-	-	-	1,147,341	-	-	-	1,794,362
Receivables:								
Due from other governments	-	-	-	331,555	-	-	-	828,889
Grants	4,849	-	-	-	15,440	-	-	22,888
Accrued interest	-	-	-	709	-	-	-	1,324
Total assets	<u>\$ 138,952</u>	<u>\$ 290,464</u>	<u>\$ 85,164</u>	<u>\$ 1,848,529</u>	<u>\$ 67,048</u>	<u>\$ 98,022</u>	<u>\$ 208,140</u>	<u>\$ 6,181,099</u>
LIABILITIES								
Accounts payable and accrued liabilities	\$ 440	\$ 71,227	\$ 2,134	\$ 191,074	\$ 1,002	\$ 1,123	\$ -	\$ 339,873
Total liabilities	<u>440</u>	<u>71,227</u>	<u>2,134</u>	<u>191,074</u>	<u>1,002</u>	<u>1,123</u>	<u>-</u>	<u>339,873</u>
FUND BALANCES								
Restricted	-	-	-	-	-	-	-	223,029
Committed	-	-	-	1,657,455	-	-	-	4,439,295
Assigned	138,512	219,237	83,030	-	66,046	96,899	208,140	1,178,902
Total fund balances	<u>138,512</u>	<u>219,237</u>	<u>83,030</u>	<u>1,657,455</u>	<u>66,046</u>	<u>96,899</u>	<u>208,140</u>	<u>5,841,226</u>
Total liabilities and fund balances	<u>\$ 138,952</u>	<u>\$ 290,464</u>	<u>\$ 85,164</u>	<u>\$ 1,848,529</u>	<u>\$ 67,048</u>	<u>\$ 98,022</u>	<u>\$ 208,140</u>	<u>\$ 6,181,099</u>

CITY OF CLAREMORE, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SPECIAL REVENUE FUNDS

	Police Juvenile Fund	Drug Seizure Fund	Sales Tax Park	IRS Seizures Fund	Local Seizures Fund	Sales Tax Police	Sales Tax Fire	Animal Control Fund	Emergency Taxes	Cemetery Care Fund
REVENUES										
Taxes	\$ -	\$ -	\$ 916,138	\$ -	\$ -	\$ 916,138	\$ 916,138	\$ -	\$ 35,085	\$ -
Grants	-	-	2,413	-	-	3,080	2,029	-	-	-
Charges for services	-	-	-	-	-	-	-	28,393	-	49,153
Fines and forfeitures	7,593	-	-	-	-	-	-	-	-	-
Investment income	-	-	1,269	-	-	309	338	-	678	1,296
Miscellaneous	-	-	19,887	-	31,645	26,226	7,712	7,081	-	2,243
Total revenues	7,593	-	939,707	-	31,645	945,753	926,217	35,474	35,763	52,692
EXPENDITURES										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	1,200	-	-	23,742	-	321,951	115,238	42,661	141,410	-
Transportation	-	-	-	-	-	-	-	-	-	-
Cultural, Parks, Recreation	-	-	396,003	-	-	-	-	-	-	19,595
Fleet maintenance	-	-	-	-	-	-	-	-	-	-
Debt service										
Principal	-	-	-	-	-	-	120,071	-	-	-
Interest	-	-	-	-	-	-	7,919	-	-	-
Capital outlay	-	-	296,672	-	-	7,975	-	-	-	23,251
Total expenditures	1,200	-	692,675	23,742	-	329,926	243,228	42,661	141,410	42,846
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	25,000	-	(9,515)
Transfers out	-	-	(152,943)	-	-	(476,947)	(475,520)	-	-	-
Total other financing sources (uses)	-	-	(152,943)	-	-	(476,947)	(475,520)	25,000	-	(9,515)
NET CHANGE IN FUND BALANCES	6,393	-	94,089	(23,742)	31,645	138,880	207,469	17,813	(105,647)	331
FUND BALANCES - BEGINNING	52,785	113	1,280,234	64,002	645	539,838	521,330	29,434	293,597	222,698
FUND BALANCES - ENDING	\$ 59,178	\$ 113	\$ 1,374,323	\$ 40,260	\$ 32,290	\$ 678,718	\$ 728,799	\$ 47,247	\$ 187,950	\$ 223,029

