

# MUSKOGEE

## OKLAHOMA



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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**



# The CITY OF MUSKOGEE, OKLAHOMA

## ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

AS OF AN FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022



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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Muskogee, Oklahoma

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

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

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

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HOOD & ASSOCIATES CPAs, P.C.

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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 and 12 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Muskogee, Oklahoma's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2023, on our consideration of the City of Muskogee, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Muskogee, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Muskogee, Oklahoma's internal control over financial reporting and compliance.

*Hood & Associates CPAs PC*

Hood & Associates CPAs, PC

Tulsa, Oklahoma

October 3, 2023



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Our discussion and analysis of the City of Muskogee's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the City's financial statements, which follow this section.

## **FINANCIAL HIGHLIGHTS**

- For the fiscal year ended June 30, 2022, the City's total net position increased by \$3,737,286 or 1.6% from the prior year.
- In the City's business-type activities, such as utilities, expenses exceeded program revenues by \$3.0 million.
- During the year, the City had expenses and transfers out of \$68.2 million for governmental funds. The City had revenues, including transfers in and debt proceeds, of \$89.7 million for governmental funds. The net change was an increase of \$21.5 million in governmental funds.
- At June 30, 2022, the General Fund reported an unassigned fund balance of \$8,389,102.
- For budgetary reporting purposes, the General Fund reported revenues over estimates of \$1,460,598 or 4%, while expenditures were under the final appropriations by \$1,857,142 or 5.3%.

## **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (pages 9-11) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements begin on page 14. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

### **Reporting the City as a Whole**

#### **Government-wide Statements**

Our analysis of the City as a whole begins on page 12. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used in most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

- These two statements report the City's *net position* and changes in them. You can think of the City's net position – the difference between assets and deferred outflows and liabilities and deferred inflows – as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position, is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's sales tax base and the condition of the City's roads, to assess the *overall health* of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the police, public works and parks departments, and general administration. Sales taxes, franchise taxes, and transfers in finance most of these activities.
- Business-type activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's Airport, Civic Center, Municipal Authority, War Memorial Park, Swim & Fitness Center, Hatbox, Hatbox Field, Hatbox Sports Complex, Tourism Authority and Parking Authority, and the City of Muskogee Foundation are reported here.

### **Reporting the City's Most Significant Funds**

#### **Fund Financial Statements**

Our analysis of the City's major funds begins on page 14. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes (like the water and sewer program) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like the gasoline tax). The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

- Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds in reconciliations after the fund financial statements.
- Proprietary funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

## A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

### Statement of Net Position

The following table reflects the condensed Statement of Net Position as of June 30, 2022:

**TABLE 1  
NET POSITION (In Thousands)  
JUNE 30, 2022 AND 2021**

	<b>Governmental Activities</b>		<b>% Inc. (Dec.)</b>	<b>Business-Type Activities</b>		<b>% Inc. (Dec.)</b>	<b>Total</b>		<b>% Inc. (Dec.)</b>
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Current assets and other assets	\$ 55,718	\$ 32,899	69%	\$ 158,255	\$ 181,777	-13%	\$ 213,973	\$ 214,676	0%
Capital assets, net	73,229	70,057	5%	100,911	100,726	0%	174,140	170,783	2%
Other non-current assets	6,732	-	100%	1,738	1,600	9%	8,470	1,600	429%
<b>Total assets</b>	<u>135,679</u>	<u>102,956</u>	32%	<u>260,904</u>	<u>284,103</u>	-8%	<u>396,583</u>	<u>387,059</u>	2%
Deferred outflows of resources	8,268	8,723	-5%	-	-	0%	8,268	8,723	-5%
<b>Total assets and deferred outflows of resource</b>	<u>143,947</u>	<u>111,679</u>	29%	<u>260,904</u>	<u>284,103</u>	-8%	<u>404,851</u>	<u>395,782</u>	2%
Current liabilities	15,118	5,673	166%	7,466	8,467	-12%	22,584	14,140	60%
Non-current liabilities	45,669	42,370	8%	85,800	106,246	-19%	131,469	148,616	-12%
<b>Total liabilities</b>	<u>60,787</u>	<u>48,043</u>	27%	<u>93,266</u>	<u>114,713</u>	-19%	<u>154,053</u>	<u>162,756</u>	-5%
Deferred inflows of resources	16,221	2,722	496%	536	-	0%	16,757	2,722	516%
Net position									
Net investment in capital assets	60,313	61,988	-3%	39,422	35,816	10%	99,735	97,804	2%
Restricted	17,389	15,291	14%	244	517	-53%	17,633	15,808	12%
Unrestricted (deficit)	(10,763)	(16,365)	-34%	127,436	133,057	-4%	116,673	116,692	0%
<b>Total net position</b>	<u>\$ 66,939</u>	<u>\$ 60,914</u>	10%	<u>\$ 167,102</u>	<u>\$ 169,390</u>	-1%	<u>\$ 234,041</u>	<u>\$ 230,304</u>	2%

The City's combined net position increased from \$230,303,513 million to \$234,040,799 million or 1.6% increase due to the operation of the Governmental and Business-type Activities.

Explanations for changes in excess of 20% and \$100,000 are as follows:

#### *Governmental Activities:*

Current assets increased \$22.8 million or 69% due mainly to \$13.8 million issuance of new debt for street project and a \$2.3 million transfer from MMA. Other non-current assets increased by \$6.7 million or 100% due to police and fire pension changes, and deferred inflows increased by \$13.5 million due to police and fire pension changes. Current and non-current liabilities increased due to issuance of new debt and reclassification of debt from the MMA. Unrestricted net position increased by \$25.9 million or 159% due to the activity mentioned above.

#### *Business-Type Activities:*

Current assets decreased \$23.5 million or 13% mainly due to a decrease of \$20.8 million current assets in the city of Muskogee foundation. Non-current liabilities decreased \$20.4 million or 19% mainly due to a decrease in grants payable and a reclassification of debt to the general fund. Restricted net position decreased 53% due to the reclassification of restricted construction cash.

**CITY OF MUSKOGEE, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2022**

**Changes in Net Position**

The following table shows the revenue and expenses of the total primary government.

**TABLE 2  
CHANGES IN NET POSITION (In Thousands)  
JUNE 30, 2022 AND 2021**

	<u>Governmental Activities</u>		<u>% Inc. (Dec.)</u>	<u>Business-Type Activities</u>		<u>% Inc. (Dec.)</u>	<u>Total</u>		<u>% Inc. (Dec.)</u>
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
<b>Revenues</b>									
Charges for service	\$ 1,918	\$ 1,776	8%	\$ 7,619	\$ 55,289	-86%	\$ 9,537	\$ 57,065	-83%
Operating grants and contributions	4,162	5,147	-19%	510	-	100%	4,672	5,147	-9%
Capital grants and contributions	250	1,641	-85%	113	51	122%	363	1,692	-79%
Taxes	37,820	34,668	9%	-	-	0%	37,820	34,668	9%
Intergovernmental revenue	-	9	-100%	-	-	0%	-	9	-100%
Other	1,719	877	96%	972	1,268	-23%	2,691	2,145	25%
<b>Total revenues</b>	<b>45,869</b>	<b>44,118</b>	<b>4%</b>	<b>9,214</b>	<b>56,608</b>	<b>-84%</b>	<b>55,083</b>	<b>100,726</b>	<b>-45%</b>
<b>Expenses</b>									
General government	12,103	10,861	11%	-	-	-	12,103	10,861	11%
Public safety and judiciary	17,700	24,235	-27%	-	-	-	17,700	24,235	-27%
Transportation	3,547	3,131	13%	-	-	-	3,547	3,131	13%
Cultural, parks and recreation	4,899	4,163	18%	-	-	-	4,899	4,163	18%
Utilities	-	-	-	14,850	13,278	12%	14,850	13,278	12%
Interest on long-term debt	790	445	78%	-	-	-	790	445	78%
Economic development	1,060	633	67%	-	-	-	1,060	633	67%
Airport	-	-	-	455	406	12%	455	406	12%
Storm water	-	-	-	138	197	-30%	138	197	-30%
Parking	-	-	-	99	100	-1%	99	100	-1%
Civic center and Roxy Theatre	-	-	-	1,562	966	62%	1,562	966	62%
Hatbox Sports Complex	-	-	-	1,319	1,158	14%	1,319	1,158	14%
Swing & fitness center	-	-	-	599	576	4%	599	576	4%
War Memorial Park	-	-	-	81	41	98%	81	41	98%
Community development	-	-	-	(7,856)	11,581	-168%	(7,856)	11,581	-168%
<b>Total expenses</b>	<b>40,099</b>	<b>43,468</b>	<b>-8%</b>	<b>11,247</b>	<b>28,303</b>	<b>-60%</b>	<b>51,346</b>	<b>71,771</b>	<b>-28%</b>
Excess (deficiency) before transfers	5,770	650	788%	(2,033)	28,305	-107%	3,737	28,955	-87%
Transfers	255	10,573	-98%	(255)	(10,454)	98%	-	119	100%
<b>Increase (decrease) in net position</b>	<b>\$ 6,025</b>	<b>\$ 11,223</b>	<b>-46%</b>	<b>\$ (2,288)</b>	<b>\$ 17,851</b>	<b>-113%</b>	<b>\$ 3,737</b>	<b>\$ 29,074</b>	<b>-87%</b>

Explanations for changes in excess of 20% and \$100,000 are as follows:

*Governmental Activities:*

The change in net position of governmental activities was \$7.5 million. Examples of governmental activities are general government, fire, police, streets, public works and parks.

Capital grants and contributions decreased \$1.4 million due to \$1.6 million capital grants received in FY21. In FY 22 the city only received a grant of \$250,000 for street signs project.

Other revenues increased by 96% due to \$590,005 sale of property and a \$166,636 increase in miscellaneous revenues.

Public Safety expenses decreased \$6.5 million (27%) due mainly to a decrease in pension expenses and operating expenses.

Interest expenses increased \$345,277 mainly due to the reclassification of debt from the MMA.

**CITY OF MUSKOGEE, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2022**

Transfers decreased by \$10.3 million (98%) mainly due to a relocation of assets and liabilities from the MMA to the General fund.

The following table compares fiscal year 2022 and 2021 total Governmental Activities expenses and net revenue (expense) of services:

**TABLE 3**  
**Net Revenue (Expense) of Governmental Activities (In Thousands)**  
**June 30, 2022 and 2021**

	<b>Total Expense of Services</b>		<b>% Inc. (Dec.)</b>	<b>Net Revenue (Expense) of Services</b>		<b>% Inc. (Dec.)</b>
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
General government	\$ 12,103	\$ 10,861	11%	\$ (9,696)	\$ (7,937)	22%
Public safety and judicial	17,700	24,235	-27%	(14,855)	(20,542)	-28%
Transportation	3,547	3,131	13%	(3,297)	(1,909)	73%
Cultural, parks and recreation	4,899	4,163	18%	(4,072)	(3,437)	18%
Economic development	1,060	633	67%	(1,060)	(633)	67%
Interest on long-term debt	790	445	78%	(790)	(445)	78%
<b>Total</b>	<u>\$40,099</u>	<u>\$ 43,468</u>	-8%	<u>\$ (33,770)</u>	<u>\$ (34,903)</u>	-3%

Explanations for changes in excess of 20% and \$100,000 are as follows:

*Business-type Activities:*

The change in net position of business-type activities was a decrease of \$2.3 million. Examples of proprietary activities are water, waste water services and solid waste, Hatbox sports complex, Hatbox field, Civic Center, Roxy Theatre, Swim & Fitness Center, War Memorial Park, City of Muskogee Foundation, and Davis Field Airport.

Charges for services decreased \$47.7 million (133%) mainly due to Muskogee Foundation decreased unrealized gains of \$42.9 million.

Capital grants and contributions increased \$510,068 due to capital grants received in FY22.

Other revenues decreased \$295,644 due to a decrease in miscellaneous revenues.

Utilities expenses increased \$9.4 (250%) million mainly due to transfer of utility expenses of \$6.7 million from governmental activities, \$1.4 million relocation of interest expense, and \$0.3 million increase in depreciation expense.

Civic center and Roxy Theater increased \$595,858 due to an increase in operating activities.

Community development expenses decreased \$19.4 million (168%) due to a decrease in program expenses for Muskogee Foundation.

**CITY OF MUSKOGEE, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2022**

The following table compares fiscal year 2022 and 2021 total Business-type Activities expenses and net revenue (expense) of services:

**TABLE 4  
Net Revenue (Expense) of Business-Type Activities (In Thousands)  
June 30, 2022 and 2021**

	<b>Total Expense of Services</b>		<b>% Inc. Dec.</b>	<b>Net Revenue (Expense) of Services</b>		<b>% Inc. Dec.</b>
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Utilities	\$ 14,850	\$ 13,278	12%	\$ 4,536	\$ 5,209	-13%
Airport	455	406	12%	(88)	(126)	-30%
Stormwater Management	138	197	-30%	1,311	1,176	11%
Parking	99	100	-1%	(16)	(54)	-70%
Civic center and Roxy Theatre	1,562	966	62%	(1,185)	(865)	37%
Hatbox Sports Complex	1,319	1,158	14%	(546)	(491)	11%
Swim & fitness center	599	576	4%	(204)	(193)	6%
War Memorial Park	81	41	98%	(69)	(17)	307%
Community development	(7,856)	11,581	-168%	(6,744)	22,397	-130%
<b>Total</b>	<u>\$ 11,247</u>	<u>\$ 28,303</u>	-60%	<u>\$ (3,005)</u>	<u>\$ 27,036</u>	-111%

## A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

### Governmental Type Funds

As of year-end, the governmental funds reported a combined fund balance of \$50.6 million which is an increase from the beginning of the year, of approximately \$21.5 million. Several of the governmental funds are capital expenditure related and, therefore, may reflect capital expenditures or payment on debt service (which are reflected in the current financial resource-based Fund Financial Statements) as a spending of a portion of available net position or an increase in net position from unspent net position.

### Proprietary Funds

As of year-end, the proprietary funds reported combined net position of \$167.5 million which is a decrease from the beginning of the year, of about \$2.2 million.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2022 the City had \$174.1 million invested in a broad range of capital assets, including police, fire and public works equipment, buildings, park facilities, infrastructure, roads, bridges and stormwater drainage structures. This amount represents an increase (including additions and deductions) of \$2.9 million from fiscal year 2021, as restated. See pages 38-39 in the notes to the financial statements for detailed changes in capital assets.

**CITY OF MUSKOGEE, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2022**

**TABLE 5  
Primary Government Capital Assets (In Thousands)  
(Net of accumulated depreciation)  
June 30, 2022 and 2021**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
		Restated		Restated		Restated
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 3,895	\$ 3,895	\$ 2,417	\$ 2,417	\$ 6,312	\$ 6,312
Buildings	7,812	7,548	7,827	8,200	15,639	15,748
Furniture, fixtures, and equipment	6,635	7,126	9,876	10,250	16,511	17,376
State Fair assets	126	145	-	-	126	145
Muskogee Tourism Authority assets	-	-	240	31	240	31
Muskogee Foundation equipment	-	-	4	-	4	-
War Memorial assets	-	-	50	55	50	55
Infrastructure	48,243	41,872	76,544	73,679	124,787	115,551
Construction in progress	6,114	9,471	3,953	6,080	10,067	15,551
Leased assets	403	459	-	-	403	459
<b>Totals</b>	<b>\$ 73,228</b>	<b>\$ 70,516</b>	<b>\$ 100,911</b>	<b>\$ 100,712</b>	<b>\$ 174,139</b>	<b>\$ 171,228</b>

This year's more significant capital asset additions include:

North East Mill and overlay project - \$4,466,121  
 Automated meter system project - \$2,887,469  
 North side collection system project- \$1,729,822  
 Mill and overlay south east zone project \$1,086,877  
 Winter storm emergency road repairs - \$1,070,725  
 Port lift station #4 - \$947,714

See Note 3.E. to the financial statements for more detail information on the City's capital assets and changes therein.

### **Long- Term Debt**

The City's changes in long-term debt by type of debt are as follows (excludes unamortized premiums/discounts and deferred amounts on refunding):

**TABLE 6  
Primary Government Long-Term Debt (In Thousands)  
June 30, 2022 and 2021**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Accrued absences	\$ 5,476	\$ 5,634	\$ 39	\$ 34	\$ 5,515	\$ 5,668
Notes payable	28,514	8,020	69,126	79,832	97,640	87,852
Lease obligation	411	49	-	-	411	49
<b>Totals</b>	<b>\$ 34,401</b>	<b>\$ 13,703</b>	<b>\$ 69,165</b>	<b>\$ 79,866</b>	<b>\$ 103,566</b>	<b>\$ 93,569</b>

See Note 3.F. to the financial statements for more detail information on the City's long-term debt and changes therein.



## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The City's elected and appointed officials considered many factors when setting the fiscal year 2023 budget and fees that will be charged for the business-type activities. One of those factors is the economy.

Economy indicators were taken into account when adopting the General Fund budget for fiscal year 2023. Amounts available for appropriation in the General Fund budget are \$38,704,404, an increase from the fiscal year 2022 final budget of \$38,342,876.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City Finance Department at City of Muskogee, P.O. Box 1927, Muskogee, OK 74402.

**CITY OF MUSKOGEE, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended June 30, 2022**

**City of Muskogee  
Statement of Net Position  
June 30, 2022**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Muskogee Medical Center Authority	Muskogee Industrial Trust
<b>ASSETS</b>					
Cash and cash equivalents	\$ 38,928,418	\$ 14,163,600	\$ 53,092,018	\$ 8,851,690	\$ 1,048,705
Investments	-	131,712,086	131,712,086	5,321,395	233,106
Restricted assets:					
Bond fund/cash & investments	17,320,345	1,945,216	19,265,561	-	-
Receivables (net of allowance for uncollectibles):					
Services	857,301	2,547,299	3,404,600	-	69,236
Judgments receivable	-	565,172	565,172	-	-
Taxes receivable	5,043,353	-	5,043,353	-	-
Accrued interest	-	292,041	292,041	-	4,903
Internal balances	(6,433,836)	6,433,836	-	-	-
Inventory	-	562,317	562,317	-	-
Prepaid expenses	2,358	33,444	35,802	17,089	-
Direct financing lease receivables					170,228,547
Lease receivable	-	537,731	537,731	-	-
Due from related party	-	-	-	119,318	-
Investment in equity investee	-	-	-	549,348	-
Notes receivable	-	1,200,000	1,200,000	930,676	88,114
Net pension asset	6,732,325	-	6,732,325	-	-
Capital assets:					
Land and construction in progress	10,230,300	6,369,235	16,599,535	1,302,010	-
Other capital assets, net of depreciation	62,998,217	94,541,271	157,539,488	28,487,123	-
<b>Total assets</b>	<b>135,678,781</b>	<b>260,903,248</b>	<b>396,582,029</b>	<b>45,578,649</b>	<b>171,672,611</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred amounts related to OPEB	2,240,920	-	2,240,920	-	-
Deferred amounts related to pensions	6,027,659	-	6,027,659	-	-
<b>Total deferred outflows</b>	<b>8,268,579</b>	<b>-</b>	<b>8,268,579</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>					
Accounts payable	2,768,306	641,088	3,409,394	23,954	15,000
Accrued payroll liabilities	1,473,766	98,146	1,571,912	-	-
Other accrued liabilities	-	-	-	23,709	61
Unearned revenue	1,511,202	164	1,511,366	1,875,000	-
Accrued interest payable	150,803	864,440	1,015,243	-	-
Escrow deposits	328,634	1,352,148	1,680,782	-	-
Claims liabilities	839,050	-	839,050	-	-
Long-term liabilities, due within one year:					
Accrued compensated absences payable	547,627	3,928	551,555	-	-
Leases payable	48,558	-	48,558	-	-
Notes payable	7,450,526	4,506,027	11,956,553	-	-
Mortgages and bonds payable	-	-	-	-	2,896,855
Long-term liabilities, due in more than one year:					
Accrued compensated absences payable	4,928,646	35,346	4,963,992	-	-
Leases payable	361,961	-	361,961	-	-
Notes payable	21,063,737	64,619,752	85,683,489	-	-
Mortgages and bonds payable	-	-	-	-	162,267,945
Grants payable	-	21,144,569	21,144,569	-	-
Unearned revenue, noncurrent portion	-	-	-	45,937,521	-
Total OPEB liability	8,207,198	-	8,207,198	-	-
Net pension liability	11,107,502	-	11,107,502	-	-
<b>Total liabilities</b>	<b>60,787,516</b>	<b>93,265,608</b>	<b>154,053,124</b>	<b>47,860,184</b>	<b>165,179,861</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred amounts related to leases	-	535,907	535,907	-	-
Deferred amounts related to OPEB	1,119,053	-	1,119,053	-	-
Deferred amounts related to pensions	15,101,725	-	15,101,725	-	-
<b>Total deferred inflows</b>	<b>16,220,778</b>	<b>535,907</b>	<b>16,756,685</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	60,312,915	39,421,715	99,734,630	29,789,133	-
Restricted	17,389,471	243,769	17,633,240	-	-
Unrestricted (deficit)	(10,763,320)	127,436,249	116,672,929	(32,070,668)	6,492,750
<b>Total net position</b>	<b>\$ 66,939,066</b>	<b>\$ 167,101,733</b>	<b>\$ 234,040,799</b>	<b>\$ (2,281,535)</b>	<b>\$ 6,492,750</b>

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

City of Muskogee  
Statement of Activities  
For the Year Ended June 30, 2022

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							
	Program Revenue				Primary Government			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Muskogee Medical Center Authority
<b>Primary government</b>								
<b>Governmental activities:</b>								
General government:								
City Clerk	\$ 706,169	\$ -	\$ -	\$ -	\$ (706,169)	\$ -	\$ (706,169)	\$ -
City Manager	1,786,205	-	-	-	(1,786,205)	-	(1,786,205)	-
City Treasurer	358,429	-	-	-	(358,429)	-	(358,429)	-
Engineering and Planning	987,344	-	46,693	-	(940,651)	-	(940,651)	-
Financial Management	2,367,096	-	-	-	(2,367,096)	-	(2,367,096)	-
General Government	5,897,844	609,857	1,750,725	-	(3,537,262)	-	(3,537,262)	-
Total general government	12,103,087	609,857	1,797,418	-	(9,695,812)	-	(9,695,812)	-
Public safety and judiciary:								
Animal Control	-	23,599	10,193	-	33,792	-	33,792	-
City Attorney	603,990	-	-	-	(603,990)	-	(603,990)	-
Code Enforcement	445,630	-	-	-	(445,630)	-	(445,630)	-
Fire	7,990,247	-	-	-	(7,990,247)	-	(7,990,247)	-
Police	8,070,379	974,355	1,837,221	-	(5,258,803)	-	(5,258,803)	-
Environmental Control	590,024	-	-	-	(590,024)	-	(590,024)	-
Total public safety and judiciary	17,700,270	997,954	1,847,414	-	(14,854,902)	-	(14,854,902)	-
Transportation:								
Streets	3,547,111	-	-	250,000	(3,297,111)	-	(3,297,111)	-
Total transportation	3,547,111	-	-	250,000	(3,297,111)	-	(3,297,111)	-
Culture, parks and recreation:								
Cemetery	374,845	200,924	28,703	-	(145,218)	-	(145,218)	-
Library	66,795	-	-	-	(66,795)	-	(66,795)	-
Parks	4,412,418	109,438	488,294	-	(3,814,686)	-	(3,814,686)	-
Convention and Tourism	45,000	-	-	-	(45,000)	-	(45,000)	-
Total culture, parks and recreation	4,899,058	310,362	516,997	-	(4,071,699)	-	(4,071,699)	-
Economic Development	1,059,982	-	-	-	(1,059,982)	-	(1,059,982)	-
Interest on long-term Debt	790,179	-	-	-	(790,179)	-	(790,179)	-
<b>Total governmental activities</b>	<b>40,099,687</b>	<b>1,918,173</b>	<b>4,161,829</b>	<b>250,000</b>	<b>(33,769,685)</b>	<b>-</b>	<b>(33,769,685)</b>	<b>-</b>
<b>Business-type activities</b>								
Water and Sewer	11,226,475	15,657,943	347,956	-	-	4,779,424	4,779,424	-
Solid Waste	3,624,371	3,350,081	31,300	-	-	(242,990)	(242,990)	-
Airport	454,549	253,987	-	112,545	-	(88,017)	(88,017)	-
Stormwater Management	138,174	1,449,207	-	-	-	1,311,033	1,311,033	-
Parking	98,796	82,673	-	-	-	(16,123)	(16,123)	-
Civic Center and Tourism Authority	1,561,699	245,615	130,812	-	-	(1,185,272)	(1,185,272)	-
Hatbox Sports Complex	1,318,684	772,295	-	-	-	(546,389)	(546,389)	-
Swim & Fitness Center	598,792	394,874	-	-	-	(203,918)	(203,918)	-
War Memorial Park	81,305	12,118	-	-	-	(69,187)	(69,187)	-
Community Development	(7,855,967)	(14,599,529)	-	-	-	(6,743,562)	(6,743,562)	-
Total business-type activities	11,246,878	7,619,264	510,068	112,545	-	(3,005,001)	(3,005,001)	-
Total primary government	\$ 51,346,565	\$ 9,537,437	\$ 4,671,897	\$ 362,545	(33,769,685)	(3,005,001)	(36,774,686)	-
<b>Component units</b>								
Health and welfare	3,445,495	1,956,596	-	-	-	-	-	(1,488,899)
Economic development	1,624,153	594,633	-	-	-	-	-	(1,029,520)
Total component units	\$ 5,069,648	\$ 2,551,229	\$ -	\$ -	-	-	-	\$ (1,488,899)
<b>General revenues:</b>								
Taxes:								
Sales and use taxes					32,950,069	-	32,950,069	-
Cigarette/tobacco tax					220,157	-	220,157	-
Franchise taxes					2,521,684	-	2,521,684	-
Property taxes					473,700	-	473,700	-
Gasoline excise tax					65,786	-	65,786	-
Commercial vehicle taxes					286,220	-	286,220	-
Beverage taxes					272,616	-	272,616	-
Hotel/motel taxes					1,030,480	-	1,030,480	-
Investment income					414,339	115,739	530,078	122,466
Income on equity investee					-	-	-	144,205
Miscellaneous					714,618	702,809	1,417,427	112,004
Sale of property					590,005	153,750	743,755	-
Transfers - Internal activity					255,360	(255,360)	-	-
Total general revenues and transfers					39,795,034	716,938	40,511,972	378,675
Change in net position					6,025,349	(2,288,063)	3,737,286	(1,110,224)
Net position - beginning					60,913,717	189,389,796	230,303,513	(1,171,311)
Net position - ending					\$ 66,939,066	\$ 187,101,733	\$ 234,040,799	\$ (2,281,535)

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**City of Muskogee**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	<u>General Fund</u>	<u>Urban Renewal Authority</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 16,538,508	\$ 16,260	\$ 22,322,927	\$ 38,877,695
Accounts receivable, net	793,548	-	29,190	822,738
Taxes receivable	3,080,740	111,607	1,851,006	5,043,353
Due from other funds	2,398,650	-	-	2,398,650
Restricted assets:				
Bond fund/cash & investments	16,336,772	983,573	-	17,320,345
Total assets	<u>\$ 39,148,218</u>	<u>\$ 1,111,440</u>	<u>\$ 24,203,123</u>	<u>\$ 64,462,781</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,435,091	\$ -	\$ 988,861	\$ 2,423,952
Accrued payroll liabilities	1,267,066	-	206,754	1,473,820
Accrued interest payable	24,363	106,494	19,946	150,803
Escrow deposits	328,634	-	-	328,634
Due to other funds	2,416	5,500,000	3,696,045	9,198,461
Unearned Revenue	-	-	1,511,202	1,511,202
Total liabilities	<u>3,057,570</u>	<u>5,606,494</u>	<u>6,422,808</u>	<u>15,086,872</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue	<u>209,545</u>	<u>-</u>	<u>44,917</u>	<u>254,462</u>
Fund balances:				
Restricted	16,369,294	983,573	14,124,062	31,476,929
Committed	6,181,913	-	-	6,181,913
Assigned	4,940,794	-	7,263,514	12,204,308
Unassigned (deficit)	8,389,102	(5,478,627)	(3,652,178)	(741,703)
Total fund balances	<u>35,881,103</u>	<u>(4,495,054)</u>	<u>17,735,398</u>	<u>49,121,447</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 39,148,218</u>	<u>\$ 1,111,440</u>	<u>\$ 24,203,123</u>	<u>\$ 64,462,781</u>

See accompanying notes to the basic financial statements.