CITY OF CLAREMORE, OKLAHOMA
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	SPECIAL REVENUE FUNDS (CONT'D)			CAPITAL PROJECT FUNDS				Total Nonmajor Governmental Funds
	(CONTINUED)			Capital Improvement Sales Tax	Airport Fund	CDBG Sewer Fund	Bicycle Trails Grant	
	Emergency Management	Fleet Maintenance	Library Fund					
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ 1,832,275	\$ -	\$ -	\$ -	\$ 4,615,774
Grants	28,783	-	15,714	-	366,352	107,764	-	526,135
Charges for services	-	-	9,364	-	-	-	-	86,910
Fines and forfeitures	-	-	-	-	-	-	-	7,593
Investment income	-	-	-	4,780	-	-	-	8,670
Miscellaneous	-	1,777	5,470	-	-	-	-	102,041
Total revenues	<u>28,783</u>	<u>1,777</u>	<u>30,548</u>	<u>1,837,055</u>	<u>366,352</u>	<u>107,764</u>	<u>-</u>	<u>5,347,123</u>
EXPENDITURES								
General government	-	-	-	211,246	-	13,076	-	224,322
Public safety	11,515	-	-	181,146	-	-	-	838,863
Transportation	-	-	-	-	1,002	-	-	1,002
Cultural, Parks, Recreation	-	-	28,040	49,506	-	-	-	493,144
Fleet maintenance	-	603,363	-	1,030	-	-	-	604,393
Debt service								
Principal	-	-	-	-	-	-	-	120,071
Interest	-	-	-	-	-	-	-	7,919
Capital outlay	-	-	-	1,045,977	367,066	256,827	-	1,997,768
Total expenditures	<u>11,515</u>	<u>603,363</u>	<u>28,040</u>	<u>1,488,905</u>	<u>368,068</u>	<u>269,903</u>	<u>-</u>	<u>4,287,482</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	10,133	826,745	-	-	24,986	179,266	-	1,056,615
Transfers out	-	-	-	(351,643)	-	-	-	(1,457,053)
Total other financing sources (uses)	<u>10,133</u>	<u>826,745</u>	<u>-</u>	<u>(351,643)</u>	<u>24,986</u>	<u>179,266</u>	<u>-</u>	<u>(400,438)</u>
NET CHANGE IN FUND BALANCES	27,401	225,159	2,508	(3,493)	23,270	17,127	-	659,203
FUND BALANCES - BEGINNING	111,111	(5,922)	80,522	1,660,948	42,776	79,772	208,140	5,182,023
FUND BALANCES - ENDING	<u>\$ 138,512</u>	<u>\$ 219,237</u>	<u>\$ 83,030</u>	<u>\$ 1,657,455</u>	<u>\$ 66,046</u>	<u>\$ 96,899</u>	<u>\$ 208,140</u>	<u>\$ 5,841,226</u>

**CLAREMORE PUBLIC WORKS AUTHORITY
SCHEDULE OF REVENUE BOND AND NOTE COVERAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Electric	Water & Sewer
Gross Revenue Available for Debt Service:		
Electric system revenues (1)	\$ 30,078,825	\$ -
Water and sewer systems revenues (1)	-	6,564,162
Investment income (split evenly)	35,957	35,957
Sales tax revenues (2)	4,580,688	4,580,688
	34,695,470	11,180,807
Total Gross Revenues Available		
System operating expenses (3)	18,521,107	4,278,640
	\$ 16,174,363	\$ 6,902,167
Net revenues available for debt service		
Average Annual Debt Service Requirements for Term:		
CPWA Utility Revenue Note, Series 2013B	\$ 516,877	\$ -
CPWA Utility System and Sales Tax Revenue Note, Series 2015	-	1,696,348
CPWA Utility System and Sales Tax Revenue Note, Series 2019	-	361,395
CPWA Utility System and Sales Tax Revenue Note, Series 2020	-	321,875
CPWA Electric System Revenue Refunding Note, Taxable, Series 2021	3,148,575	-
Total average annual debt service	\$ 3,665,452	\$ 2,379,618
Computed Coverage	4.41	2.90
Coverage Requirement - Revenue Bond and Note Indentures	1.25	1.25

(1) Water and sewer system are pledged to the 2015, 2019, and 2020 CPWA Revenue Notes, electric revenue is pledged to all others

(2) Sales tax revenues deposited to the Sales Tax Street Fund are pledged to the 2015, 2019, and 2020 CPWA Revenue Notes, EXPO/WWTP Sales Tax Fund are dedicated for all others

(3) Excludes depreciation.