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**City of Muskogee**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2022**

**Fund Balance - Net Position Reconciliation:** \$ 49,121,447

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$59,911,665 73,228,517

Internal service funds are used by management to charge costs of certain activities that benefit multiple funds, such as self-insurance costs, to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net position, net of amount allocated to business-type activities. (729,731)

Other long-term assets and deferred outflows are not available to pay for current period expenditures and therefore are deferred or not reported in the funds:

Net pension asset	6,732,325
Pension related deferred outflows of resources	6,027,659
Unearned revenue	254,462
OPEB related deferred outflows of resources	2,240,920
	15,255,366

Certain long-term liabilities are not due and payable from current financial resources and they, along with certain deferred inflows, are not reported in the funds:

Notes payable	(28,514,263)
Lease obligation	(410,519)
Net pension liability	(11,107,502)
OPEB related deferred inflows of resources	(1,119,053)
Pension related deferred inflows of resources	(15,101,725)
Total OPEB liability	(8,207,198)
Accrued compensated absences	(5,476,273)
	(69,936,533)

Net Position of Governmental Activities in the Statement of Net Position \$ 66,939,066

See accompanying notes to the basic financial statements.

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**City of Muskogee**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	<b>General Fund</b>	<b>Urban Renewal Authority</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$ 20,711,910	\$ 1,091,085	\$ 13,488,472	\$ 35,291,467
Franchise fees	2,521,609	-	-	2,521,609
Intergovernmental programs	2,278,242	-	2,108,189	4,386,431
Fines and forfeitures	810,699	-	177,787	988,486
Donations	588,610	-	20,631	609,241
Admissions and concessions	61,892	-	86,363	148,255
Licenses and permits	352,258	-	23,599	375,857
Interest	223,054	173	186,108	409,335
Rental receipts	291,955	-	-	291,955
Cemetery collections	200,924	-	-	200,924
Miscellaneous revenue	958,613	-	190,838	1,149,451
Sale of property	109,998	-	70,399	180,397
Total revenues	<u>29,109,764</u>	<u>1,091,258</u>	<u>16,352,386</u>	<u>46,553,408</u>
<b>EXPENDITURES</b>				
Current:				
General government	8,131,574	-	1,281,348	9,412,922
Public safety and judiciary	18,008,837	-	3,191,228	21,200,065
Streets	1,443,948	-	757,166	2,201,114
Cultural and recreational	3,170,010	-	994,500	4,164,510
Utilities	5,901,959	-	479,635	6,381,594
Economic development	1,031,252	-	193,227	1,224,479
Other public services	871,185	-	1,751	872,936
Capital Outlay	607,330	-	7,062,763	7,670,093
Debt Service:				
Principal	3,564,169	375,000	346,223	4,285,392
Interest	523,522	218,522	48,135	790,179
Total expenditures	<u>43,253,786</u>	<u>593,522</u>	<u>14,355,976</u>	<u>58,203,284</u>
Excess (deficiency) of revenues over expenditures	<u>(14,144,022)</u>	<u>497,736</u>	<u>1,996,410</u>	<u>(11,649,876)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	22,793,952	-	5,008,145	27,802,097
Transfers out	(2,960,084)	-	(7,033,405)	(9,993,489)
Proceeds from long-term debt	13,850,000	-	-	13,850,000
Total other financing sources (uses)	<u>33,683,868</u>	<u>-</u>	<u>(2,025,260)</u>	<u>31,658,608</u>
Net change in fund balances	19,539,846	497,736	(28,850)	20,008,732
Fund balances - beginning	16,341,257	(4,992,790)	17,764,248	29,112,715
Fund balances - ending	<u>\$ 35,881,103</u>	<u>\$ (4,495,054)</u>	<u>\$ 17,735,398</u>	<u>\$ 49,121,447</u>

See accompanying notes to the basic financial statements.

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**City of Muskogee**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental**  
**Funds to the Statement of Activities**  
**For the Year Ended June 30, 2022**

**Changes in Fund Balance - Changes in Net Position Reconciliation:** **\$ 20,008,732**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	6,473,442
Amortization expense for leased assets	(55,755)
Depreciation expense	(3,705,229)
	2,712,458

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in unavailable revenue	(6,495)
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Principal payment on notes payables	4,237,034
Proceeds of long-term debt	(13,850,000)
Transfer of debt from Business-type to Governmental	(10,832,000)
	(20,444,966)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in pension liability and related deferrals	3,957,150
Change in lease obligations payable	48,358
Change in total OPEB liability and related deferrals	(537,793)
Change in accrued compensated absences	157,548
	3,625,263

Internal service fund activity is reported as a proprietary fund in fund financial statements, but certain net revenues/expenses are reported in governmental activities on the Statement of Activities, net of amount allocated to business-type activities

130,357

Change in net position of governmental activities	\$ 6,025,349
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See accompanying notes to the basic financial statements.

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**City of Muskogee**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

	Enterprise Funds					
	Muskogee Municipal Authority	Muskogee Solid Waste	City of Muskogee Foundation, Inc.	Other Enterprise Funds	Totals	Internal Service Fund
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 4,513,632	\$ -	2,958,694	\$ 6,691,274	\$ 14,163,600	\$ 50,723
Restricted cash and cash equivalents	1,945,216	-	-	-	1,945,216	-
Investments	1,601	-	131,710,485	-	131,712,086	-
Accounts receivable, net	1,951,243	365,735	-	230,301	2,547,279	35,017
Interest receivable	-	-	292,041	-	292,041	-
Judgments receivable	565,172	-	-	-	565,172	-
Other receivable	20	-	-	-	20	-
Due from other funds	-	-	9,171,646	-	9,171,646	-
Inventory	532,563	-	-	29,754	562,317	-
Prepaid expenses	-	-	-	33,444	33,444	1,904
Notes receivable	-	-	-	400,000	400,000	-
Total current assets	9,509,447	365,735	144,132,866	7,384,773	161,392,821	87,644
Noncurrent assets:						
Notes receivable	-	-	-	800,000	800,000	-
Lease receivable	-	-	-	537,731	537,731	-
Capital Assets:						
Land and other non-depreciable assets	4,568,076	-	-	1,801,159	6,369,235	-
Other capital assets, net of depreciation	78,861,263	(7,863)	3,948	15,683,923	94,541,271	-
Total noncurrent assets	83,429,339	(7,863)	3,948	18,822,813	102,248,237	-
Total assets	92,938,786	357,872	144,136,814	26,207,586	263,641,058	87,644
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	359,153	-	41,700	240,235	641,088	344,300
Accrued payroll liabilities	-	-	-	98,146	98,146	-
Due to other funds	2,113,128	-	-	240,532	2,353,660	18,175
Accrued interest payable	615,089	-	170,962	78,389	864,440	-
Security deposits	1,352,148	-	-	-	1,352,148	-
Unearned revenue	-	-	-	164	164	-
Current portion of:						
Claims and Judgments	-	-	-	-	-	335,620
Notes payable	2,916,627	-	1,151,000	438,400	4,506,027	-
Accrued compensated absences	-	-	-	3,928	3,928	-
Total current liabilities	7,356,145	-	1,363,662	1,099,794	9,819,601	698,095
Non-current liabilities:						
Claims and Judgments	-	-	-	-	-	503,430
Notes payable	58,895,126	-	4,780,626	944,000	64,619,752	-
Grants payable	-	-	21,144,569	-	21,144,569	-
Accrued compensated absences	-	-	-	35,346	35,346	-
Total non-current liabilities	58,895,126	-	25,925,195	979,346	85,799,667	503,430
Total liabilities	66,251,271	-	27,288,857	2,079,140	95,619,268	1,201,525
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred amounts related to leases	-	-	-	535,907	535,907	-
Total deferred inflows of resources	-	-	-	535,907	535,907	-
<b>NET POSITION</b>						
Net investment in capital assets	23,319,033	-	-	16,102,682	39,421,715	-
Restricted for debt service	243,769	-	-	-	243,769	-
Unrestricted (deficit)	3,124,713	357,872	116,847,957	7,489,857	127,820,399	(1,113,881)
Total net position	\$ 26,687,515	\$ 357,872	\$ 116,847,957	\$ 23,592,539	\$ 167,485,883	\$ (1,113,881)

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds  
Net Position of Business-type Activities

(384,150)  
\$ 167,101,733

See accompanying notes to the basic financial statements.



**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

City of Muskogee  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Enterprise Funds					
			City of Muskogee Foundation, Inc.	Other Enterprise Funds	Totals	Internal Service Fund
	Muskogee Municipal Authority	Muskogee Solid Waste				
<b>REVENUES</b>						
Water revenue	\$ 10,638,730	\$ -	\$ -	\$ -	\$ 10,638,730	\$ -
Sewer revenue	4,712,904	-	-	-	4,712,904	-
Solid waste revenue	-	3,266,065	-	-	3,266,065	-
Stormwater revenue	-	-	-	1,449,207	1,449,207	-
Penalty revenue	306,309	83,976	-	-	390,285	-
Parking fees	-	-	-	145,148	145,148	-
Rental receipts	-	-	-	386,758	386,758	-
Admissions and concessions	-	-	-	605,733	605,733	-
Miscellaneous revenue	505,925	40	-	125,745	631,710	-
Activity fees	-	-	-	406,991	406,991	-
Operating investment income	-	-	(14,599,529)	-	(14,599,529)	-
Intergovernmental programs	347,956	-	-	(839,760)	(491,804)	6,127,476
Total operating revenues	16,511,824	3,350,081	(14,599,529)	2,279,822	7,542,198	6,127,476
<b>OPERATING EXPENSES</b>						
Cultural and recreational	-	-	-	2,640,379	2,640,379	-
Parking	-	-	-	31	31	-
Stormwater	(258,802)	-	-	498,025	239,223	-
Airport	-	-	-	237,657	237,657	-
Water service	760,933	-	-	-	760,933	-
Community development	-	-	(8,038,489)	-	(8,038,489)	-
Insurance expense	-	-	-	-	-	6,824,469
Depreciation expense	3,606,801	7,863	-	1,007,223	4,621,887	-
Total operating expenses	4,108,932	7,863	(8,038,489)	4,383,315	461,621	6,824,469
Operating income (loss)	12,402,892	3,342,218	(6,561,040)	(2,103,493)	7,080,577	(696,993)
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Investment income	26,641	3,033	-	161,617	191,291	5,004
Miscellaneous income	-	-	-	-	-	16,667
Interest expense	(1,561,748)	-	(182,522)	(98,567)	(1,842,837)	-
Donations	-	-	-	277,406	277,406	-
Loan administration fees	(227,213)	-	-	-	(227,213)	-
Total non-operating revenue (expenses)	(1,762,320)	3,033	(182,522)	340,456	(1,601,353)	21,671
Income (loss) before contributions and transfers	10,640,572	3,345,251	(6,743,562)	(1,763,037)	5,479,224	(675,322)
Capital contributions	10,832,000	-	-	15,000	10,847,000	-
Transfers in	6,477,105	-	282,257	1,243,827	8,003,189	699,904
Transfers out	(20,660,889)	(3,330,168)	(2,440,480)	(80,164)	(26,511,701)	-
Change in net position	7,288,788	15,083	(8,901,785)	(584,374)	(2,182,288)	24,582
Total net position - beginning	19,398,727	342,789	125,749,742	24,176,913	169,668,171	(1,138,463)
Total net position - ending	\$ 26,687,515	\$ 357,872	\$ 116,847,957	\$ 23,592,539	\$ 167,485,883	\$ (1,113,881)
Change in Net Position, Enterprise Funds					(2,182,288)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(105,775)	
Change in Net Position of Business-type Activities					\$ (2,288,063)	

See accompanying notes to the basic financial statements.

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

City of Muskogee  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2022

	Muskogee Municipal Authority	Muskogee Solid Waste	City of Muskogee Foundation, Inc.	Other Enterprise Funds	Total Enterprise Funds	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers, service users, and investments	\$ 16,346,411	\$ 3,327,135	\$ (12,244,373)	\$ 1,994,156	\$ 9,423,329	\$ 6,109,226
Payments to suppliers	(254,386)	-	(5,079,590)	(2,759,248)	(8,093,224)	(6,875,559)
Payments to employees	-	-	-	(1,013,518)	(1,013,518)	-
Interfund receipts/payments	1,017,542	-	-	202,279	1,219,821	(450,825)
Net cash provided by (used in) operating activities	17,109,567	3,327,135	(17,323,963)	(1,576,331)	1,536,408	(1,217,158)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers from other funds	6,477,105	-	282,257	1,243,827	8,003,189	699,904
Transfers to other funds	(20,660,889)	(3,330,168)	(2,440,480)	(80,164)	(26,511,701)	-
Net cash (used in) noncapital financing activities	(14,183,784)	(3,330,168)	(2,158,223)	1,163,663	(18,508,512)	699,904
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Purchases of capital assets	(4,246,297)	-	(3,948)	(555,206)	(4,805,451)	-
Proceeds from issuance of capital debt	3,950,845	-	-	-	3,950,845	-
Other sources	-	-	-	400,000	400,000	-
Principal paid on capital debt	(2,235,959)	-	(1,151,000)	(438,400)	(3,825,359)	-
Interest and fiscal agent fees paid on capital debt	(1,690,689)	-	(260,654)	-	(1,951,343)	-
Loan administration fees paid on capital debt	-	-	-	(51,708)	(51,708)	-
Net cash (used in) capital and related financing activities	(4,222,100)	-	(1,415,602)	(645,314)	(6,283,016)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Sale of investments	-	-	18,037,141	-	18,037,141	-
Interest and dividends	26,641	3,033	-	663,776	693,450	5,004
Net cash provided by investing activities	26,641	3,033	18,037,141	663,776	18,730,591	5,004
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,269,676)	-	(2,860,647)	(394,206)	(4,524,529)	(512,250)
<b>Balances - beginning of year</b>	7,728,524	-	5,819,341	7,085,480	20,633,345	562,973
<b>Balances - end of year</b>	\$ 6,458,848	\$ -	\$ 2,958,694	\$ 6,691,274	\$ 16,108,816	\$ 50,723
<b>Reconciliation to Statement of Net Position:</b>						
Cash and cash equivalents	\$ 4,513,632	\$ -	\$ 2,958,694	\$ 6,691,274	\$ 14,163,600	\$ 50,723
Restricted cash and cash equivalents - current	1,945,216	-	-	-	1,945,216	-
Total cash and cash equivalents, end of year	\$ 6,458,848	\$ -	\$ 2,958,694	\$ 6,691,274	\$ 16,108,816	\$ 50,723

(Continued)

See accompanying notes to the financial statements.

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**City of Muskogee**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

(Continued)

	<b>Muskogee Municipal Authority</b>	<b>Muskogee Solid Waste</b>	<b>City of Muskogee Foundation, Inc.</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Fund</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss)	\$ 12,402,892	3,342,218	(6,561,040)	\$ (2,103,493)	\$ 7,080,577	\$ (696,993)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	3,606,801	7,863	-	1,007,223	4,621,887	-
Non-cash capital assets expensed	13,627	-	-	-	13,627	-
Miscellaneous income	-	-	-	277,406	277,406	16,667
Change in assets and liabilities:						
Due from other funds	-	-	-	2,279	2,279	(450,825)
Total OPEB liability	-	-	-	-	-	-
Prepaid expense	-	-	-	(32,429)	(32,429)	62,034
Accounts receivable	(115,415)	(22,946)	-	(28,090)	(166,451)	(34,917)
Accrued interest receivable	-	-	(85,324)	(537,731)	(623,055)	-
Judgments receivables	(50,048)	-	-	-	(50,048)	-
Other receivables	50	-	-	2,793	2,843	-
Due from Government Grant	-	-	-	-	-	-
Inventory	(189,658)	-	-	(290)	(189,948)	-
Accounts payable	169,097	-	(4,883)	(385,157)	(220,943)	122,885
Accrued payroll payable	-	-	-	16,115	16,115	-
Grants payable	-	-	(10,672,716)	-	(10,672,716)	-
Due to other funds	1,207,200	-	-	200,000	1,407,200	-
Unearned revenue	-	-	-	(44)	(44)	-
Claims liability	-	-	-	-	-	(236,009)
Security deposits	65,021	-	-	-	65,021	-
Accrued compensated absences	-	-	-	5,087	5,087	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 17,109,567</b>	<b>\$ 3,327,135</b>	<b>\$ (17,323,963)</b>	<b>\$ (1,576,331)</b>	<b>\$ 1,536,408</b>	<b>\$ (1,217,158)</b>
<b>Noncash activities:</b>						
Notes receivable/capital contribution revenue	\$ 10,832,000	\$ -	\$ -	\$ -	\$ 10,832,000	\$ -

See accompanying notes to the basic financial statements.

## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Muskogee, Oklahoma (the City) complies with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

As required by accounting principles generally accepted in the United States of America, these financial statements present the activities of the City and its component units and trusts, entities for which the City is considered to be financially accountable. Blended component units and trusts, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with the data of the primary government.

### **1.A. FINANCIAL REPORTING ENTITY**

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

Primary Government:	City of Muskogee
Component Units:	Muskogee Municipal Authority
	Muskogee Parking Authority
	Muskogee War Memorial Park Authority

The City of Muskogee, Oklahoma is organized under the statutes of the State of Oklahoma and was incorporated in 1898. The City currently operates under a charter ratified at a special election held December 7, 1971. The charter was approved by the Governor on February 18, 1972 and went into effect upon approval in accordance with article XVIII, three, of the Oklahoma Constitution. The City operates under a Mayor-Council-Manager form of government and is governed by an eight-member council and a ninth voting member who is the elected mayor. The City provides the following services as authorized by its charter: general government, public safety (fire and police), streets, public works (water, sewer, and refuse), judicial, health and social services, culture, parks and recreation, public improvements, planning and zoning.

As required by accounting principles generally accepted in the United States of America, these financial statements present the activities of the City and its component units and trusts, entities for which the City is considered to be financially accountable. Blended component units and trusts, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with the data of the primary government.

### **BLENDED COMPONENT UNITS/TRUSTS**

The Muskogee Municipal Authority (MMA) was created pursuant to a Trust Indenture, for the benefit of the City of Muskogee, Oklahoma. MMA was established to acquire, construct, develop, equip, operate, maintain, repair, enlarge and remodel water and sanitary sewer facilities for the City of Muskogee. The water, sanitary sewer, and solid waste disposal systems owned by the City have been leased to MMA until such date that all indebtedness of the Authority is retired or provided for. MMA is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes 1991, Section 176, et seq., and is governed by a board consisting of eight council members and a mayor identical with the City Council. MMA is exempt from State and Federal Income taxes. MMA is reported as an enterprise fund.

The Muskogee Parking Authority (MPA) was created pursuant to a Trust Indenture, for the benefit of the City of Muskogee, Oklahoma. MPA was established to plan, develop, construct, enlarge, remodel, improve, make alterations, extend, maintain, equip, operate and furnish parking facilities for the City of Muskogee. MPA is a public trust and an agency of the State of Oklahoma, under Title 60, Oklahoma Statutes 1991, Section 176, et seq., and is governed by a board consisting of eight council members and a mayor identical with the City Council. MPA is exempt from State and Federal Income taxes. MPA is reported as an enterprise fund.

The Muskogee War Memorial Park Authority (MWMPA) was created pursuant to a Trust Indenture date April 9, 1973 and subsequently amended December 6, 1990, for the benefit of the City of Muskogee, Oklahoma. MWMPA

was created to operate a military theme museum and memorial park in Muskogee, Oklahoma. The MWMPA maintains a World War II vintage submarine, the USS Batfish, along with other historical military artifacts. Ownership of the USS Batfish ultimately vests with the U.S. Department of Navy. The Authority is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes 1991, Section 176, et seq., and is governed by a board consisting of five trustees appointed by the City Council. MWMPA is exempt from State and Federal Income taxes. MWMPA is reported as an enterprise fund.

The City of Muskogee Foundation was created as a 501-c-3, not-for-profit organization pursuant to a certificate of incorporation dated June 24, 2008. The Foundation is a blended component unit of the City because the City is the sole member and the council appoints the board. Additionally, the foundation is fiscally dependent on the City since the council has to the power to approve their budget and authorize certain borrowing. It was established as a result of the long-term lease of Muskogee Regional Medical Center (MRMC) operations. The Foundation is charged with the management of the funds on behalf of the City of Muskogee. The Foundation is reported as a major enterprise fund.

The Muskogee Tourism Authority (MTA) was created as a trust indenture on March 26, 2018 for the purpose of preserving and enhancing the historic Roxy Theater located in Muskogee, Oklahoma. The said Trustees agreed to have and to hold the Facility and the proceeds, rents, profits and increases in trust for the benefit of current and future generations of the residents of the City of Muskogee, Oklahoma, referred to collectively as the Beneficiary of the Trust. The Muskogee Tourism Authority is reported as a non-major enterprise fund.

The Muskogee Redevelopment Authority (MRA) was created as a trust indenture dated April 25<sup>th</sup>, 1983, for the benefit of the City of Muskogee, Oklahoma. MRA is a public trust and an agency of the State of Oklahoma, under Title 60, Oklahoma Statutes 1981, Section 176 to 180.4, and is governed by the mayor and members of the governing board of the beneficiary. MRA was establish to make the most efficient use of all economic resources and powers to stimulate economic growth and development. The Muskogee Redevelopment Authority is reported as a Non-major Governmental Fund.

#### DISCRETELY PRESENTED COMPONENT UNITS/TRUSTS

The Muskogee Medical Center Authority (MMCA) was created as a public trust pursuant to a Trust Indenture in 1966. The City is the beneficiary of the public trust. The Authority provides health care services to the Muskogee community and surrounding region. The Authority's Board of Trustees is appointed by the Muskogee City Council and the City can impose its will because debt issuances require a 2/3 approval of the City Council. It does not meet the blending requirements and is therefore, discretely presented. The MMCA has a September 30 fiscal year end and the financial reports are presented as of September 30, 2021.

The Muskogee Industrial Trust (MIT) was created as a public trust pursuant to a Trust Indenture on February 26, 1962. The City is the beneficiary of the public trust and assists the City in securing or developing industry within or near the City. The MIT's board is appointed by the City Council and the City can impose its will because debt issuances require a 2/3 approval of the City Council. It does not meet the blending requirements and is therefore, discretely presented. The MIT has a September 30 fiscal year end and the financial reports are presented as of September 30, 2021.

### **1.B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION**

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

**Government-wide Financial Statements** – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and

expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on program revenues are presented as general revenues of the city, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

**Fund Financial Statements** – During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**Fund Accounting** – The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are three categories of funds: governmental, proprietary and fiduciary.

**Governmental Funds** – are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Sales and use taxes, gasoline excise taxes, cigarette taxes and motor vehicle taxes collected and held by the state and county at year-end on behalf of the City are susceptible to accrual and are recognized as revenue. Other receipts and taxes (franchise taxes, licenses, etc.) become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following are the City's major governmental funds:

General Fund – is the main operating fund of the City. It accounts and reports for all financial resources not required to be reported in another fund. The General fund also includes Community Clean Up, Solid Waste, Special Projects, Park Development, Job Incentives, Community Development, Spaulding Park, and Escrow accounts.

Urban Renewal Authority – accounts for sales and property taxes restricted for urban renewal.

Other governmental funds of the City that are considered non-major funds include:

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Special Revenue Funds – account for specific revenue sources that are legally restricted or committed to expenditures for specific purposes (not including major capital projects). The following are the City’s Special Revenue Funds: Hulquist Library, Police Capital Outlay, Fire Capital Outlay, Non-Uniform Capital Outlay, Muskogee Redevelopment Authority, Street and Alley, Sales Tax Capital Outlay, Home Grants, Emergency Management Grants, Police Equipment Grants, Drug Forfeiture Revenue, Drug Forfeiture Federal, City-County 911, CDBG Grants, Sales Tax Non-Uniform Benefit, Sales Tax Police Benefit, Sales Tax Fire Benefit, Animal Control, Animal Control Adoption Fees, Weed and Seed Program, Youth Alcohol Prevention, Youth Fines, DEQ Elyson Project, State Fairgrounds, Convention and Tourism, Emergency 911, and Employee Benefits Health-Sales Tax.

Capital Projects Fund – which accounts for and reports resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of major capital facilities, other than those activities financed by proprietary activities or held in trust for individuals, private organizations or other governments. Capital Project Funds of the City include the Local Law Enforcement Block Grant, 2009 Sewer Rehabilitation , 2009 Capital Improvement, 75 Limited Access B, Chandler Road Detention, Sales Tax Economic Development, Water/Sewer Improvement, 2014 Sewer Rehabilitation, 2014 Capital Improvements, 2019 Capital Improvement, Streets Improvements, Street Maintenance Installation, Repair and Replacement, American Rescue Plan, and Cemetery Perpetual Care.

Debt Service Fund – accounts for and report financial resources that are restricted, committed, or assigned to principal and interest payments. At balance sheet date there is only judgment indebtedness outstanding. Debt Service Funds of the City include the G.O. Sinking Fund, and the Police Vehicle Fines/Forfeitures.

**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. Currently, the city does not have any internal service funds.

**Enterprise Funds** – are used to account for those operations that are financed and operated in a manner similar to private business where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that the determination of revenues earned, costs incurred and/or net income is necessary for capital maintenance, public policy or management accountability. The following are the City’s major enterprise funds:

Muskogee Municipal Authority – accounts for the revenue from water and sanitary sewer operations.

Solid Waste – accounts for the revenue from solid waste operations.

City of Muskogee Foundation, Inc – accounts for investments held to assist the City of Muskogee in developing, supporting, promoting and improving programs related to education, arts, culture, community revitalization and beautification, social services, health care, economic development, infrastructure housing and recreation.

Other enterprise funds of the City that are considered non-major funds include:

Stormwater – accounts for the revenue from stormwater operations.

Civic Center & Concessions – accounts for the operations of the Civic Center and concessions.

Muskogee Parking Authority – accounts for the operations of parking meters and lots.

Airport – accounts for the airport rental operation.

Mukogee Tourism Authority – accounts for the operations of the Muskogee Tourism Authority.

Hatbox – accounts for the operations of the Hatbox.

Swim & Fitness – accounts for the operations of the Swim and Fitness Center.

Hatbox Field – accounts for the operations of the Hatbox parking.

Hatbox Sports Complex – accounts for the operations of the Hatbox sports complex.

Muskogee War Memorial Park Authority – accounts for the operations of the U.S.S. Batfish.

## **1.C. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND EQUITY**

### **Deposits and Investments**

Oklahoma Statutes authorize the City to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the City can invest in direct debt securities of the United States unless law expressly prohibits such an investment.

For financial statement presentation and for purposes of the statement of cash flows, the City's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with maturity date of three months or less. Debt instruments with a maturity date of more than three months from date of issue are considered to be investments. Investments are stated at cost.

### **Restricted Cash and Investments**

The restricted bond fund cash and investments are the result of financial requirements of bond issues and consist of funds held at the Bank of Oklahoma Trust in Escrow, Debt Service, Reserve and Construction Accounts. Under the terms and provisions of the Bond Indenture, these special accounts and reserve funds are maintained with the Trustee bank for the benefit of the holders of the bonds and are not subject to lien or attachment by any other creditors. These accounts and reserve funds are to be maintained so long as any bonds are outstanding. Monies contained in the accounts and reserve funds held by the Trustee are required to be continuously invested in authorized securities that mature not later than the respective dates when the funds shall be required for the purpose intended by the trust indenture.

### **Leases Receivables**

The City is a party as lessor for one non-cancellable long-term lease of a building. The corresponding lease receivable are recorded in an amount equal to the present value of the expected future minimum lease payments received or received, respectively, discounted by an applicable interest rate. The City generally uses an estimate based on municipal bond rate yield curves as the discount rate for leases unless the rate that is charged is disclosed.

Lease-related amounts are recognized at the inception of leases in which the city is the lessor and are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relates to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

### **Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from other/due to other funds".



### **Inventories**

Inventories in governmental funds normally consist of minimal amounts of expendable supplies held for consumption. The costs of such inventories are recorded as expenditures when purchased rather than when consumed. Inventories in proprietary funds consist primarily of water meters, other materials held for subsequent use and concession supplies. Inventory is valued at cost, principally on a first-in, first-out basis, but not in excess of market.

### **Deferred Outflows of Resources**

Deferred outflows are the consumption of net position that are applicable to a future reporting period. At June 30, 2022 the City has deferred outflows of resources related to pensions and other post-employment benefits (OPEB).

### **Deferred Inflows of Resources**

Deferred inflows are the acquisition of net position that are applicable to a future reporting period. At June 30, 2022 the City has deferred inflows of resources related to pensions, OPEB, and lease revenue.

Lease-related amounts are recognized at the inception of leases in which the City is the lessor and are Recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

### **Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the business-type activities column of the government-wide statement of net position and in the respective funds. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000 for the governmental and proprietary funds.

The City's infrastructure consists of roads, bridges, culverts, curbs and gutter, streets and sidewalks, drainage system, lighting systems and similar assets that are immovable and of value only to the City. Such infrastructure assets acquired are capitalized in accordance with the requirements of GASB 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add value of the asset or materially extend an asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following estimated useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	25 - 40 years	25 - 40 years
Building improvements	10 - 25 years	10 - 25 years
Machinery and equipment	3 - 20 years	3 - 20 years
Infrastructure - parks/cemetery	10 years	10 years
Infrastructure - water/sewer	10 - 40 years	10 - 40 years
Infrastructure - streets	15 - 25 years	15 - 25 years

### **Compensated Absences**

It is the City's policy to permit full-time, permanent employees to accumulate earned but unused vacation time after one year of service. Sick leave is earned by full-time, permanent employees upon hire. Salaried employees are awarded compensatory time for work performed in excess of forty hours per week. All City employees are entitled to payment for accrued vacation benefits upon termination with no specified maximums. Uniformed employees are entitled to payment for accrued sick leave upon termination after twenty years of services regardless of age, while non-uniformed employees vest sick leave at ten years of service and at reaching age fifty-five.

Vacation and compensatory time are recorded when incurred and sick leave is recorded when vested. The expense and related liability for vested vacation benefits and compensatory time is recorded in the respective funds of the City or component unit. The liability is computed based on pay rates in effect as of June 30, 2022.

### **Long-term Obligations**

The accounting and reporting treatment applied to long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Therefore, long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

### **Net Position/Fund Balance**

In the government-wide financial statement, net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when limitations on its use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered non-spendable (i.e., fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund) and those that are spendable (such as fund balance associated with cash, investments or receivables).

Amounts in the spendable fund balance category are further classified as restricted, committed, assigned or unassigned, as appropriate.

**Restricted** fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

**Committed** fund balance represents amount that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment. The City Ordinance is the highest level of decision-making authority of the City.

**Assigned** fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds other than the general fund, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

**Unassigned** fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

### **Resource Use Policy**

It is in the City's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the City considers restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the City's policy that when an expenditure/expense is incurred for purposes for which committed, assigned, or unassigned resources, including fund balances, are available, the City considers committed amounts to be spent first, followed by assigned amounts and lastly unassigned amounts.

The city is planning to provide resources to cover the negative cash balance in the subsequent fiscal year for the unemployment insurance fund and workers comp fund. However, the city does not intend to fund the claims liability except as they come due.

### **1.D. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES**

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

#### *Government-Wide Financial Statements:*

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 are not eliminated in the statement of activities.

#### *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.

### **1.E. REVENUES, EXPENDITURES AND EXPENSES**

#### Sales Tax

The City presently levies a four cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission.

Sales tax resulting from sales occurring prior to year-end and received by the City after year-end have been accrued and are included under the caption *Taxes Receivable* because they represent taxes on sales occurring during the reporting period.

#### Property Tax

Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments.

At the present time the City levies a property tax to fund the annual debt service requirements of judgments.

The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors, elected officials, determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11 percent or more than 13 ½ percent.

Property taxes levied by the City are billed and 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.

For the year ended June 30, 2022, the City's net assessed valuation of taxable property was \$283,768,815. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2022, was \$0.68.

#### Expenditures/Expenses

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

## **1.F. 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. The City generally uses an estimate based on municipal bond rate yield curves as the discount rate for leases unless the rate that the lessor/vendor charges is known.

## **1.G. STABILIZATION RESERVE FUND**

The City Council adopted an ordinance which established requirements for a stabilization reserve. This ordinance requires that the General Fund set aside a certain amount each year which will be committed for the purpose of stabilization.

The ordinance also established a minimum and maximum amount that must be set aside for this purpose.

On November 1 of each year, the treasurer shall report prior fiscal year revenues and expenses to the city manager. Any such revenues that remain in the general fund after expenses are paid shall be deemed excess revenue and shall be utilized and accounted for as follows:

- If the operating reserve account balance as of November 1 is less than \$1,000,000 for the current fiscal year, excess revenues will be placed in the operating reserve to meet the minimum balance.
- If the stabilization account balance as of November 1 is less than 20 percent of the budgeted general fund revenues for the current fiscal year, then 75 percent of excess revenues after operating reserve minimum is met, shall be placed in the stabilization account.
- If 75 percent of excess revenues exceeds the targeted 20 percent of budgeted general fund revenues for the current fiscal year, then just that amount to achieve the target may, by vote of the city council, be placed into the stabilization account. The remaining excess revenues or 25 percent of excess revenues, whichever is greater, shall be placed into the special project fund created by Resolution 2742, as may be amended from time to time.
- If the stabilization account is at or above 20 percent of the budgeted general fund revenues for the current fiscal year, then such amount of excess revenue necessary to increase the stabilization account by one percent shall be placed in the stabilization account, after operating reserve minimum is met. All other remaining excess revenue shall be placed into the special project fund created by Resolution 2742.
- If the stabilization account reaches 30 percent of the budgeted general fund revenues for the current fiscal year, then all excess revenue shall either be placed into the special project fund or allocated to such other necessary purposes as the city council may determine.

Stabilization account funds set aside in the city budget as "restricted reserve" may be expended only when certain specific circumstances exist. The circumstances requiring the expenditure of stabilization account funds are not expected to recur on a routine basis. The circumstances when it is necessary to appropriate or spend stabilization amounts are subject to the objective criteria outlining the parameters of acceptable uses of stabilization funds as follows and must be declared by a two-thirds majority vote of all of the members of the governing body establishing that one or more of the criteria listed below exists:

- Expenditures for emergency situations as defined above for life, health, or public safety issues for which no existing appropriation exists;
- Situations where an expense or unexpected revenue decline or shortfall, in excess of a specified amount or percentage, arises that could not have reasonably been foreseen, and for which new revenue is not available to offset and transfers of existing appropriations are not considered feasible or appropriate in maintaining existing service levels;
- Situations where amounts retained exceed established minimum levels and the proposed use is of a nonoperational nature involving capital or equipment purchases having a use full life of greater than five years;

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- Situations where amounts retained exceed established minimum levels and the proposed use is of a nonrecurring nature, such as a study, for start-up costs of a program whose ongoing costs are otherwise funded, or to eliminate a significant financial liability of the city;
- To temporarily satisfy a judgment from a court of competent jurisdiction that will be reimbursed from property tax levies.

Minimum fund balance amounts may be expended only under specific limited circumstances. The circumstances when it is necessary to appropriate or spend "minimum fund balance" amounts, even in circumstances where the amounts on hand may fall shy of established minimum levels are set out below. The circumstances when it is necessary to appropriate or spend minimum fund balance amounts are subject to the objective criteria outlining the parameters of acceptable uses of the funds are as follows:

- Expenditures for emergency situations as defined above for life, health, or public safety issues for which no existing appropriation exists;
- Situations where an expense or unexpected revenue decline or shortfall, in excess of a specified amount or percentage, arises that could not have reasonably been foreseen, and for which new revenue is not available to offset and transfers of existing appropriations are not considered feasible or appropriate in maintaining existing service levels;

As of June 30, 2022 the City had the following fund balance committed for stabilization:

	Amount Committed For <u>Stabilization</u>	Original Budgeted Operating <u>Revenue</u>	Stabilization as % of Budgeted <u>Revenue</u>
General fund	\$6,181,913	\$36,846,000	16.8%

## **NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

By its nature as a local government unit, the City and its component units are subject to various federal, state and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows:

### **2.A. DEPOSITS AND INVESTMENT LAWS AND REGULATIONS**

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at no more than market value. 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. As reflected in Note 3.A., the City's uninsured deposits were sufficiently collateralized in accordance with these provisions for the year ended June 30, 2022.

Investments of a City (excluding Public Trusts) are limited by State Law 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.

## **2.B. DEBT RESTRICTIONS AND COVENANTS**

### General Obligation Debt

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of certain outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation. For the year ended June 30, 2021, the City complied with this restriction.

### Other Long-Term Debt

As required by the Oklahoma State Constitution, the City (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval.

## **2.C. FUND EQUITY / NET POSITION RESTRICTIONS**

### Restricted Net position

Restricted net position at the government-wide financial statements are required to restrict funds in accordance with various laws and regulations, specifically those laws and regulations dealing with debt service and the use of restricted revenues. See Note 3. I. for details of restricted net position.

## **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, deferred outflows, liabilities, deferred inflows, equity, revenues and expenditures/expenses.

### **3. A. DEPOSIT AND INVESTMENT RISKS**

#### Primary Government:

The City of Muskogee, including its blended component units, held the following deposits and investments at June 30, 2022:

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<b>Type</b>	<b>Maturities</b>	<b>Credit Rating</b>	<b>Carrying Value</b>
<b>Deposits:</b>			
Demand deposits		N/A	\$ 53,322,572
Cash on hand		N/A	13,215
			<u>\$ 53,335,787</u>
<b>Investments:</b>			
Cavanal Hill US Treasury-Admin 0002		AAAm <sup>(1)</sup>	\$ 350,306
Invesco Premium US Government Money Inst.		AAAm <sup>(1)</sup>	17,687,913
Federated Government Obligation Tax-Managed MM Fund		AAAm <sup>(1)</sup>	983,573
Meter deposit investments			1,601
Equity Mutual Funds:			
Vanguard Institutional Index Inst			24,216,727
Vanguard Mid-Cap Index Trust			5,552,719
Vanguard Small-Cap Value Index Inst			15,739,779
Vanguard Tot Int'l Stk Indx Inst			11,450,051
Vanguard Value Index Inst			5,982,330
Vanguard Small-Cap Value ETF			5,444,309
Schwab Fnd Emerg Mkts LG			3,989,353
Schwab Fnd Intl LG Co Indx Inst			3,962,712
Fixed Income Mutual Funds:			
Pimco Moderate Duration Instl			19,359,662
Vanguard Short Term Bond Index Inst			24,718,728
Vanguard Total Bond Market Inst			11,294,115
			<u>150,733,878</u>
<b>Total deposits and investments</b>			<u><u>\$ 204,069,665</u></u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents			53,092,018
Investments			131,712,086
Restricted assets: Bond fund/cash & investments			19,265,561
			<u><u>\$ 204,069,665</u></u>

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

The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. The investment policy also limits acceptable collateral to U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the state of Oklahoma. As required by Federal 12 U.S.C.A., Section



1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2022, the City was not exposed to custodial credit risk as defined above.

*Investment Credit Risk* – The City has no policy that limits its investment choices other than the limitation of state law applicable to municipalities. These investment limitations are described in Note 2.A. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

*Investment Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. The City had no investments with maturity dates.

*Concentration of Investment Credit Risk* - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration.

At June 30, 2022, the City had no concentration of credit risk as defined above.

*The City of Muskogee Foundation, Inc. (Foundation) Investment Policies and Disclosures*

Marketable Securities and Fair Value

Foundation investments are measured at fair value in the statement of financial position. Realized and unrealized gains and losses are reported in the statement of activities and changes in net position. There is a three-level hierarchy for the valuation of Foundation financial instruments:

Level I – Quoted prices in active markets for identical assets or liabilities.

Level II – Observable inputs other than Level I prices, such as quoted prices for similar asset or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level III – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Foundation's marketable securities consist primarily of mutual funds and equities. A summary of the marketable securities as of June 30, 2022, is as follows:

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	Cost	Market Value
Mutual Funds (Level I)		
Equity		
Vanguard Institutional Index Inst	\$ 5,905,177	24,216,727
Vanguard Mid-Cap Idex Trust	3,188,588	5,552,719
Vanguard Small-Cap Value Index Inst	9,424,213	15,739,779
Vanguar Tot Int'l Stk Indx Inst	12,465,609	11,450,051
Vanguard Value Index Inst	1,803,165	5,982,330
Vanguard Small-Cap Value ETF	1,709,260	5,444,309
Schwab Fnd Emerg Mkts LG	4,858,668	3,989,353
Schwab Fnd Intl LG Co Indx Inst	4,619,810	3,962,712
Fixed Income		
Pimco Moderate Duration Instl	21,055,944	19,359,662
Vanguard Short Term Bond Index Inst	25,704,451	24,718,728
Vanguard Total Bond Market Inst	11,936,831	11,294,115
Total Foundation Investments	<u>\$ 102,671,716</u>	<u>\$ 131,710,485</u>

### Foundation Investment Policies

The Foundation has investments that are overseen by investment managers which have been provided with the investment policy adopted by the board of directors and directed to follow that policy. Additionally, the Foundation maintains an investment committee that provides oversight with regard to the investments.

Growth and income is the Foundation's overall investment objective. The intent of the objective is to provide both current income and future growth to accommodate the Foundation's spending policy plus normal inflation, thereby preserving the constant dollar value and purchasing power of the Foundation for future generations.

Investment performance will be reviewed over a five-year time horizon or market cycle, using the most appropriate benchmarks for the types of investments held. The goal of each asset class is to achieve the total return of its benchmark while maintaining a risk level similar to, or less than, that of the benchmark. The total overall goal for the Foundation is to achieve a real rate of return after inflation that is equal to the spending rate identified in the spending policy.

The Board expects the Foundation's asset allocation policy to reflect and be consistent with the investment objectives and risk tolerance expressed throughout the investment policy. The following guidelines will be used by the Investment Committee in determining the allocation of the Foundation's assets:

Fixed income – The fixed income equity component, including cash and equivalents, shall normally constitute 30% to 50% of total fund assets. At June 30, 2022 the fixed income investments (including cash and cash equivalents) was 43%% of the total portfolio.

Equities – The equity component of the portfolio shall normally constitute 50% to 70% of the total fund assets. At June 30, 2022, the equity investments was 57% of the total portfolio.

### **3. B. RESTRICTED ASSETS**

The amounts reported as restricted assets on the Proprietary Funds Statement of Net Position and the government-wide Statement of Net Position are comprised of cash and investments held by the trustee bank on behalf of the MMA public trust (Authority) and the city related to its required revenue bond accounts.

The restricted assets as of June 30, 2022 were as follows:

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	Restricted Assets Cash & Investments
Trustee Accounts:	
2008 OWRB Loan Checking	68,689
OWRB Interm Debt Service	1,029
OWRB SRF Debt Service	174,051
2009 CWSRF OWRB Debt Service Fund	16,793
2008 Water Plant Debt Service Fund	1
2012B Sales Tax Construction Fund	3
2012B Sales Tax Note Fund	359,323
2013C Sales Tax Construction Fund	696,992
2016 Note Proceeds Fund	1
2016 Note Fund	654,147
2011 CWSRF OWRB Debt Service Fund	211,740
2013 CWSRF OWRB Debt Service Fund	121,773
2020 CIP ST Revenue Fund	40,164
2020 CIP ST Construction Fund	1,944,866
2022 ST Construction Fund	13,653,792
2022 CIP ST Revenue Fund	338,624
2014 TIF Bond Fund	377,378
2015 TIF Revenue Fund	478,807
2016 TIF Reserve Fund	127,388
Total	<u>\$ 19,265,561</u>

### 3. C. ACCOUNTS RECEIVABLE, COURT FINES RECEIVABLE AND PROPERTY TAX RECEIVABLE

Accounts receivable of the governmental and business-type activities as reflected in the Statement of Net Position consist of the following categories. As applicable, the primary source(s) of the receivables net of any allowances for uncollectible accounts is depicted.

	Receivable balance	Less: allowance for uncollectible accounts	Net of allowance balance
<b>Governmental:</b>			
<u>Accounts receivable</u>			
Community Cleanup	\$ 1,066,578	\$ (801,708)	\$ 264,870
CDBG Grants	677,997	(651,115)	26,882
Other receivables	6,555	(855)	5,700
Court fines receivable	4,397,155	(3,837,306)	559,849
Sub-total Governmental	<u>6,148,285</u>	<u>(5,290,984)</u>	<u>857,301</u>
<b>Business-type Activities:</b>			
<u>Accounts receivable</u>			
Utilities receivable	4,016,088	(1,532,711)	2,483,377
Other receivables	63,922	-	63,922
	<u>4,080,010</u>	<u>(1,532,711)</u>	<u>2,547,299</u>
TOTAL	<u>10,228,295</u>	<u>(6,823,695)</u>	<u>3,404,600</u>

### 3. D. NOTES RECEIVABLE AND LEASE RECEIVABLES

#### Notes Receivables

The City also has a note receivable from the City of Muskogee Foundation to the Hatbox Field Fund in an original amount of \$2,000,000, dated November 1, 2019. The City has received \$800,000 in payments and the balance at

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June 30, 2022 is \$1,200,000. It is payable over the next 3 years with \$400,000 payments each year. It will be used for capital improvements to the Hatbox Multi-purpose Livestock Show Arena Building and is being used as collateral for a note payable with Firstar Bank. See Note 3.F.

**Lease Receivables**

*Business Type Activities:*

The City as a lessor, has entered into lease agreements involving a building. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$80,002. Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease receivable. Those variable payments are recognized as inflows of resources in the periods in which the payments are received.