(4) Note Series 2013B debt service may be offset by incremental property taxes as specified by TIF #1



**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of the Financial
Statements Performed in Accordance with
Government Auditing Standards**

City Council
City of Claremore
Claremore, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Claremore, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the City of Claremore's basic financial statements and have issued our report thereon dated December 16, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Claremore's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Claremore's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Claremore'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify deficiencies in internal control that we consider to be material weakness. 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 Claremore's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Tulsa, Oklahoma
December 16, 2021

Hill & Company, PC





Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

City Council
City of Claremore
Claremore, Oklahoma

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City of Claremore as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the City of Claremore's basic financial statements. We issued our report thereon dated December 16, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Tulsa, Oklahoma
December 16, 2021

Hill & Company, PC



**CITY OF CLAREMORE, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass Through Agency Grantor/Program Title	Federal CFDA# Number	Pass-through Identifying Number	Federal Expenditures
FEDERAL AWARDS:			
<u>U. S. DEPARTMENT OF JUSTICE:</u>			
Bulletproof Vest Partnership Program	16.607	Direct	\$2,395
Total US Department of Justice			<u>2,395</u>
<u>US DEPARTMENT OF TRANSPORTATION</u>			
Airport Improvement Program	20.106	Direct	<u>366,352</u>
<u>US DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed through the Oklahoma Department of Emergency Management</i>			
Hazard Mitigation Grant	97.039	OK-DR-4222 Project #37	144,140
Disaster Assistance Grant	97.036	PA-FEMA-DR 4438 PW	4,849
Emergency Management Performance Grant	97.042	EMPG 19	7,500
Emergency Management Performance Grant	97.042	EMPG 20	7,500
COVID 19 Emergency Management Performance Grant	97.042.119	ND-FEMA-DR 2020S-EMPG-PW	13,789
Total US Department of Homeland Security			<u>177,778</u>
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed through the Oklahoma Department of Commerce:</i>			
Community Development Block Grant	14.228	17569 CDBG 19	107,764
Total US Department of Housing and Urban Development			<u>107,764</u>
<u>U. S. DEPARTMENT OF THE TREASURY</u>			
<i>Passed through the Oklahoma Office of Management and Enterprise Services:</i>			
COVID-19 Coronavirus Relief Fund	21.019	Emergency Response	1,351,050
Total US Department of the Treasury			<u>1,351,050</u>
TOTAL FEDERAL AWARDS			<u><u>\$2,005,339</u></u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

This schedule includes the federal grant activity of the City of Claremore, Oklahoma under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") Because the schedule presents only a selected portion of the operations of the City of Claremore, Oklahoma, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City of Claremore, Oklahoma.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting which may be different from other information contained in the City's financial statements.

Note 3. De Minimis Indirect Cost Rate

None of the programs in the schedule above were eligible for indirect cost reimbursement, so the 10% de minimis cost rate was not used.

City of Claremore

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Summary of Auditors' Results

1. The opinion expressed in the independent accountants' report was:
 Unmodified Qualified Adverse Disclaimed

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

Significant deficiencies	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

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

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

Significant deficiencies?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

5. The opinion expressed in the independent auditors' report on compliance for major federal awards was:
 Unmodified Qualified Adverse Disclaimed

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

City of Claremore

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Summary of Auditors' Results (Continued)

7. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was \$750,000.
8. The City qualified as a low-risk auditee as that term is defined in Uniform Guidance. Yes No

Section II - Findings Required to be Reported by Government Auditing Standards

None to report for the year ended June 30, 2021.

Section III - Findings Required to be Reported by the Uniform Guidance

None to report for the year ended June 30, 2021.

City of Claremore

Schedule of Prior Year Findings and Questioned Costs

Year Ended June 30, 2021

No matters were reportable.