**3. E. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Restated Balance at July 1, 2021	Additions	Transfers	Disposals	Balance at June 30, 2022
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land	\$ 3,894,940	\$ -	\$ -	\$ -	\$ 3,894,940
Construction in progress	9,470,802	5,474,332	(8,831,447)	-	6,113,687
Total capital assets not being depreciated	13,365,742	5,474,332	(8,831,447)	-	10,008,627
Other capital assets:					
Buildings and improvements	26,378,715	-	575,766	-	26,954,481
Furniture, fixtures, and equipment	30,597,020	980,319	-	(297,330)	31,280,009
State fair assets	968,632	-	-	-	968,632
Infrastructure - parks	6,894,150	33,791	1,483,353	-	8,411,294
Infrastructure - water/sewer	25,492,001	-	-	-	25,492,001
Infrastructure - streets	29,233,156	-	6,757,328	-	35,990,484
Infrastructure - public services	38,165	-	-	-	38,165
Total other capital assets at historical cost	119,601,839	1,014,110	8,816,447	(297,330)	129,135,066
Less accumulated depreciation for:					
Buildings and improvements	(18,830,232)	(312,184)	-	-	(19,142,416)
Furniture, fixtures, and equipment	(23,470,681)	(1,471,166)	-	297,330	(24,644,517)
State fair assets	(823,338)	(19,373)	-	-	(842,711)
Infrastructure - parks	(2,331,393)	(361,633)	-	-	(2,693,026)
Infrastructure - water/sewer	(7,048,176)	(615,514)	-	-	(7,663,690)
Infrastructure - streets	(10,368,414)	(925,359)	-	-	(11,293,773)
Infrastructure - public services	(38,165)	-	-	-	(38,165)
Total accumulated depreciation	(62,910,399)	(3,705,229)	-	297,330	(66,318,298)
Other capital assets, net	56,691,440	(2,691,119)	8,816,447	-	62,816,768
Leased Assets:					
Intangible Land	231,140				231,140
Intangible Equipment	227,737				227,737
Total Leased Assets:	458,877	-	-	-	458,877
Less accumulated amortization for:					
Intangible Land	-	(9,467)			(9,467)
Intangible Equipment	-	(46,288)			(46,288)
Total accumulated amortization	-	(55,755)	-	-	(55,755)
Leased assets net:	458,877	(55,755)	-	-	403,122
Governmental activities capital assets, net	\$ 70,516,059	\$ 2,727,458	\$ (15,000)	\$ -	\$ 73,228,517

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**Business-type activities:**

Capital assets not being depreciated:

Land	\$ 2,416,597	\$ -	\$ -	\$ -	\$ 2,416,597
Construction in progress	6,080,381	4,353,077	(6,480,820)	-	3,952,638
Total capital assets not being depreciated	<u>8,496,978</u>	<u>4,353,077</u>	<u>(6,480,820)</u>	<u>-</u>	<u>6,369,235</u>

Other capital assets:

Buildings and improvements - Hatbox	5,563,875	-	-	-	5,563,875
Buildings and improvements - Civic Center	7,110,764	-	-	-	7,110,764
Buildings and improvements - Airport	1,124,777	-	-	-	1,124,777
Buildings and improvements - Parking	360,954	-	-	-	360,954
Furniture, fixtures, and equipment	16,901,647	226,062	-	(24,010)	17,103,699
Muskogee tourism authority assets	37,688	222,365	-	-	260,053
Muskogee foundation equipment	-	4,209	-	-	4,209
War memorial assets	261,850	-	-	-	261,850
Infrastructure - water/sewer	125,412,064	-	6,366,661	-	131,778,725
Infrastructure - parking	660,068	-	-	-	660,068
Infrastructure - sports complex	698,724	-	-	-	698,724
Infrastructure - swim & fitness	707,136	-	-	-	707,136
Infrastructure - airport	6,137,817	-	129,159	-	6,266,976
Total other capital assets at historical cost	<u>164,977,364</u>	<u>452,636</u>	<u>6,495,820</u>	<u>(24,010)</u>	<u>171,901,810</u>

Less accumulated depreciation for:

Buildings and improvements - Hatbox	(2,508,095)	(150,481)	-	-	(2,658,576)
Buildings and improvements - Civic Center	(2,502,573)	(179,463)	-	-	(2,682,036)
Buildings and improvements - Airport	(702,845)	(39,026)	-	-	(741,871)
Buildings and improvements - Parking	(246,951)	(4,399)	-	-	(251,350)
Furniture, fixtures, and equipment	(6,651,693)	(599,673)	-	24,010	(7,227,356)
Muskogee tourism authority assets	(6,517)	(13,964)	-	-	(20,481)
Muskogee Foundation Equipment	-	(260)	-	-	(260)
War memorial assets	(206,543)	(5,273)	-	-	(211,816)
Infrastructure - water/sewer	(56,524,370)	(3,385,149)	-	-	(59,909,519)
Infrastructure - parking	(206,383)	(13,802)	-	-	(220,185)
Infrastructure - sports complex	(698,724)	-	-	-	(698,724)
Infrastructure - swim & fitness	(270,196)	(26,318)	-	-	(296,514)
Infrastructure - airport	(2,237,512)	(204,339)	-	-	(2,441,851)
Total accumulated depreciation	<u>(72,762,402)</u>	<u>(4,622,147)</u>	<u>-</u>	<u>24,010</u>	<u>(77,360,539)</u>
Other capital assets, net	<u>92,214,962</u>	<u>(4,169,511)</u>	<u>6,495,820</u>	<u>-</u>	<u>94,541,271</u>
Business-type activities capital assets, net	<u>\$ 100,711,940</u>	<u>\$ 183,566</u>	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 100,910,506</u>

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

Depreciation expense charged to governmental activities:

Public Safety	\$ 759,463
Transportation	1,203,848
Culture, parks and recreation	691,864
Utilities	752,193
General Government	297,861
Total governmental activities depreciation expense	<u>\$ 3,705,229</u>

Depreciation expense charged to business-type activities:

Airport	\$ 213,415
Civic Center	232,259
War Memorial/Batfish	5,273
Parking Authority	98,765
MunicipalAuth	3,606,801
Stormwater	123,799
Hatbox	319,350
SolidWaste	7,863
Swim Fitness	398
Foundation Equipment	260
Tourism Authority	13,964
Total business-type activities depreciation expense	<u>\$ 4,622,147</u>

### 3. F. LONG-TERM DEBT

The reporting entity's long-term debt is segregated by the amounts involving governmental activities and business-type activities.

#### Governmental Activities Long-Term Debt

At June 30, 2022, the governmental activities long-term debt consisted of the following:

#### Notes Payable (Direct Borrowings):

A note payable from the City was issued to Muskogee Medical Center Authority for the purchase of police cars in the amount of \$824,305. The note is payable in monthly installments of \$14,720 including interest at 2.75%.	202,585
A note payable from the Muskogee Redevelopment Authority to the Muskogee Medical Center Authority to facilitate certain capital improvements to the Love-Hatbox Sports Complex in the amount of \$1,600,000. Interest payments are made monthly at 2.5%	1,600,000
A note payable from the Muskogee Urban Renewal Authority to the Bancfirst to finance certain project costs in the amount of \$6,550,000. Payments of principal and interest are paid semi-annually and the final payment is due January 1, 2030.	5,065,000
A note payable from the City was issued to Muskogee Medical Center Authority for the purchase of police cars in the amount of \$694,859. The note is payable in monthly installments of \$12,641 including interest at 3.50%.	476,592
Series 2012 SRF Promissory Note in the original amount of \$10,645,000 payable at an average interest rate of 2.55% per annum in consecutive semiannual interest installments commencing February 1, 2011 and principal installments commencing February 1, 2013, and on or before the 1 <sup>st</sup> day of August and February thereafter up to and including August 1, 2027.	4,390,000
Series 2020 Sales Tax Note from the Muskogee Municipal Authority was refinanced to Bank of Oklahoma for the purchase of a new water meter system and City Hall's new heat & air system in the amount of \$6,826,000. The note is payable in eleven semi-annual installments plus interest at 1.57% and are due July 2020 to December 2025.	4,833,000
Series 2022 Sales Tax Note in the original amount of \$13,850,000 for street projects. The note is payable in eight semi-annual installments plus interest at 1.18% and are due June 2022 to December 2025.	11,898,000
Note payable to Motorola Credit Corporation for the shared lease purchase of a communications network. Annual payments of \$89,010 including interest at 4.11% are due on January 1, 2011 through January 1, 2022, to be repaid from the Emergency 911 Fund.	<u>\$ 49,086</u>
 Total Notes Payable	 <u>\$28,514,263</u>
Current portion	\$ 7,450,526
Non-current portion	<u>21,063,737</u>
Total Notes Payable	<u>\$28,514,263</u>

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Accrued Compensated Absences:

Accrued compensated absences reported in the governmental activities are comprised of accrued vacation leave, sick leave and compensatory time.

Current portion	\$ 547,627
Non-current portion	<u>4,928,646</u>
Total Accrued Compensated Absences	<u>\$5,476,273</u>

Business-Type Activities Long-Term Debt

Notes Payable (Direct Borrowings):

Several promissory notes payable were issued by the Municipal Authority of the City of Muskogee to the Oklahoma Water Resources Board. These notes, although listed individually, were a part of an overall loan agreement that included both zero interest loans and below market interest loans.

The Oklahoma Water Resources Board notes are secured by a pledge and assignment of revenues derived by the Authority from its operation of the water and sewer systems serving the City of Muskogee. The notes are subject to the terms and provisions of the Loan Agreement dated September 1, 1994, between the Oklahoma Water Resources Board and the Muskogee Municipal Authority. The terms of this agreement include (1) a rate covenant and (2) the establishment and funding of debt service funds held by a local trustee. For the year ended June 30, 2022, the City complied, in all material respects, with these covenants.

The following were the Oklahoma Water Resources Board notes outstanding at June 30, 2022:

Series 2008 SRF Promissory Note in the original amount of \$22,095,000 payable at an average interest rate of 3.96% per annum in consecutive semiannual installments commencing September 15, 2016 and on or before the 15th day of March and September thereafter up to and including March 15, 2032.	\$17,050,000
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Series 2009 Clean Water SRF Promissory Note in the original amount of \$1,435,000 payable at an average interest rate of 2.36% per annum in consecutive semiannual installments commencing March 15, 2011, and on or before the 15th day of September and March thereafter up to and including March 15, 2030.	470,343
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Series 2011 SRF Promissory Note in the original amount of \$12,775,000 payable at an average interest rate of 2.27% per annum in consecutive semiannual interest installments commencing September 15, 2011 and principal installments commencing September 15, 2016, and on or before the 1st day of September and March thereafter up to and including September 15, 2034.	8,995,000
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Series 2014 SRF Promissory Note in the original amount of \$7,300,000 payable at an average Interest rate of 2.4% per annum in consecutive semiannual interest installments commencing September 15, 2014 and principal installments commencing March 1, 2018, and on or before the 1st day of September and March thereafter up to and including March 1, 2036.	5,428,206
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Series 2017 SRF Promissory Note in the original amount of \$27,360,000 payable at an average interest rate of 2.66% per annum in consecutive semiannual interest installments commencing September 15, 2018, and on or before the 1st day of September and March thereafter. At June 30, 2020, there was only \$18,757,059 drawn on the note.	20,957,650
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Series 2019 SRF Promissory Note in the original amount of \$17,640,000 payable at an average interest rate of 3.19% per annum in consecutive semiannual interest installments commencing March 15, 2021, and on or before the 15th day of September and March thereafter. At June 30, 2020, there was only \$8,030,133 drawn on the note.	8,910,552
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A note payable to Jared Capital, LLC, for acquisition of a solar panel system. Monthly principal payments of \$3,200 and one payment of principal of \$38,400 starting on July 1, 2022 due on March 1, 2027. 182,400

A note payable to BancFirst from the City of Muskogee Foundation to fund the Urban Renewal Authority grant for acquisition of property on Shawnee Bypass in. Nine annual principal payments of \$400,000 and one payment of principal and interest of \$412,200 due on July 15, 2024. Variable interest rate of .25% under prime. 2,700,000

A note payable to BancFirst from the City of Muskogee Foundation to finance the cost of constructing Muskogee Little Theatre building. Ten annual principal payments of \$500,000 and one payment of principal and interest of \$412,682 due on July 15, 2025. Variable interest rate of .25% under prime. 2,320,380

A note payable to BancFirst from the City of Muskogee Foundation to fund construction of a new building for the Martin Luther King Center. Nine annual principal payments of \$251,000 and one final payment of principal and interest of \$258,789 due August 15, 2025. Regular annual payments of accrued unpaid interest are also due. Variable interest rate of .25% under prime. 911,246

Note payable with Firststar Bank for \$2,000,000 at 4.25% interest. Proceeds were used for capital improvements to the Hatbox Multi-purpose Livestock Show Arena Building. The note will be repaid with a grant of \$2,000,000 from the City of Muskogee Foundation, which also serves as collateral for the note. In the event of default, the Bank may exercise any and all rights and remedies under law including succeeding to all of the City's right, title and interest in and to and under the grant agreement. Principal payments are due in 5 equal installments of \$400,000, beginning July 15, 2020 through July 15, 2024 with interest payments due semi-annually on January 15 and July 15, beginning July 15, 2020. 1,200,000

Total Notes Payable \$69,125,777

Current portion \$ 4,506,027

Non-current portion, net 64,619,750

Total Revenue Bonds Payable, net \$69,125,777

Accrued Compensated Absences:

Accrued compensated absences reported in the business-type activities are comprised of accrued vacation leave, sick leave and compensatory time.

Current portion \$ 3,928

Non-current portion 35,346

Total Accrued Compensated Absences \$39,274

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2022:



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Type of Debt	Restated Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Lease obligation	\$ 458,877	\$ -	\$ 48,358	\$ 410,519	\$ 48,558
Notes payable (direct borrowings)	18,901,297	13,850,000	4,237,034	28,514,263	7,450,526
Accrued compensated absences	5,633,821	-	157,548	5,476,273	547,627
Total Governmental Activities	<u>\$ 24,993,995</u>	<u>\$ 13,850,000</u>	<u>\$ 4,442,940</u>	<u>\$ 34,401,055</u>	<u>\$ 8,046,711</u>

Reconciliation to Government-Wide Statement of Net Position:

Accrued compensated absences payable - Due in One Year	\$ 547,627
Accrued compensated absences payable - Due in More than One Year	4,928,646
Lease obligation - Due in One Year	48,558
Lease obligation - Due in More than One Year	361,961
Due in One Year	7,450,526
Due in More than One Year	21,063,737
	<u>\$ 34,401,055</u>

**Business-Type Activities:**

Notes payable (direct borrowings)	\$ 69,000,290	\$ 3,950,845	\$ 3,825,356	\$ 69,125,779	\$ 4,506,027
Accrued compensated absences	34,187	5,087	-	39,274	3,928
Total Business-Type Activities	<u>\$ 69,034,477</u>	<u>\$ 3,955,932</u>	<u>\$ 3,825,356</u>	<u>\$ 69,165,053</u>	<u>\$ 4,509,955</u>

Reconciliation to Government-Wide Statement of Net Position:

Accrued compensated absences payable - Due in One Year	\$ 3,928
Accrued compensated absences payable - Due in More than One Year	35,346
Due in One Year	4,506,027
Due in More than One Year	64,619,752
	<u>\$ 69,165,053</u>

Lease Obligations

The City as a lessee, has entered into lease agreements involving infrastructure and equipment for the general fund.

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt, excluding accrued compensated absences, as of June 30, 2022 are as follows:

Year Ending June 30,	GOVERNMENTAL ACTIVITY DEBT			
	Leases Obligation		Notes Payable (direct borrowing)	
	Principal	Interest	Principal	Interest
2023	48,558	4,004	7,450,526	443,510
2024	49,147	3,740	6,093,414	351,345
2025	49,762	3,469	6,488,127	263,669
2026	50,395	3,192	3,967,196	170,053
2027	4,872	3,008	1,375,000	130,424
2028-2030	207,785	33,320	3,140,000	244,154
Totals	<u>\$ 410,519</u>	<u>\$ 50,733</u>	<u>\$ 28,514,263</u>	<u>\$ 1,603,155</u>

Year Ending June 30,	BUSINESS-TYPE ACTIVITY DEBT	
	Direct Borrowing	
	Notes Payable	
	Principal	Interest
2023	4,506,027	2,229,932
2024	4,576,584	2,153,918
2025	4,663,311	2,066,873
2026	4,257,201	1,897,080
2027	3,991,723	1,810,107
2028-2032	17,068,182	7,562,786
2033-2037	12,582,935	5,559,923
2038-2042	12,731,115	3,805,524
2043-2047	14,669,364	1,867,217
2048-2049	4,921,135	139,016
Totals	<u>\$ 83,967,577</u>	<u>\$ 29,092,376</u>
Less amount remaining to be drawn	<u>(14,841,798)</u>	
	<u>\$ 69,125,779</u>	

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**3.G. INTERFUND BALANCES AND ACTIVITIES**

Interfund transfers for the year ended June 30, 2022 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
General Fund	Community Cleanup	\$ 100,000	Budgeted operating transfer
General Fund	Job Incentives	1,200,000	Budgeted operating transfer
MMA	MMA	2,870,611	Debt service
Street Maintenance	General Fund	861,544	Debt service
Hatbox Field	General Fund	20,164	Debt service
American Rescue Plan	General Fund	336,600	Grant revenue
MMA	General Fund	5,651,028	Reclassify debt
2014 Sewer Rehab	MMA	546,689	Debt service
General Fund	Special Project Fund	484,996	Operating transfer
General Fund	CDBG Grants	228,333	Operating transfer
MMA	Street Maintenance	202,053	Debt service
2019 Capital Improvement	MMA	195,313	Capital project payment
MMA	2019 Streets Improvements	1,616,145	Capital outlay payment
Sales tax capital outlay	MMA	149,529	Capital outlay payment
Job incentive	MMA	16,661	Capital outlay payment
Job incentive	Muskogee Redevelopment Authority	50,000	Budgeted operating transfer
2019 Capital Improvement	Hatbox	138,882	Capital outlay payment
2019 Streets Improvements	MMA	55,991	Capital outlay payment
2019 Streets Improvements	MMA	2,642,311	Capital outlay payment
American Rescue Plan	Life and Medical Trust Fund	699,904	Grant revenue
General Fund	Civic Center	151,761	Budgeted operating transfer
General Fund	Hatbox Sports	90,000	Budgeted operating transfer
General Fund	Hatbox Field	51,708	Reclassify debt
General Fund	Airport Fund	3,466	Operating transfer
Muskogee Solid Waste	Solid Waste	372,300	Budgeted operating transfer
Convention and Tourism	Hatbox Field	176,500	Operating transfer
Convention and Tourism	War Memorial Park	27,000	Operating transfer
Convention and Tourism	Hatbox Sports	30,000	Operating transfer
Civic Center	Muskogee Redevelopment Authority	60,000	Budgeted operating transfer
Convention and Tourism	Muskogee Redevelopment Authority	624,500	Budgeted operating transfer
General Fund	Street & Alley Fund	150,000	Budgeted operating transfer
General Fund	Community Development	100,000	Budgeted operating transfer
Muskogee Solid Waste	General Fund	2,957,868	Solid waste revenue transfer
MMA	General Fund	10,321,052	Water Revenue Transfer
General Fund	Muskogee Tourism Authority	58,010	Budgeted operating transfer
Muskogee Tourism Authority	Muskogee Redevelopment Authority	25,034	Operating transfer
Muskogee Redevelopment Authority	Muskogee Tourism Authority	516,500	Operating transfer
City of Muskogee Foundation	General Fund	80,000	Foundation Grant
City of Muskogee Foundation	Park Development Fund	128,000	Foundation Grant
City of Muskogee Foundation	Community Development	180,400	Foundation Grant
City of Muskogee Foundation	Capital Outlay Police	52,080	Foundation Grant
City of Muskogee Foundation	2019 Streets Improvement	2,000,000	Foundation Grant
Job Incentives	City of Muskogee Foundation	275,149	Interest on Foundation Loan
Youth Fines	City of Muskogee Foundation	7,108	Unexpended grant funds
Total		<u>\$ 36,505,190</u>	

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers/ Internal Activity</u>
Reconciliation to Fund			
Financial Statements:			
Governmental Funds	\$ 27,802,097	\$ (9,993,489)	\$ 17,808,608
Proprietary Funds	8,003,189	(26,511,701)	(18,508,512)
Internal Service Funds	699,904	-	699,904
Total Transfers	<u>\$ 36,505,190</u>	<u>\$ (36,505,190)</u>	<u>\$ -</u>

	<u>Governmental</u>	<u>Business-Type</u>
Reconciliation to statement of activities:		
Net transfers	\$ 17,808,608	\$ (18,508,512)
Reclassification Long term debt	(10,832,000)	10,832,000
Reclassification of capital asset purchases and expense between activities	(7,406,152)	7,406,152
Internal Service Funds	699,904	-
Reclassification of capital asset	(15,000)	15,000
Total Transfers- Internal Activity	<u>\$ 255,360</u>	<u>\$ (255,360)</u>

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Interfund balances were as follows:

<u>Receivable From</u>	<u>Payable To</u>	<u>Amount</u>	<u>Nature of Balance</u>
Community Development	General Fund	\$ 2,416	To cover negative cash
Youth Fines	General Fund	15,142	To cover negative cash
DEQ Elyson Project	General Fund	9,257	To cover negative cash
MMA	General Fund	905,928	To cover negative cash
Hatbox Field	General Fund	40,532	To cover negative cash
MMA	General Fund	1,207,200.00	FEMA project
Swim & Fitness Center	General Fund	200,000.00	To cover revenue shortfall
Muskogee Redevelopment Authority	City of Muskogee Foundation	3,671,646 *	Loan to purchase land
Urban Renewal Authority	City of Muskogee Foundation	5,500,000 **	Loan to purchase real property
Total		<u>\$ 11,552,121</u>	

	<u>Due From</u>	<u>Due To</u>	<u>Net Transfers/ Internal Activity</u>
Reconciliation to Fund			
Financial Statements:			
Governmental Funds	\$ 2,398,650	\$ (9,198,461)	\$ (6,799,811)
Proprietary Funds	9,171,646	(2,353,660)	6,817,986
Total Transfers	<u>\$ 11,570,296</u>	<u>\$ (11,552,121)</u>	<u>\$ 18,175</u>

Reconciliation to Government-Wide Statements:

Net Interfund Balances	(6,799,811)	6,817,986
Consolidation of internal service funds activities related		
Internal service funds	(18,175)	-
to enterprise funds	384,150	(384,150)
Total Internal Balances	<u>\$ (6,433,836)</u>	<u>\$ 6,433,836</u>

\* - The City of Muskogee Foundation loaned the Muskogee Redevelopment Authority \$3,671,646 which will be repaid in one single principal payment of \$3,671,646 on March 1, 2025. Interest payments will be made annually from the Job Incentive Fund for five years at prime rate less .25 basis points.

\* - The City of Muskogee Foundation loaned the Urban Renewal Authority \$5,500,000 which will be repaid in one single principal payment of \$5,500,000 on January 27, 2035. Interest payments will be made semi-annually from the Job Incentive Fund for twenty years at prime rate less .25 basis points.

### 3.H. FUND BALANCES AND NET POSITION

#### Fund Balance

The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet:

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	General	Other	
	Fund	Governmental	TOTAL
		Funds	
Fund Balances:			
Restricted for:			
Net investment in capital assets	15,598,660	-	15,598,660
Police capital outlay	-	253,041	253,041
Fire capital outlay	-	864,407	864,407
Nonuniform capital outlay	-	150,665	150,665
Street and alley	-	406,301	406,301
Capital outlay - sales tax	-	1,842,847	1,842,847
Home grants	-	7,849	7,849
Emergency management grants	-	97	97
Drug forfeiture revenue	-	6,017	6,017
Drug forfeiture federal	-	729	729
City-county 911	-	15,260	15,260
CDBG grants	-	111,300	111,300
Repair and replacement	-	83,747	83,747
Nonuniform purposes - sales tax	-	607,697	607,697
Police purposes - sales tax	-	328,174	328,174
Fire purposes - sales tax	-	828,233	828,233
Animal control	-	4,673	4,673
Animal adoption	-	98,673	98,673
Weed and seed program	-	47,774	47,774
Youth Alcohol Prevention	-	12,203	12,203
DEQ Elyson project	-	4	4
Convention and tourism	-	722,139	722,139
Employee benefits health- sales tax	-	405,021	405,021
Local law enforcement block grant	-	767	767
2009 Sewer rehabilitation	-	11,829	11,829
2009 capital improvement	-	265	265
75 limited access	-	19,098	19,098
Chandler road detention	-	121,436	121,436
Economic development - sales tax	-	1	1
Water/sewer improvement	-	2,832	2,832
2014 sewer rehabilitation	-	5,348,650	5,348,650
2014 capital improvement	-	684,826	684,826
2019 capital improvement	-	859,110	859,110
Spaulding park	32,522	-	32,522
Debt service	738,111	1,058,690	1,796,801
Cemetery perpetual care	-	203,281	203,281
Sub-total Restricted	16,369,293	15,107,636	31,476,929
Committed:	6,181,913	-	6,181,913
Assigned:			
Community cleanup	741,502	-	741,502
Solid waste	679,220	-	679,220
Special projects	1,717,446	-	1,717,446
Park development	202,387	-	202,387
Job incentives	1,176,659	-	1,176,659
Community development	208,589	-	208,589
Spaulding park	214,991	-	214,991
Hultquis Library	-	135,700	135,700
Police vehicles	-	122,026	122,026
Street and alley	-	300,000	300,000
Capital outlay - sales tax	-	155,000	155,000
Police equipment grants	-	75,298	75,298
Repair and replacement	-	79,307	79,307
Animal adoption	-	8,300	8,300
Youth fines	-	6,697	6,697
Emergency 911	-	25	25
2019 capital improvement	-	80,606	80,606
Street improvements	-	5,645,113	5,645,113
Street maintenance and installation	-	655,442	655,442
Sub-total Assigned	4,940,794	7,263,514	12,204,308
Unassigned:	8,426,162	-	8,426,162
Escrow account	(37,059)	-	(37,059)
Urban renewal authority	-	(5,478,627)	(5,478,627)
Muskogee redevelopment authority	-	(3,649,312)	(3,649,312)
State fairgrounds	-	(2,867)	(2,867)
Sub-total Unassigned	8,389,103	(9,130,806)	(741,703)
TOTAL FUND BALANCES	\$ 35,881,103	\$ 13,240,344	\$ 49,121,447

**NOTE 4. OTHER NOTES**

**4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS**

The City participates in three employee pension systems as follows:

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

A summary of all the amounts recorded in the City’s financial statements for the plans is as follows:

	Governmental Activities
	<u>\$ 6,732,325</u>
Net Pension Asset - Police Pension	
Net Pension Liability	
Fire Pension	11,107,502
Total Net Pension Liability	<u>\$ 11,107,502</u>
Deferred Outflows of Resources:	
Police Pension System	\$ 898,897
Firefighter's Pension System	5,128,762
Total Deferred Outflows of Resources	<u>\$ 6,027,659</u>
Deferred Inflows of Resources:	
Police Pension System	\$ 5,183,537
Firefighter's Pension System	9,918,188
Total Deferred Inflows of Resources	<u>\$ 15,101,725</u>

**Oklahoma Police Pension and Retirement System**

**Plan description** - The City of Muskogee, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at [www.ok.gov/OPPRS](http://www.ok.gov/OPPRS)

**Benefits provided** - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants’ contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on

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the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

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

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

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

**Contributions** - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$670,039. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$573,379 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$398,116. These on-behalf payments did not meet the criteria of a special funding situation.

**Pension Liability, (Asset) Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2022, the City reported asset of \$6,732,325 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information, the City's proportion was 1.4034%.

For the year ended June 30, 2022, the City recognized pension expense (benefit) of \$(664,753). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 96,660	\$ 265,724
Changes of assumptions	102,376	-
Net difference between projected and actual earnings on pension plan investments	-	4,910,998
Changes in proportion	22,119	-
City contributions during measurement date	7,703	6,815
City contributions subsequent to the measurement date	670,039	-
Total	<u>\$ 898,897</u>	<u>\$ 5,183,537</u>

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The \$670,039 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase/decrease of the net pension asset/liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (1,114,062)
2024	(978,078)
2025	(1,239,381)
2026	(1,635,770)
2027	12,612
	<u>\$ (4,954,679)</u>

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.5% to 12% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Cost-of-living adjustment:	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wages inflation)
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.  Active employees (post-retirement): RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.  Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

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

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies, and absolute return strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

**Discount Rate**-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**-The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease 6.5%</u>	<u>Current Discount Rate 7.5%</u>	<u>1% Increase 8.5%</u>
Employers' net pension liability (asset)	\$ (2,524,826)	\$ (6,732,325)	\$ (10,290,080)

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at [www.ok.gov/OPPRS](http://www.ok.gov/OPPRS).

### **Oklahoma Firefighters Pension and Retirement System**

**Plan description** - The City of Muskogee, as the employer, participates in the Firefighters Pension & retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at [www.ok.gov/fprs](http://www.ok.gov/fprs).

**Benefits provided** - FPRS provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan's benefits are established and amended by Oklahoma statute. Retirement provisions are as follows:



Normal Retirement:

- **Hired Prior to November 1, 2013**  
Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month
- **Hired After November 1, 2013**  
Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. Also participants must be age 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.

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

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

**Contributions** - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$832,665 (fiscal year contributions). The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$1,667,231 (modified-accrual); these on-behalf payments did not meet the criteria of a special funding situation. For full-accrual reporting the amount of on-behalf payments made were \$1,229,948.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2022, the City reported a net pension liability of \$11,107,502 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2021. Based upon this information, the City's proportion was 1.686618%.

For the year ended June 30, 2022, the City recognized pension expense (benefit) of \$(161,630). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,028,440	\$ 195,066
Changes of assumptions	-	246,364
Net difference between projected and actual earnings on pension plan investments	-	8,829,989
Changes in proportion and differences between City contributions and proportionate share of contributions	264,849	641,830
City contributions during the measurement date	2,808	4,939
City contributions subsequent to the measurement date	832,665	-
Total	<u>\$ 5,128,762</u>	<u>\$ 9,918,188</u>

The \$832,665 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (876,302)
2024	(1,213,660)
2025	(1,421,514)
2026	(2,110,615)
Total	<u>\$ (5,622,091)</u>

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.5% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the Pub-2010 Public Safety Table, with adjustments for generational mortality improvement using scale MP-2018 for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

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

**Discount Rate**-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**-The following presents the city's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>6.50%</u>	<u>Rate 7.5%</u>	<u>8.5%</u>
Employers' net pension liability	\$ 17,357,773	\$ 11,107,502	\$ 5,874,747

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at [www.ok.gov/fprs](http://www.ok.gov/fprs).

**Defined Contribution Plan - Oklahoma Municipal Retirement Fund (OkMRF)**

As of July 1, 1996, the City has also provided a defined contribution plan with the Oklahoma Municipal Retirement Fund. The plan is administered by the Oklahoma Municipal Retirement Fund of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the plan's provisions rests with the City Council. The defined contribution plan is required for all full-time, non-uniformed employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, investment earnings, and forfeitures of other participants' benefits that may be allocated to such participant's account. Benefits vest after 10 years of service. Under the Oklahoma Municipal Retirement Fund Plan, participants are required to contribute at least 3% of their biweekly compensation and the City is required to match 7.428% of the employee's biweekly earnings. Participants are permitted to make additional voluntary after-tax contributions to the plan, if they so choose.

For the year ended June 30, 2022, the following amounts related to the defined contribution plan:

Payroll for covered employees	\$ 10,870,760
Employer (City) contributions made	\$ 812,466

**Other Post-Employment Benefits**

**Plan description** – The City provides post-employment benefit options for health care, prescription drug, dental and vision benefits for retired employees and their dependents that elect to make required contributions. The benefits are provided in accordance with State law, police and firefighter's union contracts and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). Substantially all of the government's employees may become eligible

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for those post-employment benefits if they reach normal retirement age while working for the City. As of June 30, 2022, approximately 43 retired employees/survivors are receiving benefits under this plan.

**Benefits provided** – benefits that are provided to retired employees beyond those provided by their pension plans. Such benefits include medical, prescription drug, life, dental, vision, disability, and long-term care insurance. The City of Muskogee provides medical and prescription drug coverage for retirees and their dependents who elect to make the required contributions. The provisions for these benefits are not formalized in a contract or plan document but are referenced only in a few sentences in the administrative policy manual. These benefits are considered for accounting purposes to be provided in accordance with a single employer substantive plan. A substantive plan is one in which the plan terms are understood by the City and plan members. This understanding is based on communications between the employers and plan member and the historical pattern of practice with regard to the sharing of benefit costs.

**Funding Policy** – The contribution requirement of the City is an implicit subsidy. The implicit subsidy is not a direct payment from the employer on behalf of the member but rather stems from retiree contribution levels that are less than the claims cost at retiree ages. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retiree. The amount required to fund the implicit rate is based on projected pay-as-you go financing requirements. For fiscal year 2021, the City contributed to the plan. Plan members receiving benefits contributed \$200,437 or approximately 100 percent of the total premiums, through their required contribution of \$682.35 per month for retiree-only coverage and \$1,037 for retiree and spouse medical coverage, these amounts include dental and vision coverage.

**OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** – At June 30, 2022, the City reported a liability of \$8,207,198 as the total OPEB liability. The total OPEB liability was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2021.

For the year ended June 30, 2022, the City recognized OPEB expense of \$738,230. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 2,040,483	\$ 144,437
Differences between expected and actual experience	-	959,495
Differences between projected and actual earnings on pension plan investments	-	-
Changes in proportion	-	
City contributions during measurement date	-	15,121
City benefit payments subsequent to the measurement date	200,437	-
Total	<u>\$ 2,240,920</u>	<u>\$ 1,119,053</u>

\$200,437 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:		
2023	\$	131,527
2024		131,527
2025		151,223
2026		179,684
2027		143,403
Thereafter		184,066
Total	\$	<u>921,430</u>

**Actuarial Assumptions** - The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2021 using the following actuarial assumptions, applied to all prior periods included in the measurement:

- Discount Rate: 2.16%
- Healthcare cost trend Rates graded from 5.96% in 2019 to 3.94% in 2075
- Mortality: PubG-2010 for non-public safety; PubS-2010 for police and fire
- Termination rates, civilians OkMRF 2017 experience study
- Termination rates, uniformed Police and firefighter rates for these groups in Oklahoma
- Retirement rates, civilian Based on actual experience ranging from 7% at age 55 to 100% at 70
- Retirement rates, uniformed Rates for the statewide police and fire retirement systems

**Discount Rate** – Since the plan is unfunded and there are no assets held in an irrevocable trust, the discount rate used to determine the total OPEB liability is based on the yield for 20-year municipal bonds on the measurement date using the Bond Buyers' index. That rate was 2.16%, a decrease from the prior year discount rate of 2.21%.

**Changes in Total OPEB Liability** –The following table reports the components of changes in total OPEB liability:

	Total OPEB Liability
Balances Beginning of Year	\$ 7,313,688
Changes for the Year:	
Service cost	435,447
Interest expense	171,256
Differences between expected and actual experience	(414,541)
Changes in assumptions	933,278
Benefits paid	(231,930)
Net changes	<u>893,510</u>
Balances Ending of Year	<u>\$ 8,207,198</u>

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**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**-The following presents the total OPEB liability of the employer calculated using the discount rate of 2.16%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.16%) or 1-percentage-point higher (3.16) than the current rate:

	1% Decrease 1.16%	Current Discount Rate - 2.16%	1% Increase 3.16%
Employer's Total OPEB Liability	\$ 9,297,681	\$ 8,207,198	\$ 7,275,807

  

	1% Decrease 4.96%	Healthcare Cost Trend Rates 5.96%	1% Increase 6.96%
	Grading to 3.43%	Grading to 4.43%	Grading to 5.43%
Employer's Total OPEB Liability	\$ 7,158,545	\$ 8,207,198	\$ 9,483,470

#### 4.B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
a. Torts, errors and omissions; asset loss and natural disasters	Participation in Oklahoma Municipal Assurance Group risk entity pool	(1)
b. Injuries to employees (workers compensation)	Self-insured	(2)
c. Physical property loss and natural disasters	Purchased commercial insurance with \$1,000 to \$50,000 deductibles	No risk of loss
c. Employee health	Self-insured	(3)

The City participates in the Oklahoma Municipal Assurance Group Liability Protection Plan (risk entity pool) as follows.

**(1) Liability Protection Plan**

The basic insurance agreements cover claims against municipalities for all government functions, utilities, and services covered in the Plan. These include bodily injury, property damage, wrongful acts, personal injury, and related torts under the state tort claims law and federal civil rights laws. All public officials, employees, services, and municipal functions are covered unless they are specifically listed as exclusions in the Plan.

The title to all assets acquired by the Plan are vested in the Group. In the event of termination of the Group, such property shall belong to the then members of the Group in equal shares. Each participating City pays all costs, premiums, or other fees attributable to its respective participation in the Plan, and is responsible for its obligation under any contract entered into with the Plan.

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Reserves for claim losses include provisions for reported claims on a case basis and an estimate of claims incurred but not reported limited by aggregate and individual loss levels as specified by the Plan's reinsurance contracts. These credits, if any, represent contingent liabilities of the Plan if the reinsurer was unable to meet its obligations under the reinsurance agreement.

The Plan's insurance agreements are reinsured for excess losses based upon the contract year. The significant components of each reinsurance contract can be obtained from the Plan's annual financial report.

**(2) Worker's Compensation Plan**

The City has established a workers compensation internal service fund. Claims settled without adjudication or arbitration are paid from the Trust Fund. Since claims for Joint Petition Settlements, Form 14 Settlements and adjudicated final orders of the Workers' Compensation Court pertaining to permanent and temporarily disability awards and medical treatment claims are paid through the City's sinking fund by property taxes assessed and collected annually specifically for this purpose, the risk retained by the City is limited to payments for undisputed temporary disability and medical treatment payments. The City has excess insurance with retention of \$600,000 per accident for police and firemen and \$500,000 for non-uniform employees. No liability for reported claims or for incurred but not reported claims has been accrued at June 30, 2022. The City's contributions to this fund were \$1,000,054 in the year ended June 30, 2022. At June 30, 2022, this fund had a fund balance of been fully funded by contributions from the City and this fund had a deficit fund balance of \$624,971.

**(3) Employee Health Plan**

The City has established an internal service fund for providing health benefits to its employees and covered dependents. Health benefits were self-insured up to a specific stop loss amount of \$100,000 per individual claim and an aggregate stop loss of approximately \$3,000,000 for 2022. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop loss amount. All claims handling procedures are performed by a third-party claims administrator. No liabilities for reported claims or for claims incurred but not reported have been accrued at June 30, 2022. Management believes such coverage is sufficient to preclude any significant losses to the City.

All operating funds of the City participate in the program and make payments to the Life and Medical Trust Fund. Contributions to the fund are based on actuarial estimates of the amounts need to pay prior and current year claims. The contributions made by the City (as employer) were \$300 and by employees were \$0 for 2022. At June 30, 2022, this fund had a deficit fund balance of \$470,835.

**(4) Claims Liability Analysis**

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirements 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 internal service self-insurance funds, changes in the claims liability for the City from June 30, 2021, to June 30, 2022, are as follows:

	Worker's Comp	Health Insurance	Total
Claims Liability, June 30, 2021	<u>969,739</u>	<u>105,320</u>	<u>1,075,059</u>
Claims and changes in estimates	(613,600)	(5,330,512)	(5,944,112)
Claims payments	<u>356,376</u>	<u>5,351,727</u>	<u>5,708,103</u>
Change in Liability	<u>(257,224)</u>	<u>21,215</u>	<u>(236,009)</u>
Claims Liability, June 30, 2022	<u>712,515</u>	<u>126,535</u>	<u>839,050</u>

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#### 4.C. COMMITMENTS AND CONTINGENCIES

##### Commitments:

##### Construction Commitments

The City had the following construction commitments outstanding at June 30, 2022 with balances left on the contract:

Project	Contractor	Contract Amount	Remaining Balance
Wastewater Treatment Plant Digester Rehabilitation	Cook Consulting, LLC	2,756,034	258,039
Water Distribution Waterlines Interconnects Package C	Cook Consulting, LLC	3,749,280	1,510,830
Water Treatment Plant Raw Water Pump Station Rehab	Daris Contractors	1,143,420	80,806
Water Distribution Waterlines Interconnects Package B	Cook Consulting, LLC	1,341,262	300
Wastewater Treatment Plant NE Collection System	Cook Consulting, LLC	5,351,075	-
Wastewater Treatment Plant NS Collection System	Cook Consulting, LLC	1,479,979	80,140
Mill & Overlay NE Zone	Rosscon, LLC	2,853,866	513,123
Micro-Surfacing NE Zone	Vance Brothers, Inc	1,592,069	419,972
24th St Improvements	H & G Paving Contractors	4,275,154	166,886
Walnut Creek SE Zone	Cook Consulting, LLC	889,600	215,972
MLK Center Parking Lot	Cook Consulting, LLC	297,412	1
43rd and 45th Street Project	Rosscon, LLC	714,193	-
Four Corners Signal Improvements	Traffic & Lighting Systems	643,000	7,493
Muskogee Swim & Fitness HVAC	Omni Mechanical Services, LLC	452,995	22,650
Totals		<u>\$ 27,539,339</u>	<u>\$ 3,276,212</u>

##### Other Interfund Transactions

The Muskogee Municipal Authority entered a lease agreement dated October 1, 1976 with the City of Muskogee. The property leased from the City includes the presently existing and hereafter acquired water and sanitary sewer systems. The leased property and the gross revenues derived there from are referred to collectively as the Trust Estate in the lease which was amended May 1, 1992. The term of the lease is to September 30, 1998, or until such date as all indebtedness incurred by the Authority and secured by the Trust Estate or any part thereof is paid.

The Muskogee Municipal Authority provided water and sewer services during the current fiscal year to the following users at no charge: City of Muskogee Departments, Muskogee State Fair Authority and Muskogee City-County Health Department.

##### Lease Agreements

The City of Muskogee leases unimproved land at the Muskogee Davis Field Airport to various lessees for the purpose of constructing, operating and maintaining airplane hangars. The initial term of these leases is twenty years, with right of first refusal to negotiate a new lease at the termination of the initial twenty-year lease. The rental charge is \$0.17 per square foot per year due annually, with limits for increases to rental charges over the twenty-year term. The annual rental payment for each parcel leased for hangar construction is approximately \$1,200. At June 30, 2022, there were six such leases in effect. Since the leases are for unimproved realty, there is no depreciation or other direct expense related to the assets subject to the leases.



Related Organizations

The Muskogee City Council is responsible for appointing members of the board of other organizations. Additionally, the City of Muskogee, in conjunction with the Muskogee County Commissioners, has created jointly-governed organizations whose boards are composed of or appointed by the City Council and the County Commissioners. These related organizations exist as separate legal entities and the City's accountability for these organizations does not extend beyond making the board appointments. A list of organizations for whom the City and/or County appoints a majority of the members of their boards includes the following:

- A More Beautiful Muskogee
- Muskogee Housing Authority
- Muskogee City-County Port Authority
- Muskogee County Transit Authority

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 for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time.

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).

## DISCRETELY PRESENTED COMPONENT UNITS

### Muskogee Medical Center Authority (MMCA)

#### Recent Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases. The statement improves consistency in accounting and financial reporting for leases by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. This statement is effective for years beginning after June 15, 2022. The Authority is currently in the process of evaluating the impact of adoption of this statement on the combined financial statements.

#### Custodial Credit Risk

For an investment, custodial risk is the risk that in the event of the failure of the counterparty the MMCA will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The MMCA's policy, as it relates to custodial credit risk, is to secure certificates of deposit in excess of \$250,000 with securities rated A or better by Standard & Poor's. Repurchase agreements are to be secured by treasuries with a maturity of 10 years or less.

#### Deposits

Custodial credit risk is the risk a government's deposits may not be returned to it in the event of a bank failure. The MMCA's deposit policy for custodial credit risk requires compliance with provisions of state law which requires collateralization of all deposits with Federal depository insurance and other acceptable collateral in specific amounts. At September 30, 2021, all deposits held by the MMCA were insured or collateralized.

#### Investments

The MMCA may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury, U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities.

At September 30, 2021, the MMCA had the following deposits, investments, and related maturities:

Type	Fair Value	Maturities in Years		
		Less than 1	1 - 5	6 - 10
Mutual fund and equities	\$ 1,565,683	\$ 1,565,683	\$ -	\$ -
Corporate and government bonds	1,201,732	1,046,640	155,092	-
Certificates of deposit	2,515,797	1,963,716	552,081	-
	5,283,212	\$ 4,576,039	\$ 707,173	\$ -
Accrued interest receivable	38,183			
<b>Total</b>	<b>\$ 5,321,395</b>			

#### Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from interest rates, the MMCA's investment policy requires certain weighted-average maturity levels for each type of investment held. The U.S. Treasury portfolio, excluding mortgage securities, and the U.S. agencies portfolio shall not exceed four years. The weighted-average

maturity of the corporate bonds portfolio shall not exceed five years and the aggregate weighted-average maturity of all other security types shall not exceed one year. The money market mutual funds are considered as an investment with a maturity of less than one year because they are redeemable in full immediately.

### **Concentration of Credit Risk**

The Authority uses financial institutions in which it maintains cash balances, which at times may exceed federally insured limits or are uncollateralized. The Authority has not experienced any such losses in such accounts, and management believes it is not exposed to significant credit risk related to cash. At September 30, 2021, the Authority's cash balance that was uninsured totaled approximately \$8,173,000.

### **Credit Risk**

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligation. At September 30, 2021, the MMCA's investments not directly guaranteed by the U.S. government were rated as follows:

<u>Type</u>	<u>Moody's</u>	<u>S&amp;P</u>
Corporate Bonds	BA1	BB+
Money market mutual funds	Not rated to Aaa	Not rated to AAA
Mortgage - and asset-backed securities of U.S. agencies	Not rated to Aaa	AA+
Government bonds	Not rated	Not rated

### **Concentration of Credit Risk for investments**

The Authority places no limit on the amount that may be invested in any one issuer. The Authority's investment policy requires that securities issued by any individual federal agency may not exceed 50% of the total investment portfolio, and overall agency securities shall not exceed 70% of the investment portfolio. Corporate bond holdings may not exceed 20% and corporate bonds rated AA or below may not exceed 10% of the total investment portfolio. The money market mutual fund portfolio may not exceed 50% of the total investment portfolio.

At September 30, 2021 the following investments exceeded 5% of the total fair value of all investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Percentage of Total</u>
Mutual funds	1,514,524	54%
Corporate bonds	841,818	30%
Government bonds	398,097	14%

### **Fair Value of Investments**

Governmental accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priorities to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 – These are investments where values are based on unadjusted quoted prices for identical assets in an active market.

Level 2 – These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments.

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Level 3 – These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments.

The following is a description of the valuation methodologies used for assets measure at fair value:

*Mutual Funds:* Valued at the net asset value (NAV) of shares held by the MMCA at year end.

*Equity Securities:* Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the MMCA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumption to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the MMCA's assets at fair value as of September 30, 2021:

	Level 1	Level 2	Level 3	Total
Mutual funds and equities	\$ 1,565,683	\$ -	\$ -	\$ 1,565,683
Corporate and government bonds	-	1,201,732	-	1,201,732
				\$ 2,767,415
Accrued interest				38,183
				<u>\$ 2,805,598</u>

## Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the MMCA:

Land	15-20 years
Buildings and building improvements	20-40 years
Equipment	3 – 7 years

Capital asset activity for the year ended September 30, 2021 was:

	Balance at October 1, 2020	Additions	Transfers	Disposals	Balance at September 30, 2020
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land	\$ 1,302,010	\$ -	\$ -	\$ -	\$ 1,302,010
Total capital assets not being depreciated	<u>1,302,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,302,010</u>
Other capital assets:					
Land improvements	2,364,747	-	-	-	2,364,747
Building and improvements	71,529,691	-	-	-	71,529,691
Equipment	11,916	-	-	-	11,916
Total other capital assets at historical cost	<u>73,906,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,906,354</u>
Less accumulated depreciation	<u>(43,898,271)</u>	<u>(1,520,960)</u>	<u>-</u>	<u>-</u>	<u>(45,419,231)</u>
Other capital assets, net	<u>30,008,084</u>	<u>(1,520,960)</u>	<u>-</u>	<u>-</u>	<u>28,487,123</u>
Governmental activities capital assets, net	<u>\$ 31,310,094</u>	<u>\$ (1,520,960)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,789,133</u>

## Related Party Transactions

On March 14, 2016, the MMCA entered into an agreement with the Muskogee Redevelopment Authority to provide funds up to \$1,600,000 at an annual interest rate of 3.0%, with accrued interest due semi-annually on March 1 and

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September 1 of each year. All principal and any remaining accrued interest shall be due and payable on March 14, 2019. In March 2019 this agreement was modified to extend the terms for an additional three years. All principal and any remaining accrued interest shall be due and payable on March 31, 2022. Subsequent to year end, the agreement was modified to extend the terms for an additional six months. After the six-month extension expired, the board voted to forgive the note in full. The receivable was written off as of September 30, 2021.

On November 8, 2017, the MMCA entered into an agreement with the City of Muskogee to provide funds in the amount of \$824,305 for the City to purchase or lease vehicles for the police department. The interest rate on the provided funds is 2.75% and is for a period of five years. The agreement calls for monthly installments of principal and interest. As of September 30, 2021, the balance on the note receivable was \$343,365.

In July 2019 the MMCA entered into an agreement with the City of Muskogee to provide funds in the amount of \$825,000 for the City to purchase or lease vehicles for the police department. The interest rate on the provided funds is 3.5% and is due within the City's fiscal year in which the funds are advanced. The agreement will automatically be renewed at the end of the original term unless the City gives MMCA 90-days' notice of the City's intent to terminate the agreement. As of September 30, 2020 the MMCA had advanced the City \$587,311.

#### **Deferred Rent**

Effective April 2007, the MMCA leased all of the MMCA's building and improvements to an unrelated third party through March 30, 2047. The total rent of \$75,000,000 due over the lease term was prepaid in full at the execution of the lease and therefore, the MMCA is amortizing the prepayment on a straight-line basis over the lease term, which is included in rent revenue on the Statement of Revenues, Expenses and Changes in Net Position.

Scheduled amortization of deferred rent is as follows;

Years Ending September 30	
2022	1,875,000
2023	1,875,000
2024	1,875,000
2025	1,875,000
Thereafter	38,437,517
	\$45,937,517

#### **MUSKOGEE INDUSTRIAL TRUST (MIT)**

##### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the MIT considers all highly liquid investments (including restricted assets if applicable) with maturity of three months or less when purchased to be cash equivalents.

##### **Short Term Investments**

The MIT maintains certificates of deposit at Firststar Bank with maturities of 12 months or more.

##### **Receivables/Payables**

During a prior fiscal year, the MIT entered into a loan agreement with the Muskogee City-County Port Authority. The purpose of the loan is to purchase real estate parcels within the Port side. The total loan proceeds available were \$500,000. The note was re-written when it became due on April 17, 2017. Interest accrues at the rate of 4% per annum. Principal and interest payments of \$95,580. are due annually for five years.

### **Investment in Financial Transactions**

The MIT is engaged in the financing of industrial property including real estate, equipment and furniture and fixtures principally as lessor under direct financing leases. The two leases outstanding at September 30, 2021 and 2020, had initial terms of thirty (30) years.

Future minimum lease payments to be received for the two industrial property leases under direct financing leases for the year ending September 30, 2021 are as follows:

Year 2021	2,541,431
Year 2022	2,541,431
Thereafter	100,842,136

Net investment in direct financing leases is pledged as collateral on the related mortgage and bonds payable obligations. Earned income consists principally of transfers from unearned income to offset incremental initial direct costs charged to expense.

On July 1, 2013, the MIT engaged in financing educational facilities lease revenue bonds for the Independent School District No. 20, Muskogee Public Schools project. Initial maturity is September 1, 2022. (Payments are scheduled on September 1<sup>st</sup> each year.)

On October 16, 2013, the MIT engaged in financing of property for the Independent School District No. 29, Hilldale Public Schools of Muskogee County, Oklahoma. Initial maturity is August 15, 2023 (Payments are scheduled on August 15<sup>th</sup> each year.)

On October 30, 2019, the Trust engaged in financing of property for the Independent School District No. 20, Muskogee Public Schools of Muskogee County, Oklahoma. Initial maturity is August 25, 2034. (Payments are scheduled on March 1<sup>st</sup> and September 1<sup>st</sup> each year.)

Future minimum lease payments to be received for the two educational facilities leases under direct financing leases for the year ended September 30, 2021 are:

Year 2021	2,817,653
Year 2022	7,895,429
Thereafter	102,238,272

## REQUIRED SUPPLEMENTARY INFORMATION

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**City of Muskogee**  
**Budget and Actual (with Variances)**  
**General Fund**  
**For the year ended June 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Sales and miscellaneous taxes	\$ 21,371,587	\$ 21,371,587	\$ 22,879,470	\$ 1,507,883
Fees and fines	797,105	797,105	691,490	(105,615)
Licenses and permits	285,189	285,189	352,058	66,869
Intergovernmental	143,845	143,845	107,694	(36,151)
Charges for services	13,852,218	13,852,218	13,739,159	(113,059)
Investment earnings	172,000	172,000	178,429	6,429
Miscellaneous	224,056	224,056	358,297	134,241
Total revenues	<u>36,846,000</u>	<u>36,846,000</u>	<u>38,306,598</u>	<u>1,460,598</u>
<b>EXPENDITURES</b>				
General government	1,815,193	1,647,665	946,937	700,728
City manager	980,678	1,261,572	1,123,222	138,350
City clerk	1,444,867	1,485,068	1,364,558	120,510
City attorney	600,537	632,207	576,898	55,309
City treasurer	349,536	364,606	320,717	43,889
Purchasing	166,340	168,302	148,728	19,574
Data processing	750,680	773,460	679,654	93,806
Human resources	416,726	420,931	400,086	20,845
Police services	7,196,220	7,403,990	7,268,929	135,061
Fire services	6,425,006	6,620,762	7,051,772	(431,010)
Public works	5,761,355	6,422,691	6,097,339	325,352
Engineering	4,604,138	4,521,618	4,163,366	358,252
Planning	848,699	876,510	856,918	19,592
Parks	2,196,026	2,284,099	2,072,088	212,011
Library	85,122	85,122	64,418	20,704
Cemetery	299,537	288,509	264,341	24,169
Total Expenditures	<u>33,940,660</u>	<u>35,257,112</u>	<u>33,399,970</u>	<u>1,857,142</u>
Excess (deficiency) of revenues over expenditures	<u>2,905,340</u>	<u>1,588,888</u>	<u>4,906,628</u>	<u>3,317,740</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	342,600	342,600
Transfers out	(2,905,340)	(3,085,764)	(3,437,753)	(351,989)
Total other financing sources and uses	<u>(2,905,340)</u>	<u>(3,085,764)</u>	<u>(3,095,153)</u>	<u>(9,389)</u>
Net change in fund balances	-	(1,496,876)	1,811,475	3,308,351
Fund balances - beginning	11,502,612	8,205,976	9,749,692	1,543,716
Fund balances - ending	<u>\$ 11,502,612</u>	<u>\$ 6,709,100</u>	<u>\$ 11,561,167</u>	<u>\$ 4,852,067</u>

## BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all governmental funds. The enterprise funds and internal service fund adopt budgets on the non- GAAP basis wherein service fees, bond and note proceeds are recognized as revenue, principal payments on debt and capital expenditures are recognized as expenses, and depreciation expense is not budgeted. Annual appropriated budgets are not adopted for the agency funds. Budgetary data for enterprise funds, internal service, and permanent funds are not presented in these financial statements.

Prior to July 1, the City Manager (not an elected official) submits a proposed operating budget for the fiscal year commencing July 1, to the Commissioners (elected officials). Public hearings are held at regular or special meetings to obtain taxpayer input. Prior to July 1, the budget is legally enacted through passage of a budget resolution. The operating budget, for all budgeted funds, includes proposed expenditures and the means of financing. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services, maintenance and operations, capital outlay, transfers, and debt service. This constitutes the legal level of control. Expenditures may not exceed appropriations at



**CITY OF MUSKOGEE, OKLAHOMA**  
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**As of and for the Year Ended June 30, 2022**

this level. A more detailed budget is used for operating purposes. All budget revisions at the legal level are subject to final approval by the City Council. Within these control levels, management may transfer appropriations without council approval. Revisions to the budget were made during the year in accordance with the provisions of the Oklahoma Statutes. All annual appropriations lapse at year-end.

The City uses encumbrance accounting. Encumbrances are recorded when purchase orders are issued but generally are not considered expenditures until liabilities for payments are incurred. At year-end, open purchase orders are reviewed and payments are made on those where the receipt of goods and services is eminent. The remaining purchase orders (and encumbrances) are cancelled and reissued during the following year. There are no outstanding encumbrances at year-end.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>
<b>Sources/Inflows of resources</b>	
Actual amounts (budgetary basis) "total revenues" from the budgetary comparison schedule	\$ 38,306,598
Differences - budget to GAAP:	
Utility revenues reported as transfers in for financial reporting purposes, but budgeted as revenues	(13,360,359)
State payments made on-behalf of police and fire pension not considered a budgetary resources	2,240,610
Taxes reported in GAAP basis	296,107
Adjustments to properly report revenues	38,730
Combining account revenues	1,588,078
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 29,109,764</u>
 <b>Uses/Outflows of appropriations</b>	
Actual amounts (budgetary basis) "total appropriations" from the budgetary comparison schedule	\$ 33,399,970
Differences - budget to GAAP:	
State payments made on-behalf of police and fire pension not considered a budgetary expenditure	2,240,610
Transfers out reclassified for financial reporting purposes	890,195
Accrued payroll expenses	254,520
Adjustments to properly report expenses	3,709,942
Combining account expenditures	2,758,549
Total expenditures and transfers out as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 43,253,786</u>

While the Muskogee Urban Renewal Authority is classified as a major special revenue fund, it is a Title 60 public trust, and is not required to have a legally adopted budget and therefore, no budgetary comparison schedule is presented for that fund.

**CITY OF MUSKOGEE, OKLAHOMA**  
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**Schedules of Required Supplementary Information**

**SCHEDULE OF THE CITY OF MUSKOGEE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**

**OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM**

Last 10 Fiscal Years\*

	2015	2016	2017	2018	2019	2020	2021	2022
City's proportion of the net pension liability (asset)	1.5152%	1.4536%	1.4327%	1.5423%	1.4974%	1.4341%	1.4267%	1.4034%
City's proportionate share of the net pension liability (asset)	\$ (510,139)	\$ 59,271	\$ 2,194,076	\$ 118,637	\$ (713,309)	\$ (91,554)	\$ 1,638,518	\$ (6,732,325)
City's covered-employee payroll	\$ 3,927,623	\$ 4,108,877	\$ 4,225,115	\$ 4,802,285	\$ 4,748,146	\$ 4,665,231	\$ 4,784,808	\$ 4,856,462
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.99%	1.44%	51.93%	2.47%	15.02%	1.96%	-34.24%	138.63%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.8%	117.1%

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

**Notes to Schedule:**

\*Only eight years are presented because 10-year data is not yet available.

**SCHEDULE OF CITY CONTRIBUTIONS**

**OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM**

Last 10 Fiscal Years\*

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Statutorily required contribution	\$ 510,591	\$ 534,154	\$ 549,265	\$ 624,297	\$ 617,259	\$ 606,480	\$ 622,025	\$ 631,340	\$ 670,039
Contributions in relation to the statutorily required contribution	510,591	534,154	549,265	624,297	617,259	606,480	622,025	631,340	670,039
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
City's covered-employee payroll	\$ 3,927,623	\$ 4,108,877	\$ 4,225,115	\$ 4,802,285	\$ 4,748,146	\$ 4,665,231	\$ 4,784,808	\$ 4,856,462	\$ 5,154,146
Contributions as a percentage of covered- employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**Notes to Schedule:**

\*Only eight years are presented because 10-year data is not yet available.

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY OF MUSKOGEE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM  
Last 10 Fiscal Years\*

	2015	2016	2017	2018	2019	2020	2021	2022
City's proportion of the net pension liability	1.6580%	1.715415%	1.709522%	1.752413%	1.808819%	1.730405%	1.704897%	1.686618%
City's proportionate share of the net pension liability	\$ 17,438,537	\$ 18,207,555	\$ 20,885,484	\$ 22,040,510	\$ 20,360,911	\$ 18,284,595	\$ 21,002,852	\$ 11,107,502
City's covered-employee payroll	\$ 4,571,014	\$ 4,686,921	\$ 4,781,886	\$ 5,041,886	\$ 4,957,021	\$ 5,293,314	\$ 5,472,586	\$ 5,481,343
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	381.50%	388.48%	436.76%	437.15%	410.75%	345.43%	383.78%	202.64%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%

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

**Notes to Schedule:**

\*Only eight years are presented because 10-year data is not yet available.

SCHEDULE OF CITY CONTRIBUTIONS  
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM  
Last 10 Fiscal Years\*

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Statutorially required contribution	\$ 639,942	\$ 656,169	\$ 669,464	\$ 705,864	\$ 693,983	\$ 741,064	\$ 766,162	\$ 767,388	\$ 832,665
Contributions in relation to the statutorially required contribution	639,942	656,169	669,464	705,864	693,983	741,064	766,162	767,388	832,665
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 4,571,014	\$ 4,686,921	\$ 4,781,886	\$ 5,041,886	\$ 4,957,021	\$ 5,293,314	\$ 5,472,586	\$ 5,481,343	\$ 5,947,607
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

**Notes to Schedule:**

\*Only eight years are presented because 10-year data is not yet available.

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

Schedule of the City of Muskogee Proportionate Share of the Total OPEB Liability  
Supplemental Health Insurance Program  
Last 10 Fiscal Years \*

	2018	2019	2020	2021	2022
City's proportionate share of the total OPEB liability	\$ 5,287,147	\$ 5,828,028	\$ 6,408,297	\$ 7,313,688	\$ 8,207,198
Covered employee payroll	\$ 18,175,000	\$ 18,828,000	\$ 19,283,000	\$ 19,445,000	\$ 21,622,000
Total OPEB liability as a percentage of covered employee payroll	29.09%	30.95%	33.23%	37.61%	37.96%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%

\*Only five years are presented because 10 year data is not yet available

Schedule of the City of Muskogee Contributions  
Supplemental Health Insurance Program  
Last 10 Fiscal Years \*

	2018	2019	2020	2021	2022
Contractually required contribution	\$ 219,385	\$ 192,083	\$ 227,901	\$ 231,930	\$ 200,437
Contributions in relation to the contractually required contribution	219,385	192,083	227,901	231,930	200,437
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 18,175,000	\$ 18,828,000	\$ 19,283,000	\$ 19,445,000	\$ 21,622,000
Contributions as a percentage of covered-employee payroll	1.21%	1.02%	1.18%	1.19%	0.93%

\*Only five years are presented because 10 year data is not yet available

## OTHER SUPPLEMENTARY INFORMATION

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

City of Muskogee  
Combining Balance Sheet - General Fund Accounts  
June 30, 2022

	General Fund	Community Clean Up	Solid Waste	Special Projects	Park Development	Job Incentives	Community Development	Spaulding Park	Escrow Account	Total General Fund Accounts
<b>ASSETS</b>										
Cash and cash equivalents	\$ 11,205,222	\$ 397,563	\$ 681,992	\$ 1,785,504	\$ 279,697	\$ 1,368,450	\$ 249,132	\$ 255,165	\$ 315,783	\$ 16,538,508
Investments at cost	-	-	-	-	-	-	-	-	-	-
Accounts receivable, net	439,836	350,287	131	-	-	-	3,294	-	-	793,548
Taxes receivable	3,072,507	-	-	-	-	8,233	-	-	-	3,080,740
Due from other funds	2,398,650	-	-	-	-	-	-	-	-	2,398,650
Restricted assets:										
Bond fund/cash & investments	16,336,772	-	-	-	-	-	-	-	-	16,336,772
Total assets	<u>\$ 33,452,987</u>	<u>\$ 747,850</u>	<u>\$ 682,123</u>	<u>\$ 1,785,504</u>	<u>\$ 279,697</u>	<u>\$ 1,376,683</u>	<u>\$ 252,426</u>	<u>\$ 255,165</u>	<u>\$ 315,783</u>	<u>\$ 39,148,218</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>										
Liabilities:										
Accounts payable	\$ 1,017,646	\$ 6,348	\$ 2,903	\$ 68,058	\$ 72,422	\$ 199,970	\$ 41,421	\$ 2,115	\$ 24,208	\$ 1,435,091
Accrued payroll liabilities	1,256,587	-	-	-	4,888	54	-	5,537	-	1,267,066
Accrued interest payable	24,363	-	-	-	-	-	-	-	-	24,363
Due to other funds	-	-	-	-	-	-	2,416	-	-	2,416
Total liabilities	<u>2,298,596</u>	<u>6,348</u>	<u>2,903</u>	<u>68,058</u>	<u>77,310</u>	<u>200,024</u>	<u>43,837</u>	<u>7,652</u>	<u>352,842</u>	<u>3,057,570</u>
<b>DEFERRED INFLOW OF RESOURCES</b>										
Unavailable revenue	<u>209,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,545</u>
Fund balances:										
Restricted	16,336,772	-	-	-	-	-	-	32,522	-	16,369,294
Committed	6,181,913	-	-	-	-	-	-	-	-	6,181,913
Assigned	-	741,502	679,220	1,717,446	202,387	1,176,659	208,589	214,991	-	4,940,794
Unassigned	8,426,161	-	-	-	-	-	-	-	(37,059)	8,389,102
Total fund balances	<u>30,944,846</u>	<u>741,502</u>	<u>679,220</u>	<u>1,717,446</u>	<u>202,387</u>	<u>1,176,659</u>	<u>208,589</u>	<u>247,513</u>	<u>(37,059)</u>	<u>35,881,103</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 33,452,987</u>	<u>\$ 747,850</u>	<u>\$ 682,123</u>	<u>\$ 1,785,504</u>	<u>\$ 279,697</u>	<u>\$ 1,376,683</u>	<u>\$ 252,426</u>	<u>\$ 255,165</u>	<u>\$ 315,783</u>	<u>\$ 39,148,218</u>

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**City of Muskogee**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund Accounts**  
**For the Year Ended June 30, 2022**

	<b>General Fund</b>	<b>Community Clean Up</b>	<b>Solid Waste</b>	<b>Special Projects</b>	<b>Park Development</b>	<b>Job Incentives</b>	<b>Community Development</b>	<b>Spaulding Park</b>	<b>Escrow Account</b>	<b>Total General Fund Accounts</b>
<b>REVENUES</b>										
Taxes	\$ 20,653,968	\$ -	\$ -	\$ -	\$ -	\$ 57,942	\$ -	\$ -	\$ -	\$ 20,711,910
Franchise fees	2,521,609	-	-	-	-	-	-	-	-	2,521,609
Intergovernmental programs	2,269,492	-	-	-	8,750	-	-	-	-	2,278,242
Fines and forfeitures	810,699	-	-	-	-	-	-	-	-	810,699
Donations	109,066	-	-	-	310,852	-	-	168,692	-	588,610
Admissions and concessions	-	-	-	-	57,411	-	-	4,481	-	61,892
Licenses and permits	352,058	-	-	-	200	-	-	-	-	352,258
Interest	189,617	6,320	8,934	-	6,791	4,148	3,548	3,696	-	223,054
Rental receipts	257,877	-	-	-	18,520	-	-	15,558	-	291,955
Cemetery collections	200,924	-	-	-	-	-	-	-	-	200,924
Miscellaneous revenue	46,378	307,899	-	-	14,329	590,005	-	2	-	958,613
Sale of property	109,998	-	-	-	-	-	-	-	-	109,998
Total revenues	<u>27,521,686</u>	<u>314,219</u>	<u>8,934</u>	<u>-</u>	<u>416,853</u>	<u>652,095</u>	<u>3,548</u>	<u>192,429</u>	<u>-</u>	<u>29,109,764</u>
<b>EXPENDITURES</b>										
Current:										
General government	7,872,716	160,005	-	98,853	-	-	-	-	-	8,131,574
Public safety and judiciary	17,664,802	-	-	344,035	-	-	-	-	-	18,008,837
Streets	1,443,948	-	-	-	-	-	-	-	-	1,443,948
Cultural and recreational	2,589,624	-	-	72,741	460,409	17,468	-	29,768	-	3,170,010
Utilities	5,871,644	-	30,315	-	-	-	-	-	-	5,901,959
Economic development	(97)	-	-	-	-	775,697	255,652	-	-	1,031,252
Other public services	871,185	-	-	-	-	-	-	-	-	871,185
Capital Outlay	93,724	-	104,417	97,351	311,838	-	-	-	-	607,330
Debt Service:										
Principal	3,564,169	-	-	-	-	-	-	-	-	3,564,169
Interest	523,522	-	-	-	-	-	-	-	-	523,522
Total expenditures	<u>40,495,237</u>	<u>160,005</u>	<u>134,732</u>	<u>612,980</u>	<u>772,247</u>	<u>793,165</u>	<u>255,652</u>	<u>29,768</u>	<u>-</u>	<u>43,253,786</u>
Excess (deficiency) of revenues over expenditures	<u>(12,973,551)</u>	<u>154,214</u>	<u>(125,798)</u>	<u>(612,980)</u>	<u>(355,394)</u>	<u>(141,070)</u>	<u>(252,104)</u>	<u>162,661</u>	<u>-</u>	<u>(14,144,022)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	20,228,256	100,000	372,300	484,996	128,000	1,200,000	280,400	-	-	22,793,952
Transfers out	(2,618,274)	-	-	-	-	(341,810)	-	-	-	(2,960,084)
Proceeds from long-term debt	13,850,000	-	-	-	-	-	-	-	-	13,850,000
Total other financing sources and uses	<u>31,459,982</u>	<u>100,000</u>	<u>372,300</u>	<u>484,996</u>	<u>128,000</u>	<u>858,190</u>	<u>280,400</u>	<u>-</u>	<u>-</u>	<u>33,683,868</u>
Net change in fund balances	18,486,431	254,214	246,502	(127,984)	(227,394)	717,120	28,296	162,661	-	19,539,846
Fund balances - beginning	12,458,415	487,288	432,718	1,845,430	429,781	459,539	180,293	84,852	(37,059)	16,341,257
Fund balances - ending	<u>\$ 30,944,846</u>	<u>\$ 741,502</u>	<u>\$ 679,220</u>	<u>\$ 1,717,446</u>	<u>\$ 202,387</u>	<u>\$ 1,176,659</u>	<u>\$ 208,589</u>	<u>\$ 247,513</u>	<u>\$ (37,059)</u>	<u>\$ 35,881,103</u>

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

City of Muskogee  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2022

	Special Revenue Funds					
	Hulquist Library	Capital Outlay Police	Capital Outlay Fire	Capital Outlay Non-uniform	Muskogee Redevelopment Authority	Sales Tax Capital Outlay
<b>ASSETS</b>						
Cash and cash equivalents	\$ 135,700	\$ 229,980	\$ 842,644	\$ 152,867	\$ 44,652	\$ 2,057,698
Accounts receivable, net	-	(547)	-	-	-	-
Taxes receivable	-	23,608	23,608	23,608	-	188,861
Total assets	<u>\$ 135,700</u>	<u>\$ 253,041</u>	<u>\$ 866,252</u>	<u>\$ 176,475</u>	<u>\$ 44,652</u>	<u>\$ 2,246,559</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 1,845	\$ 25,810	\$ 2,372	\$ 248,712
Accrued payroll payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	3,671,646	-
Accrued interest payable	-	-	-	-	19,946	-
Unearned Revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>1,845</u>	<u>25,810</u>	<u>3,693,964</u>	<u>248,712</u>
<b>DEFERRED INFLOW OF RESOURCES</b>						
Unavailable revenue	-	-	-	-	-	37,466
Fund balances:						
Restricted	-	253,041	864,407	150,665	-	1,842,847
Assigned	135,700	-	-	-	-	155,000
Unassigned (deficit)	-	-	-	-	(3,649,312)	-
Total fund balances	<u>135,700</u>	<u>253,041</u>	<u>864,407</u>	<u>150,665</u>	<u>(3,649,312)</u>	<u>1,997,847</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 135,700</u>	<u>\$ 253,041</u>	<u>\$ 866,252</u>	<u>\$ 176,475</u>	<u>\$ 44,652</u>	<u>\$ 2,246,559</u>

(Continued)  
**(Continued)**



**CITY OF MUSKOGEE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2022**

(Continued)

**City of Muskogee  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2022**

	<b>Special Revenue Funds</b>						
	<b>Home Grants</b>	<b>Emergency Management Grants</b>	<b>Police Equipment Grants</b>	<b>Drug Forfeiture Revenue</b>	<b>Drug Forfeiture Federal</b>	<b>City-County 911</b>	<b>CDBG Grants</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 7,849	\$ 97	\$ 85,431	\$ 6,017	\$ 729	\$ 15,260	\$ 84,418
Accounts receivable, net	-	-	-	-	-	-	26,882
Taxes receivable	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 7,849</b>	<b>\$ 97</b>	<b>\$ 85,431</b>	<b>\$ 6,017</b>	<b>\$ 729</b>	<b>\$ 15,260</b>	<b>\$ 111,300</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 10,133	\$ -	\$ -	\$ -	\$ -
Accrued payroll payable	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>10,133</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOW OF RESOURCES</b>							
Unavailable revenue	-	-	-	-	-	-	-
Fund balances:							
Restricted	7,849	96	-	6,017	729	15,260	111,300
Assigned	-	-	75,298	-	-	-	-
Unassigned (deficit)	-	1	-	-	-	-	-
<b>Total fund balances</b>	<b>7,849</b>	<b>97</b>	<b>75,298</b>	<b>6,017</b>	<b>729</b>	<b>15,260</b>	<b>111,300</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 7,849</b>	<b>\$ 97</b>	<b>\$ 85,431</b>	<b>\$ 6,017</b>	<b>\$ 729</b>	<b>\$ 15,260</b>	<b>\$ 111,300</b>

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**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

(Continued)

City of Muskogee  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2022

	Special Revenue Funds							
	Sales Tax Non Uniform Benefit	Sales Tax Police Benefit	Sales Tax Fire Benefit	Animal Control	Animal Adopt Fees	Weed & Seed Program	Youth Alcohol Prevention	Youth Fines
ASSETS								
Cash and cash equivalents	\$ 472,828	\$ 209,949	\$ 700,224	\$ 5,310	\$ 113,147	\$ 47,774	\$ 12,203	\$ 21,839
Accounts receivable, net	-	-	-	114	-	-	-	-
Taxes receivable	188,861	188,861	188,861	-	-	-	-	-
Total assets	<u>\$ 661,689</u>	<u>\$ 398,810</u>	<u>\$ 889,085</u>	<u>\$ 5,424</u>	<u>\$ 113,147</u>	<u>\$ 47,774</u>	<u>\$ 12,203</u>	<u>\$ 21,839</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ 751	\$ 6,174	\$ -	\$ -	\$ -
Accrued payroll payable	53,992	70,636	60,852	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	15,142
Accrued interest payable	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>53,992</u>	<u>70,636</u>	<u>60,852</u>	<u>751</u>	<u>6,174</u>	<u>-</u>	<u>-</u>	<u>15,142</u>
DEFERRED INFLOW OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	-
Fund balances:								
Restricted	607,697	328,174	828,233	4,673	98,673	47,774	12,203	-
Assigned	-	-	-	-	8,300	-	-	6,697
Unassigned (deficit)	-	-	-	-	-	-	-	-
Total fund balances	<u>607,697</u>	<u>328,174</u>	<u>828,233</u>	<u>4,673</u>	<u>106,973</u>	<u>47,774</u>	<u>12,203</u>	<u>6,697</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 661,689</u>	<u>\$ 398,810</u>	<u>\$ 889,085</u>	<u>\$ 5,424</u>	<u>\$ 113,147</u>	<u>\$ 47,774</u>	<u>\$ 12,203</u>	<u>\$ 21,839</u>
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**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

(Continued)

City of Muskogee  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2022

	Special Revenue Funds						Capital Project Funds	
	DEQ Elyson Project	State Fairgrounds	Convention and Tourism	American Rescue Plan	Emergency 911	Employee Benefits Health- Sales Tax	Local Law Enforcement Block Grant	2009 Sewer Rehabilitation
<b>ASSETS</b>								
Cash and cash equivalents	\$ 9,261	\$ (2,634)	\$ 613,284	\$ 1,535,737	\$ 25	\$ 355,472	\$ 767	\$ 11,829
Accounts receivable, net	-	-	-	-	-	-	-	-
Taxes receivable	-	-	108,855	-	-	70,823	-	-
Total assets	<u>\$ 9,261</u>	<u>\$ (2,634)</u>	<u>\$ 722,139</u>	<u>\$ 1,535,737</u>	<u>\$ 25</u>	<u>\$ 426,295</u>	<u>\$ 767</u>	<u>\$ 11,829</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ -	\$ 233	\$ -	\$ 24,535	\$ -	\$ -	\$ -	\$ -
Accrued payroll payable	-	-	-	-	-	21,274	-	-
Due to other funds	9,257	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	1,511,202	-	-	-	-
Total liabilities	<u>9,257</u>	<u>233</u>	<u>-</u>	<u>1,535,737</u>	<u>-</u>	<u>21,274</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOW OF RESOURCES</b>								
Unavailable revenue	-	-	-	-	-	-	-	-
Fund balances:								
Restricted	4	-	722,139	-	-	405,021	767	11,829
Assigned	-	-	-	-	25	-	-	-
Unassigned (deficit)	-	(2,867)	-	-	-	-	-	-
Total fund balances	<u>4</u>	<u>(2,867)</u>	<u>722,139</u>	<u>-</u>	<u>25</u>	<u>405,021</u>	<u>767</u>	<u>11,829</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 9,261</u>	<u>\$ (2,634)</u>	<u>\$ 722,139</u>	<u>\$ 1,535,737</u>	<u>\$ 25</u>	<u>\$ 426,295</u>	<u>\$ 767</u>	<u>\$ 11,829</u>

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**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

City of Muskogee  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2022

	Capital Project Funds							
	2009 Capital Improvement	75 Limited Access B	Chandler Road Detention	Sales Tax Economic Development	Water/Sewer Improvement	2014 Sewer Rehab	2014 Capital Improvement	2019 Capital Improvement
<b>ASSETS</b>								
Cash and cash equivalents	\$ 265	\$ 22,032	\$ 121,436	\$ 1	\$ 2,832	\$ 5,348,650	\$ 684,826	\$ 933,343
Accounts receivable, net	-	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-	-	160,532
Total assets	<u>\$ 265</u>	<u>\$ 22,032</u>	<u>\$ 121,436</u>	<u>\$ 1</u>	<u>\$ 2,832</u>	<u>\$ 5,348,650</u>	<u>\$ 684,826</u>	<u>\$ 1,093,875</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ -	\$ 2,934	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 154,159
Accrued payroll payable	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>2,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,159</u>
<b>DEFERRED INFLOW OF RESOURCES</b>								
Unavailable revenue	-	-	-	-	-	-	-	-
Fund balances:								
Restricted	265	19,098	121,436	1	2,832	5,348,650	684,826	859,110
Assigned	-	-	-	-	-	-	-	80,606
Unassigned (deficit)	-	-	-	-	-	-	-	-
Total fund balances	<u>265</u>	<u>19,098</u>	<u>121,436</u>	<u>1</u>	<u>2,832</u>	<u>5,348,650</u>	<u>684,826</u>	<u>939,716</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 265</u>	<u>\$ 22,032</u>	<u>\$ 121,436</u>	<u>\$ 1</u>	<u>\$ 2,832</u>	<u>\$ 5,348,650</u>	<u>\$ 684,826</u>	<u>\$ 1,093,875</u>

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**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

City of Muskogee  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2022

	Capital Project Funds				Debt Service		
	Street Improvements	Street Maintenance Installation	Repair and Replacement	Cemetery Perpetual Care	G.O. Sinking Fund	Police Vehicle Fines/Forfeitures	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 5,674,497	\$ 534,045	\$ 102,364	\$ 203,281	\$ 72,935	\$ 122,026	\$ 22,322,927
Accounts receivable, net	-	-	2,741	-	-	-	29,190
Taxes receivable	311,621	236,077	-	-	9,633	-	1,851,006
Total assets	<u>\$ 5,986,118</u>	<u>\$ 770,122</u>	<u>\$ 105,105</u>	<u>\$ 203,281</u>	<u>\$ 82,568</u>	<u>\$ 122,026</u>	<u>\$ 24,203,123</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 341,005	\$ 114,680	\$ (57,949)	\$ -	\$ -	\$ -	\$ 988,861
Accrued payroll payable	-	-	-	-	-	-	206,754
Due to other funds	-	-	-	-	-	-	3,696,045
Accrued interest payable	-	-	-	-	-	-	19,946
Unearned Revenue	-	-	-	-	-	-	1,511,202
Total liabilities	<u>341,005</u>	<u>114,680</u>	<u>(57,949)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,422,808</u>
<b>DEFERRED INFLOW OF RESOURCES</b>							
Unavailable revenue	-	-	-	-	7,451	-	44,917
Fund balances:							
Restricted	-	-	83,747	203,281	75,117	-	14,124,062
Assigned	5,645,113	655,442	79,307	-	-	122,026	7,263,514
Unassigned (deficit)	-	-	-	-	-	-	(3,652,178)
Total fund balances	<u>5,645,113</u>	<u>655,442</u>	<u>163,054</u>	<u>203,281</u>	<u>75,117</u>	<u>122,026</u>	<u>17,735,398</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 5,986,118</u>	<u>\$ 770,122</u>	<u>\$ 105,105</u>	<u>\$ 203,281</u>	<u>\$ 82,568</u>	<u>\$ 122,026</u>	<u>\$ 24,203,123</u>

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	<b>Special Revenue Funds</b>					
	<b>Hultquist Library</b>	<b>Capital Outlay Police</b>	<b>Capital Outlay Fire</b>	<b>Capital Outlay Non-uniform</b>	<b>Muskogee Redevelopment Authority</b>	<b>Sales Tax Capital Outlay</b>
<b>REVENUES</b>						
Taxes	\$ -	\$ 174,522	\$ 174,522	\$ 174,522	\$ -	\$ 1,396,175
Intergovernmental programs	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Donations	-	8,000	-	-	-	-
Admissions and concessions	-	-	-	-	86,363	-
Licenses and permits	-	-	-	-	-	-
Interest	2,151	3,429	12,174	1,742	107	30,203
Rental receipts	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	4	59,965
Sale of property	-	-	-	-	-	-
Total revenues	<u>2,151</u>	<u>185,951</u>	<u>186,696</u>	<u>176,264</u>	<u>86,474</u>	<u>1,426,378</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	101,494	-	-
Public safety and judiciary	-	-	862	-	-	-
Streets	-	-	-	-	-	589,714
Cultural and recreational	2,377	-	-	-	309,040	-
Utilities	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Other public services	-	-	-	-	-	-
Capital outlay	-	52,079	41,990	10,416	-	1,013,909
Debt service:						
Principal	-	132,483	-	-	-	45,189
Interest	-	19,206	-	-	19,946	891
Total expenditures	<u>2,377</u>	<u>203,768</u>	<u>42,852</u>	<u>111,910</u>	<u>328,986</u>	<u>1,059,989</u>
Excess (deficiency) of revenues over expenditures	<u>(226)</u>	<u>(17,817)</u>	<u>143,844</u>	<u>64,354</u>	<u>(242,512)</u>	<u>366,389</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	52,080	-	-	734,500	-
Transfers out	-	-	-	-	(541,534)	(149,529)
Proceeds from long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>52,080</u>	<u>-</u>	<u>-</u>	<u>192,966</u>	<u>(149,529)</u>
Net change in fund balances	(226)	34,263	143,844	64,354	(49,546)	216,860
Fund balances - beginning	135,926	218,778	720,563	86,311	(3,599,766)	1,780,987
Fund balances - ending	<u>\$ 135,700</u>	<u>\$ 253,041</u>	<u>\$ 864,407</u>	<u>\$ 150,665</u>	<u>\$ (3,649,312)</u>	<u>\$ 1,997,847</u>

(Continued)

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

City of Muskogee  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended June 30, 2022

	Special Revenue Funds					
	Home Grants	Emergency Management Grants	Police Equipment Grants	Drug Forfeiture Revenue	Drug Forfeiture Federal	CDBG Grants
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental programs	-	-	81,707	-	-	46,693
Fines and forfeitures	-	-	-	-	-	-
Donations	-	-	-	2,438	-	-
Admissions and concessions	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Interest	137	2	611	152	-	1,244
Rental receipts	-	-	-	-	-	-
Miscellaneous revenue	1,500	-	44,867	-	-	27,747
Sale of property	-	-	-	-	-	-
Total revenues	1,637	2	127,185	2,590	-	75,684
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Public safety and judiciary	-	-	33,874	2,200	-	-
Streets	-	-	-	-	-	-
Cultural and recreational	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Economic development	-	-	-	-	-	192,881
Other public services	1,751	-	-	-	-	-
Capital outlay	-	-	120,071	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	1,751	-	153,945	2,200	-	192,881
Excess (deficiency) of revenues over expenditures	(114)	2	(26,760)	390	-	(117,197)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	228,333
Transfers out	-	-	-	-	-	-
Proceeds from long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	228,333
Net change in fund balances	(114)	2	(26,760)	390	-	111,136
Fund balances - beginning	7,963	95	102,058	5,627	729	164
Fund balances - ending	\$ 7,849	\$ 97	\$ 75,298	\$ 6,017	\$ 729	\$ 111,300

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**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

City of Muskogee  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended June 30, 2022

	Special Revenue Funds							
	Sales Tax Non Uniform Benefit	Sales Tax Police Benefit	Sales Tax Fire Benefit	Animal Control	Animal Adopt Fees	Weed & Seed Program	Youth Alcohol Prevention	Youth Fines
<b>REVENUES</b>								
Taxes	\$ 1,396,175	\$ 1,396,175	\$ 1,396,175	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental programs	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	12,203	15,518
Donations	-	-	-	180	10,013	-	-	-
Admissions and concessions	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	23,599	-	-	-
Interest	5,057	2,588	9,188	172	-	-	-	-
Rental receipts	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	2,513	-	-	-
Sale of property	-	-	-	-	-	-	-	-
Total revenues	<u>1,401,232</u>	<u>1,398,763</u>	<u>1,405,363</u>	<u>352</u>	<u>36,125</u>	<u>-</u>	<u>12,203</u>	<u>15,518</u>
<b>EXPENDITURES</b>								
Current:								
General government	322,522	-	-	-	-	-	-	-
Public safety and judiciary	165,137	1,340,315	1,327,441	2,500	32,564	-	-	3,654
Streets	133,863	-	-	-	-	-	-	-
Cultural and recreational	291,107	-	-	-	-	-	-	-
Utilities	386,422	-	-	-	-	-	-	-
Economic development	1	-	-	-	-	-	-	-
Other public services	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	11,112	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	<u>1,299,052</u>	<u>1,340,315</u>	<u>1,327,441</u>	<u>13,612</u>	<u>32,564</u>	<u>-</u>	<u>-</u>	<u>3,654</u>
Excess (deficiency) of revenues over expenditures	<u>102,180</u>	<u>58,448</u>	<u>77,922</u>	<u>(13,260)</u>	<u>3,561</u>	<u>-</u>	<u>12,203</u>	<u>11,864</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(7,108)
Proceeds from long-term debt	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,108)</u>
Net change in fund balances	102,180	58,448	77,922	(13,260)	3,561	-	12,203	4,756
Fund balances - beginning	505,517	269,726	750,311	17,933	103,412	47,774	-	1,941
Fund balances - ending	<u>\$ 607,697</u>	<u>\$ 328,174</u>	<u>\$ 828,233</u>	<u>\$ 4,673</u>	<u>\$ 106,973</u>	<u>\$ 47,774</u>	<u>\$ 12,203</u>	<u>\$ 6,697</u>

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**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**City of Muskogee**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue Funds						Capital Project Funds	
	DEQ Elyson Project	State Fairgrounds	Convention and Tourism	American Rescue Plan	Emergency 911	Employee Benefits Health- Sales Tax	Local Law Enforcement Block Grant	2009 Sewer Rehabilitation
REVENUES								
Taxes	\$ -	\$ -	\$ 1,030,480	\$ -	\$ 25	\$ 523,565	\$ -	\$ -
Intergovernmental programs	-	-	-	1,729,789	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Admissions and concessions	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Interest	-	-	6,769	-	-	-	-	-
Rental receipts	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-	-	-
Total revenues	-	-	1,037,249	1,729,789	25	523,565	-	-
EXPENDITURES								
Current:								
General government	-	-	-	184,039	-	408,306	-	-
Public safety and judiciary	-	-	-	282,681	-	-	-	-
Streets	-	-	-	32,797	-	-	-	-
Cultural and recreational	-	2,766	45,000	100,210	-	-	-	-
Utilities	-	-	-	93,213	-	-	-	-
Economic development	-	-	-	345	-	-	-	-
Other public services	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	-	2,766	45,000	693,285	-	408,306	-	-
Excess (deficiency) of revenues over expenditures	-	(2,766)	992,249	1,036,504	25	115,259	-	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	25,034	-	-	-	-	-
Transfers out	-	-	(858,000)	(1,036,504)	-	-	-	-
Proceeds from long-term debt	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(832,966)	(1,036,504)	-	-	-	-
Net change in fund balances	-	(2,766)	159,283	-	25	115,259	-	-
Fund balances - beginning	4	(101)	562,856	-	-	289,762	767	11,829
Fund balances - ending	\$ 4	\$ (2,867)	\$ 722,139	\$ -	\$ 25	\$ 405,021	\$ 767	\$ 11,829

(Continued)

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

City of Muskogee  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended June 30, 2022

	Capital Project Funds							
	2009 Capital Improvement	75 Limited Access B	Chandler Road Detention	Sales Tax Economic Development	Water/Sewer Improvement	2014 Sewer Rehab	2014 Capital Improvement	2019 Capital Improvement
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,186,749
Intergovernmental programs	-	-	-	-	-	-	250,000	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Admissions and concessions	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Interest	-	412	1,900	-	44	88,274	-	-
Rental receipts	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-	-	-
Total revenues	-	412	1,900	-	44	88,274	250,000	1,186,749
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety and judiciary	-	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-
Cultural and recreational	-	-	-	-	-	-	-	243,375
Utilities	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Other public services	-	-	-	-	-	-	-	-
Capital outlay	-	16,623	-	-	-	-	229,733	705,955
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	-	16,623	-	-	-	-	229,733	949,330
Excess (deficiency) of revenues over expenditures	-	(16,211)	1,900	-	44	88,274	20,267	237,419
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(546,689)	-	(334,195)
Proceeds from long-term debt	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(546,689)	-	(334,195)
Net change in fund balances	-	(16,211)	1,900	-	44	(458,415)	20,267	(96,776)
Fund balances - beginning	265	35,309	119,536	1	2,788	5,807,065	664,559	1,036,492
Fund balances - ending	\$ 265	\$ 19,098	\$ 121,436	\$ 1	\$ 2,832	\$ 5,348,650	\$ 684,826	\$ 939,716

(Continued)

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**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

City of Muskogee  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended June 30, 2022

	Capital Project Funds				Debt Service Fund		Total Governmental Funds
	Street Improvements	Street Maintenance Installation	Repair and Replacement	Cemetery Perpetual Care	G.O. Sinking Fund	Police Vehicle Fines/Forfeitures	
<b>REVENUES</b>							
Taxes	\$ 2,303,689	\$ 1,745,219	\$ -	\$ -	\$ 238,608	\$ -	\$ 13,488,472
Intergovernmental programs	-	-	-	-	-	-	2,108,189
Fines and forfeitures	-	-	-	-	-	150,066	177,787
Donations	-	-	-	-	-	-	20,631
Admissions and concessions	-	-	-	-	-	-	86,363
Licenses and permits	-	-	-	-	-	-	23,599
Interest	-	-	1,343	2,958	3,026	-	186,108
Rental receipts	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	21,599	32,643	-	-	190,838
Sale of property	-	-	70,399	-	-	-	70,399
Total revenues	<u>2,303,689</u>	<u>1,745,219</u>	<u>93,341</u>	<u>35,601</u>	<u>241,634</u>	<u>150,066</u>	<u>16,352,386</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	264,987	-	1,281,348
Public safety and judiciary	-	-	-	-	-	-	3,191,228
Streets	-	792	-	-	-	-	757,166
Cultural and recreational	-	-	-	625	-	-	994,500
Utilities	-	-	-	-	-	-	479,635
Economic development	-	-	-	-	-	-	193,227
Other public services	-	-	-	-	-	-	1,751
Capital outlay	2,912,196	1,885,983	13,224	542	-	-	7,062,763
Debt service:							
Principal	-	-	-	-	-	168,551	346,223
Interest	-	-	-	-	-	8,092	48,135
Total expenditures	<u>2,912,196</u>	<u>1,886,775</u>	<u>13,224</u>	<u>1,167</u>	<u>264,987</u>	<u>176,643</u>	<u>14,355,976</u>
Excess (deficiency) of revenues over expenditures	<u>(608,507)</u>	<u>(141,556)</u>	<u>80,117</u>	<u>34,434</u>	<u>(23,353)</u>	<u>(26,577)</u>	<u>1,996,410</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	3,616,145	202,053	-	-	-	-	5,008,145
Transfers out	(2,698,302)	(861,544)	-	-	-	-	(7,033,405)
Proceeds from long-term debt	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>917,843</u>	<u>(659,491)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,025,260)</u>
Net change in fund balances	309,336	(801,047)	80,117	34,434	(23,353)	(26,577)	(28,850)
Fund balances - beginning	5,335,777	1,456,489	82,937	168,847	98,470	148,603	17,764,248
Fund balances - ending	<u>\$ 5,645,113</u>	<u>\$ 655,442</u>	<u>\$ 163,054</u>	<u>\$ 203,281</u>	<u>\$ 75,117</u>	<u>\$ 122,026</u>	<u>\$ 17,735,398</u>

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

City of Muskogee  
Combining Statement of Net Position  
Non-Major Enterprise Funds  
June 30, 2022

	Stormwater	Muskogee Parking Authority	Airport Fund	Muskogee Tourism Authority	Civic Center	Hatbox Sports Complex	Hatbox Field	Swim & Fitness Center	War Memorial Park	Hatbox	Total
<b>ASSETS</b>											
Current assets:											
Cash and cash equivalents	\$ 3,701,122	\$ 981,946	\$ 594,533	\$ 347,887	\$ 290,460	\$ 11,327	\$ 455,220	\$ 78,450	\$ 198	\$ 230,131	\$ 6,691,274
Accounts receivable, net	166,399	19,386	7,486	2,500	20	-	-	33,723	-	787	230,301
Other receivable	-	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	2,803	5,354	-	-	16,365	5,232	29,754
Prepaid expenses	-	-	-	33,444	-	-	-	-	-	-	33,444
Notes receivable	-	-	-	-	-	-	400,000	-	-	-	400,000
Total current assets	3,867,521	1,001,332	602,019	383,831	293,283	16,681	855,220	112,173	16,563	236,150	7,384,773
Noncurrent assets:											
Notes receivable	-	-	-	-	-	-	800,000	-	-	-	800,000
Lease receivable	-	-	537,731	-	-	-	-	-	-	-	537,731
Capital assets:											
Land and other non-depreciable assets	236,330	1,049,284	115,545	-	-	-	-	400,000	-	-	1,801,159
Other capital assets, net of depreciation	2,636,628	390,412	4,323,655	239,572	4,802,851	340,447	2,194,272	462,463	63,816	229,807	15,683,923
Total noncurrent assets	2,872,958	1,439,696	4,976,931	239,572	4,802,851	340,447	2,994,272	862,463	63,816	229,807	18,822,813
Total assets	6,740,479	2,441,028	5,578,950	623,403	5,096,134	357,128	3,849,492	974,636	80,379	465,957	26,207,586
<b>LIABILITIES</b>											
Current liabilities:											
Accounts payable	55,873	-	5,769	-	71,692	13,581	18,799	9,725	-	64,796	240,235
Accrued payroll liabilities	2,313	-	5,749	-	15,912	7,777	4,464	21,065	1,718	39,148	98,146
Due to other funds	-	-	-	-	-	-	40,532	200,000	-	-	240,532
Accrued interest payable	-	-	-	-	-	-	78,389	-	-	-	78,389
Unearned revenue	-	-	-	-	-	-	-	-	164	-	164
Current portion of:											
Due to depositors	-	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	38,400	-	400,000	-	-	-	438,400
Accrued compensated absences	-	-	298	-	-	932	565	1,641	-	492	3,928
Total current liabilities	58,186	-	11,816	-	126,004	22,290	542,749	232,431	1,882	104,436	1,099,794
Non-current liabilities:											
Notes payable	-	-	-	-	144,000	-	800,000	-	-	-	944,000
Accrued compensated absences	-	-	2,684	-	-	8,384	5,083	14,768	-	4,427	35,346
Total non-current liabilities	-	-	2,684	-	144,000	8,384	805,083	14,768	-	4,427	979,346
Total liabilities	58,186	-	14,500	-	270,004	30,674	1,347,832	247,199	1,882	108,863	2,079,140
<b>DEFERRED INFLOWS OF RESOURCES:</b>											
Deferred amounts related to leases	-	-	535,907	-	-	-	-	-	-	-	535,907
Total deferred inflows of resources	-	-	535,907	-	-	-	-	-	-	-	535,907
<b>NET POSITION</b>											
Net investment in capital assets	2,872,958	1,439,696	4,439,200	239,572	4,620,451	340,447	994,272	862,463	63,816	229,807	16,102,682
Unrestricted (deficit)	3,809,335	1,001,332	589,343	383,831	205,679	(13,993)	1,507,388	(135,026)	14,681	127,287	7,489,857
Total net position	\$ 6,682,293	\$ 2,441,028	\$ 5,028,543	\$ 623,403	\$ 4,826,130	\$ 326,454	\$ 2,501,660	\$ 727,437	\$ 78,497	\$ 357,094	\$ 23,592,539

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

City of Muskogee  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Non-Major Enterprise Funds  
For the Year Ended June 30, 2022

	Stormwater	Muskogee Parking Authority	Airport Fund	Muskogee Tourism Authority	Civic Center	Hatbox Sports Complex	Hatbox Field	Swim & Fitness Center	War Memorial Park	Hatbox	Total
<b>REVENUES</b>											
Solid waste revenue	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stormwater revenue	1,449,207	-	-	-	-	-	-	-	-	-	1,449,207
Penalty revenue	-	-	-	-	-	-	-	-	-	-	-
Parking fees	-	35,773	-	-	-	-	109,375	-	-	-	145,148
Rental receipts	-	-	242,027	9,501	77,650	-	47,780	3,500	-	6,300	386,758
Admissions and concessions	-	-	-	26,457	45,644	67,437	9,042	-	-	457,153	605,733
Miscellaneous revenue	25,000	46,900	44,273	3,372	1	(343)	6,437	105	-	-	125,745
Activity fees	-	-	-	-	-	-	-	394,874	12,117	-	406,991
Intergovernmental programs	(1,085,617)	-	112,545	-	130,812	-	2,500	-	-	-	(839,760)
Total operating revenues	<u>388,590</u>	<u>82,673</u>	<u>398,845</u>	<u>39,330</u>	<u>254,107</u>	<u>67,094</u>	<u>175,134</u>	<u>398,479</u>	<u>12,117</u>	<u>463,453</u>	<u>2,279,822</u>
<b>OPERATING EXPENSES</b>											
Cultural and recreational	-	-	-	652,172	438,968	252,755	251,022	583,289	76,032	386,141	2,640,379
Parking	-	31	-	-	-	-	-	-	-	-	31
Stormwater	498,025	-	-	-	-	-	-	-	-	-	498,025
Transportation	-	-	237,657	-	-	-	-	-	-	-	237,657
Depreciation expense	123,799	98,765	213,415	13,964	232,259	-	-	398	5,273	319,350	1,007,223
Total Operating Expenses	<u>621,824</u>	<u>98,796</u>	<u>451,072</u>	<u>666,136</u>	<u>671,227</u>	<u>252,755</u>	<u>251,022</u>	<u>583,687</u>	<u>81,305</u>	<u>705,491</u>	<u>4,383,315</u>
Operating income (loss)	<u>(233,234)</u>	<u>(16,123)</u>	<u>(52,227)</u>	<u>(626,806)</u>	<u>(417,120)</u>	<u>(185,661)</u>	<u>(75,888)</u>	<u>(185,208)</u>	<u>(69,188)</u>	<u>(242,038)</u>	<u>(2,103,493)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>											
Investment income	52,668	15,127	13,683	24	2,298	-	75,551	441	1	1,824	161,617
Interest expense	-	-	-	-	-	-	(98,567)	-	-	-	(98,567)
Donations	-	-	-	277,406	-	-	-	-	-	-	277,406
Total non-operating revenue (expenses)	<u>52,668</u>	<u>15,127</u>	<u>13,683</u>	<u>277,430</u>	<u>2,298</u>	<u>-</u>	<u>(23,016)</u>	<u>441</u>	<u>1</u>	<u>1,824</u>	<u>340,456</u>
Income (loss) before contributions and transfers	<u>(180,566)</u>	<u>(996)</u>	<u>(38,544)</u>	<u>(349,376)</u>	<u>(414,822)</u>	<u>(185,661)</u>	<u>(98,904)</u>	<u>(184,767)</u>	<u>(69,187)</u>	<u>(240,214)</u>	<u>(1,763,037)</u>
Capital contributions	-	-	15,000	-	-	-	-	-	-	-	15,000
Transfers in	-	-	3,466	574,510	151,761	120,000	228,208	-	27,000	138,882	1,243,827
Transfers out	-	-	-	-	(60,000)	-	(20,164)	-	-	-	(80,164)
Change in net position	<u>(180,566)</u>	<u>(996)</u>	<u>(20,078)</u>	<u>225,134</u>	<u>(323,061)</u>	<u>(65,661)</u>	<u>109,140</u>	<u>(184,767)</u>	<u>(42,187)</u>	<u>(101,332)</u>	<u>(584,374)</u>
Total net position - beginning	<u>6,862,859</u>	<u>2,442,024</u>	<u>5,048,621</u>	<u>398,269</u>	<u>5,149,191</u>	<u>392,115</u>	<u>2,392,520</u>	<u>912,204</u>	<u>120,684</u>	<u>458,426</u>	<u>24,176,913</u>
Total net position - ending	<u>\$ 6,682,293</u>	<u>\$ 2,441,028</u>	<u>\$ 5,028,543</u>	<u>\$ 623,403</u>	<u>\$ 4,826,130</u>	<u>\$ 326,454</u>	<u>\$ 2,501,660</u>	<u>\$ 727,437</u>	<u>\$ 78,497</u>	<u>\$ 357,094</u>	<u>\$ 23,592,539</u>

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

City of Muskogee  
Combining Statement of Cash Flows  
Non-Major Enterprise Funds  
For the Year Ended June 30, 2022

	Stormwater	Muskogee Parking Authority	Airport Fund	Muskogee Tourism Authority	Civic Center	Hatbox Sports Complex	Hatbox Field	Swim & Fitness Center	War Memorial Park	Hatbox	Total Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>											
Receipts from customers & service users	\$ 377,615	\$ 67,781	\$ (136,316)	\$ 314,736	\$ 254,107	\$ 67,094	\$ 175,134	\$ 398,479	\$ 12,073	\$ 463,453	\$ 1,994,156
Payments to suppliers	(476,050)	(31)	(149,658)	(688,419)	(249,963)	(183,947)	(178,662)	(612,596)	(76,032)	(143,890)	(2,759,248)
Payments to employees	(42,321)	-	(110,740)	-	(123,234)	(72,233)	(63,923)	(396,624)	-	(204,443)	(1,013,518)
Interfund receipts/payments	-	-	-	-	-	2,410	-	200,000	-	(131)	202,279
<b>Net cash provided by (used in) operating activities</b>	<u>(140,756)</u>	<u>67,750</u>	<u>(396,714)</u>	<u>(373,683)</u>	<u>(119,090)</u>	<u>(186,676)</u>	<u>(67,451)</u>	<u>(410,741)</u>	<u>(63,959)</u>	<u>114,989</u>	<u>(1,576,331)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>											
Transfers from other funds	-	-	3,466	574,510	151,761	120,000	228,208	-	27,000	138,882	1,243,827
Transfers to other funds	-	-	-	-	(60,000)	-	(20,164)	-	-	-	(80,164)
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>-</u>	<u>-</u>	<u>3,466</u>	<u>574,510</u>	<u>91,761</u>	<u>120,000</u>	<u>208,044</u>	<u>-</u>	<u>27,000</u>	<u>138,882</u>	<u>1,163,663</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>											
Purchases of capital assets	(52,271)	-	(126,799)	(222,365)	-	-	-	-	-	(153,771)	(555,206)
Proceeds from issuance of capital debt	-	-	-	-	-	-	-	-	-	-	-
Principal paid on capital debt	-	-	-	-	(38,400)	-	(400,000)	-	-	-	(438,400)
Other sources	-	-	-	-	-	-	400,000	-	-	-	400,000
Loan administration fees paid on capital debt	-	-	-	-	-	-	(51,708)	-	-	-	(51,708)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(52,271)</u>	<u>-</u>	<u>(126,799)</u>	<u>(222,365)</u>	<u>(38,400)</u>	<u>-</u>	<u>(51,708)</u>	<u>-</u>	<u>-</u>	<u>(153,771)</u>	<u>(645,314)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
Interest and dividends	52,668	15,127	549,590	24	2,273	-	75,551	(33,282)	1	1,824	663,776
<b>Net cash provided by investing activities</b>	<u>52,668</u>	<u>15,127</u>	<u>549,590</u>	<u>24</u>	<u>2,273</u>	<u>-</u>	<u>75,551</u>	<u>(33,282)</u>	<u>1</u>	<u>1,824</u>	<u>663,776</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(140,359)	82,877	29,543	(21,514)	(63,456)	(66,676)	164,436	(444,023)	(36,958)	101,924	(394,206)
<b>Balances - beginning of year</b>	<u>3,841,481</u>	<u>899,069</u>	<u>564,990</u>	<u>369,401</u>	<u>353,916</u>	<u>78,003</u>	<u>290,784</u>	<u>522,473</u>	<u>37,156</u>	<u>128,207</u>	<u>7,085,480</u>
<b>Balances - end of year</b>	<u>\$ 3,701,122</u>	<u>\$ 981,946</u>	<u>\$ 594,533</u>	<u>\$ 347,887</u>	<u>\$ 290,460</u>	<u>\$ 11,327</u>	<u>\$ 455,220</u>	<u>\$ 78,450</u>	<u>\$ 198</u>	<u>\$ 230,131</u>	<u>\$ 6,691,274</u>
<b>Reconciliation to Statement of Net Position:</b>											
Cash and cash equivalents	<u>\$ 3,701,122</u>	<u>\$ 981,946</u>	<u>\$ 594,533</u>	<u>\$ 347,887</u>	<u>\$ 290,460</u>	<u>\$ 11,327</u>	<u>\$ 455,220</u>	<u>\$ 78,450</u>	<u>\$ 198</u>	<u>\$ 230,131</u>	<u>\$ 6,691,274</u>
Total cash and cash equivalents, end of year	<u>\$ 3,701,122</u>	<u>\$ 981,946</u>	<u>\$ 594,533</u>	<u>\$ 347,887</u>	<u>\$ 290,460</u>	<u>\$ 11,327</u>	<u>\$ 455,220</u>	<u>\$ 78,450</u>	<u>\$ 198</u>	<u>\$ 230,131</u>	<u>\$ 6,691,274</u>

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**City of Muskogee**  
**Statement of Cash Flows**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2022**

	<u>Stormwater</u>	<u>Muskogee Parking Authority</u>	<u>Airport Fund</u>	<u>Muskogee Tourism Authority</u>	<u>Civic Center</u>	<u>Hatbox Sports Complex</u>	<u>Hatbox Field</u>	<u>Swim &amp; Fitness Center</u>	<u>War Memorial Park</u>	<u>Hatbox</u>	<u>Total Enterprise Funds</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>											
Operating income (loss)	\$ (233,234)	\$ (16,123)	\$ (52,227)	\$ (626,806)	\$ (417,120)	\$ (185,661)	\$ (75,888)	\$ (185,208)	\$ (69,188)	\$ (242,038)	\$ (2,103,493)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:											
Depreciation expense	123,799	98,765	213,415	13,964	232,259	-	-	398	5,273	319,350	1,007,223
Non-cash capital assets expensed	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	-	277,406	-	-	-	-	-	-	277,406
Change in assets and liabilities:											
Due from other funds	-	-	-	-	-	2,410	-	-	-	(131)	2,279
Prepaid expense	-	-	-	(32,429)	-	-	-	-	-	-	(32,429)
Accounts receivable	(10,975)	(17,685)	2,570	(2,000)	-	-	-	-	-	-	(28,090)
Lease receivables	-	-	(537,731)	-	-	-	-	-	-	-	(537,731)
Judgment receivables	-	2,793	-	-	-	-	-	-	-	-	2,793
Inventory	-	-	-	-	(290)	-	-	-	-	-	(290)
Accounts payable	(19,616)	-	(24,798)	(3,061)	59,314	(7,786)	5,956	(426,025)	-	30,859	(385,157)
Accrued payroll payable	204	-	275	(757)	10,097	(1,177)	1,687	(1,213)	-	6,999	16,115
Due to other funds	-	-	-	-	-	-	-	200,000	-	-	200,000
Unearned revenue	-	-	-	-	-	-	-	-	(44)	-	(44)
Accrued compensated absences	(934)	-	1,782	-	(3,350)	5,538	794	1,307	-	(50)	5,087
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (140,756)</u>	<u>\$ 67,750</u>	<u>\$ (396,714)</u>	<u>\$ (373,683)</u>	<u>\$ (119,090)</u>	<u>\$ (186,676)</u>	<u>\$ (67,451)</u>	<u>\$ (410,741)</u>	<u>\$ (63,959)</u>	<u>\$ 114,989</u>	<u>\$ (1,576,331)</u>

**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**City of Muskogee**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2022**

	<b>Unemployment Insurance Fund</b>	<b>Life and Medical Fund</b>	<b>Workers Comp</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 50,723	\$ 50,723
Accounts receivable, net of allowance	100	-	34,917	35,017
Prepaid expenses	-	-	1,904	1,904
Total assets	<u>100</u>	<u>-</u>	<u>87,544</u>	<u>87,644</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	-	344,300	-	344,300
Due to other funds	18,175	-	-	18,175
Current portion of:				
Claims liabilities	-	50,614	285,006	335,620
Total current liabilities	<u>18,175</u>	<u>394,914</u>	<u>285,006</u>	<u>698,095</u>
Non-current liabilities:				
Claims liabilities	-	75,921	427,509	503,430
Total non-current liabilities	<u>-</u>	<u>75,921</u>	<u>427,509</u>	<u>503,430</u>
Total liabilities	<u>18,175</u>	<u>470,835</u>	<u>712,515</u>	<u>1,201,525</u>
<b>NET POSITION</b>				
Unrestricted (deficit)	(18,075)	(470,835)	(624,971)	(1,113,881)
Total net position	<u>\$ (18,075)</u>	<u>\$ (470,835)</u>	<u>\$ (624,971)</u>	<u>\$ (1,113,881)</u>

**City of Muskogee**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2022**

	<b>Unemployment Insurance Fund</b>	<b>Life and Medical Fund</b>	<b>Workers Comp</b>	<b>Total</b>
<b>REVENUES</b>				
Insurance premiums	\$ -	\$ 5,061,039	\$ 1,066,437	\$ 6,127,476
Total operating revenues	<u>-</u>	<u>5,061,039</u>	<u>1,066,437</u>	<u>6,127,476</u>
<b>OPERATING EXPENSES</b>				
Premiums paid	10,419	1,075,796	139,654	1,225,869
Claims paid	-	5,408,914	189,686	5,598,600
Total operating expenses	<u>10,419</u>	<u>6,484,710</u>	<u>329,340</u>	<u>6,824,469</u>
Operating income (loss)	<u>(10,419)</u>	<u>(1,423,671)</u>	<u>737,097</u>	<u>(696,993)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	-	1,677	3,327	5,004
Miscellaneous Income	-	-	16,667	16,667
Transfer In	-	699,904	-	699,904
Total non-operating revenue (expenses)	<u>-</u>	<u>701,581</u>	<u>19,994</u>	<u>721,575</u>
Change in net position	<u>(10,419)</u>	<u>(722,090)</u>	<u>757,091</u>	<u>24,582</u>
Total net position - beginning	<u>(7,656)</u>	<u>251,255</u>	<u>(1,382,062)</u>	<u>(1,138,463)</u>
Total net position - ending	<u>\$ (18,075)</u>	<u>\$ (470,835)</u>	<u>\$ (624,971)</u>	<u>\$ (1,113,881)</u>



**CITY OF MUSKOGEE, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

City of Muskogee  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2022

	Unemployment Insurance Fund	Life and Medical Fund	Workers Comp	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers & service users	\$ -	\$ 5,061,039	\$ 1,048,187	\$ 6,109,226
Payments to suppliers	(10,419)	(6,340,610)	(524,530)	(6,875,559)
Payments to employees	-	-	-	-
Receipts of customer meter deposits	-	-	-	-
Refunds of customer meter deposits	-	-	-	-
Interfund receipts/payments	18,175	-	(469,000)	(450,825)
Receipts from others	-	-	-	-
<b>Net cash provided by (used in) operating activities</b>	<u>7,756</u>	<u>(1,279,571)</u>	<u>54,657</u>	<u>(1,217,158)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	699,904	-	699,904
<b>Net cash provided by noncapital financing activities</b>	<u>-</u>	<u>699,904</u>	<u>-</u>	<u>699,904</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	-	1,677	3,327	5,004
<b>Net cash provided by investing activities</b>	<u>-</u>	<u>1,677</u>	<u>3,327</u>	<u>5,004</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	7,756	(577,990)	57,984	(512,250)
<b>Balances - beginning of year</b>	<u>(7,756)</u>	<u>577,990</u>	<u>(7,261)</u>	<u>562,973</u>
<b>Balances - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,723</u>	<u>\$ 50,723</u>
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,723</u>	<u>\$ 50,723</u>
Total cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,723</u>	<u>\$ 50,723</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ (10,419)	\$ (1,423,671)	\$ 737,097	\$ (696,993)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Miscellaneous income	-	-	16,667	16,667
Change in assets and liabilities:				
Due from other funds	18,175	-	(469,000)	(450,825)
Prepaid expense	-	-	62,034	62,034
Accounts receivable	-	-	(34,917)	(34,917)
Accounts payable	-	122,885	-	122,885
Claims liability	-	21,215	(257,224)	(236,009)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 7,756</u>	<u>\$ (1,279,571)</u>	<u>\$ 54,657</u>	<u>\$ (1,217,158)</u>

**CITY OF MUSKOGEE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2022**

**Schedules of Expenditures of State Awards – Year Ended June 30, 2022**

<b>State Grantor/Pass through agency Grantor/Program Title</b>	<b>Grant #</b>	<b>Award Amount</b>	<b>Awards Expenditures</b>
<b>STATE AWARDS:</b>			
<u>TOBACCO SETTLEMENT ENDOWMENT TRUST:</u>			
TSET Grant	N/A	\$ 1,750	\$ 1,750
<u>OKLAHOMA DEPARTMENT OF TRANSPORTATION (ODOT):</u>			
Signals country club	N/A	\$ 250,000	\$ 250,000
<u>OKLAHOMA DEPARTMENT OF CIVIL EMERGENCY MANAGEMENT:</u>			
2019 Flood water treatment project (FEMA DR 4438 PW)	N/A	\$ 431,201	\$ 340,869
FEMA DR 4222 PW 1487	N/A	7,087	7,087
Total Oklahoma Department of Civil Emergency Management:		<u>\$ 438,288</u>	<u>\$ 347,956</u>
<u>THE SHERRERED VENUE OPERATORS GRANT (SVOG):</u>			
SBA GRANT	N/A	\$ 130,812	\$ 130,812
<u>OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY (ODEQ):</u>			
Household pollutant event	N/A	30,000	30,000

REPORTS REQUIRED BY GOVERNMENTAL AUDITING  
STANDARDS



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

To the City Council  
City of Muskogee, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Muskogee, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Muskogee, Oklahoma's basic financial statements, and have issued our report thereon dated October 3, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Muskogee, Oklahoma's internal control over financial reporting (internal control) as a basis for designing 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 Muskogee, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Muskogee, Oklahoma's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Muskogee, Oklahoma'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 financial statements. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2022-002.

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HOOD & ASSOCIATES CPAs, P.C.

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**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.



Hood & Associates CPAs, PC

Tulsa, Oklahoma

October 3, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the City Council  
City of Muskogee, Oklahoma

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited City of Muskogee, Oklahoma's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Muskogee, Oklahoma's major federal programs for the year ended June 30, 2022. City of Muskogee, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Muskogee, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Muskogee, Oklahoma and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Muskogee, Oklahoma's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Muskogee, Oklahoma's federal programs.

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HOOD & ASSOCIATES CPAs, P.C.

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### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Muskogee, Oklahoma's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Muskogee, Oklahoma's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Muskogee, Oklahoma's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Muskogee, Oklahoma's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 City of Muskogee, Oklahoma's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001 through 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on City of Muskogee, Oklahoma's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. City of Muskogee, Oklahoma's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Hood & Associates CPAs PC*

Hood & Associates CPAs, PC

Tulsa, Oklahoma

October 3, 2023



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**CITY OF MUSKOGEE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2022**

**Schedules of Expenditures of Federal and State Awards – Year Ended June 30, 2022**

<b>Federal Grantor/Pass through agency Grantor/Program Title</b>	<b>Federal AL Number</b>	<b>Grant #</b>	<b>Award Amount</b>	<b>Federal Expenditures</b>
<b>FEDERAL AWARDS:</b>				
<u>U.S. DEPARTMENT OF TREASURY:</u>				
Passed through the Oklahoma Office of Management and Enterprise Services: ARPA	21.027	N/A	\$ 6,512,708	\$ 1,737,590
Total U.S. Department of Treasury			<u>6,512,708</u>	<u>1,737,590</u>
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Bullet proof Vest	16.607	2021 BVP	13,958	13,958
Project Safe Neighborhood	16.609	2019-GP-BX-0033	70,726	7,956
2020 Justice Assistance Grant	16.738	2020 MHWXK008	15,592	15,992
2020 Justice Assistance Grant	16.738	2020DJBX0469	15,591	15,991
2021 Justice Assistance Grant	16.738	O-BJA-2021-35004	36,566	36,566
Subtotal Federal AL number 16.738			<u>67,749</u>	<u>68,549</u>
Passed through Community Oriented Policing Service: Mental Health Grant	16.710	2020 MHWXK008	121,299	56,118
Total U.S. Department of Justice			<u>273,732</u>	<u>146,581</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Passed through Oklahoma Department of Emergency Management: Emergency Management Performance Grant (EMPG)	97.042	EMPG 21	25,000	6,250
Emergency Management Performance Grant (EMPG)	97.042	EMPG20	12,633	12,633
Hazmat Trailer Repair	97.042	N/A	2,043	2,043
Subtotal Oklahoma Department of Emergency Management			<u>39,676</u>	<u>20,926</u>
Total Department of Homeland Security			<u>39,676</u>	<u>20,926</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
Passed through Oklahoma Department of Commerce CDBG	14.228	CDBG18 17284	46,693	46,693
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
FAA Airport improvement program	20.106	3-40-0062-013-2021	132,100	112,145
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 7,004,909</u>	<u>\$ 2,063,935</u>

**Notes to Schedule of Expenditures of Federal Awards**

City of Muskogee, Oklahoma  
Notes to Schedule of Expenditures of Federal Awards  
June 30, 2022

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2022. The information in this SEFA is presented in accordance with the 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). Because the SEFA presents only a selected portion of the operations of City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C—SUBRECIPIENTS

During the year ended June 30, 2022, the City did not provide any federal awards to subrecipients.

City of Muskogee, Oklahoma  
Schedule of Findings and Questioned Costs  
June 30, 2022

Section I--Summary of Auditor's Results

Financial statements

Type of auditor's report issued on whether the financial statements

were in accordance with GAAP: Internal control over financial reporting: *Unmodified*

- Material weakness(es) identified? X yes    no
- Significant deficiency(ies) identified? X yes    no

Noncompliance material to financial statements noted? X yes    no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?    yes X no
- Significant deficiency(ies) identified?    yes X no

Type of auditor's report issued on compliance for major federal programs:

*Unmodified*

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?    yes X no

Identification of major federal programs:

<i>Program</i>	<i>CFDA Number</i>
American Rescue Plan Act	21.027
Airport Improvement Program	20.106

Dollar threshold used to distinguish between type A and type B programs: \$750,000

- Auditee qualified as low-risk auditee?    yes X no

Section II--Findings Required to be Reported in Accordance with Government Auditing Standards:

A. Internal control

*Finding: 2022-001 – Controls over Financial Reporting*

Criteria: The City's management is responsible for ensuring the accurate and completeness of financial records and related information.

Condition: The City was unable to produce financial statements for the year ended June 30, 2022 in accordance with U.S. GAAP in a timely manner. In addition, the City did not effectively monitor and ensure proper implementation of internal controls.

Cause and Effect: During the year ended June 30, 2022, the City did not have the necessary personnel resources to maintain appropriate internal controls and processes to ensure accurate and timely financial reporting. In addition, the City did not maintain appropriate oversight of existing controls to prevent erroneous financial reporting.

The City's governing body and senior management have subsequently evaluated the City's internal controls related to financial reporting to ensure that the finance department is producing not only timely and accurate financial reports, but also monthly reports that can enable the governing body to exercise appropriate oversight of the City's financial activities in a timely manner.

*Management Response and Corrective Action Plan:*

The City has evaluated internal controls related to producing timely and accurate financial reports as well as monthly reporting to city council and subsequently to the current audit year end, have obtained qualified personnel to be able to implement timely reporting.

B. Compliance Findings

*Finding: 2022-002 –Filing of the State Auditor and Inspector Form 2643 with the State of Oklahoma*

Criteria: In order to report the financial statements in accordance with generally accepted accounting principles (GAAP), management needs to appropriately monitor the timing of the submission of the State Auditor and Inspector Form 2643, which should be filed within 180 days from the fiscal year end.

Condition: Internal control processes were not adequately designed to ensure that the filing of the State Auditor and Inspector Form 2643 for fiscal year ending June 30, 2022 were filed within the required time frame as outlined by state statute, respectively.

Cause and Effect: Internal control processes were not adequately designed to ensure the State Auditor and Inspector Form 2643 was filed with the state auditor within the required time frame.

B. Compliance Findings (continued)

*Finding: 2022-002 –Filing of the State Auditor and Inspector Form 2643 with the State of Oklahoma (continued)*

Recommendation: We recommend the internal controls for reporting with the state auditor be reviewed to ensure that future filings of the form are completed within the prescribed timeline.

Management Response and Corrective Action Plan:

In the future, when the City is caught up with filing delays and will complete audits in the prescribed time so that the Form 2643 will be filed with the state within 180 days from the fiscal year end.

*Finding: 2022-003 –Filing of the Data Collection form with the Federal Audit Clearinghouse*

Criteria: In order to report the Schedule of Expenditures of Federal Awards (the SEFA) in accordance with the Uniform Guidance, as well as the financial statements in accordance with generally accepted accounting principles (GAAP), management needs to appropriately monitor the timing of the submission of the data collection from within 30 days of the filing of the audit report or nine months after the end of the fiscal year.

Condition: Internal control processes were not adequately designed to ensure that the filing of the data collection form for fiscal year ending June 30, 2022 were filed within the required time frame as outlined by the Uniform Guidance 2 CFR 200.512(a).

Cause and Effect: Internal control processes were not adequately designed to ensure the data collection form was filed with federal audit clearinghouse within the required time frame.

Recommendation: We recommend the internal controls for reporting with the federal audit clearinghouse be reviewed to ensure that future filings of the data collection form are completed within the prescribed timeline.

Management Response:

The City will complete and file the reports with the federal audit clearinghouse in a timely manner. Management have modified operations to be able to ensure future compliance with reporting.

Section III--Findings Required to be Reported in Accordance with the Uniform Guidance:

A. Internal Control

No matters were reported.

B. Compliance Findings

See finding 2022-003.

City of Muskogee, Oklahoma  
Prior Year Schedule of Findings and Questioned Costs –June 30, 2021

Section II--Findings Required to be Reported in Accordance with Government Auditing Standards:

A. Internal control

*Finding: 2021-001 – Controls over Financial Reporting*

Criteria: The City's management is responsible for ensuring the accurate and completeness of financial records and related information.

Condition: The City was unable to produce financial statements for the year ended June 30, 2021 in accordance with U.S. GAAP in a timely manner. In addition, the City did not effectively monitor and ensure proper implementation of internal controls.

Cause and Effect: During the year ended June 30, 2021, the City did not have the necessary personnel resources to maintain appropriate internal controls and processes to ensure accurate and timely financial reporting. In addition, the City did not maintain appropriate oversight of existing controls to prevent erroneous financial reporting.

The City's governing body and senior management should evaluate the City's internal controls related to financial reporting to ensure that the finance department is producing not only timely and accurate financial reports, but also monthly reports that can enable the governing body to exercise appropriate oversight of the City's financial activities in a timely manner.

Management Response and Corrective Action Plan:

The City will evaluate internal controls related to producing timely and accurate financial reports as well as monthly reporting to city council.

B. Compliance Findings

*Finding: 2021-002 –Filing of the State Auditor and Inspector Form 2643 with the State of Oklahoma*

Criteria: In order to report the financial statements in accordance with generally accepted accounting principles (GAAP), management needs to appropriately monitor the timing of the submission of the State Auditor and Inspector Form 2643, which should be filed within 180 days from the fiscal year end.

Condition: Internal control processes were not adequately designed to ensure that the filing of the State Auditor and Inspector Form 2643 for fiscal year ending June 30, 2021 were filed within the required time frame as outlined by state statute, respectively.

Cause and Effect: Internal control processes were not adequately designed to ensure the State Auditor and Inspector Form 2643 was filed with the state auditor within the required time frame.

Recommendation: We recommend the internal controls for reporting with the state auditor be reviewed to ensure that future filings of the form are completed within the prescribed timeline.

City of Muskogee, Oklahoma  
Prior Year Schedule of Findings and Questioned Costs (continued) –June 30, 2021

B. Compliance Findings (continued)

*Finding: 2021-002 –Filing of the State Auditor and Inspector Form 2643 with the State of Oklahoma (continued)*

Management Response and Corrective Action Plan:

The City plans to complete audits in the prescribed time so that the Form 2643 will be filed with the state within 180 days from the fiscal year end.

*Finding: 2021-003 –Filing of the Data Collection form with the Federal Audit Clearinghouse*

Criteria: In order to report the Schedule of Expenditures of Federal Awards (the SEFA) in accordance with the Uniform Guidance, as well as the financial statements in accordance with generally accepted accounting principles (GAAP), management needs to appropriately monitor the timing of the submission of the data collection from within 30 days of the filing of the audit report or nine months after the end of the fiscal year.

Condition: Internal control processes were not adequately designed to ensure that the filing of the data collection form for fiscal year ending June 30, 2021 were filed within the required time frame as outlined by the Uniform Guidance 2 CFR 200.512(a).

Cause and Effect: Internal control processes were not adequately designed to ensure the data collection form was filed with federal audit clearinghouse within the required time frame.

Recommendation: We recommend the internal controls for reporting with the federal audit clearinghouse be reviewed to ensure that future filings of the data collection form are completed within the prescribed timeline.

Management Response:

The City will complete and file the reports with the federal audit clearinghouse in a timely manner.

Section III--Findings Required to be Reported in Accordance with the Uniform Guidance:

A. Internal Control

No matters were reported.

B. Compliance Findings

See finding 2021-003.