

TOWN OF
FORT GIBSON



OLDEST TOWN IN OKLAHOMA

**ANNUAL FINANCIAL REPORT AND
ACCOMPANYING INDEPENDENT AUDITOR'S REPORT**

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

THE TOWN OF FORT GIBSON, OKLAHOMA

**ANNUAL FINANCIAL REPORT AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORT**

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

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**TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Town Trustees
Town of Fort Gibson, Oklahoma

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fort Gibson, Oklahoma (the "Town") as of and for the year ended June 30, 2022, and the related notes to the basic financial statements, which collectively comprise the Town'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, each major fund, and the aggregate remaining fund information of the Town 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town 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 these financial statements in accordance with accounting principles generally accepted in the United States, 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 Town'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.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Auditors' 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 auditors' 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 Town'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 Town'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.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis, budgetary comparison information, the schedule of Town's proportionate share of net pension liability—Oklahoma Firefighters Pension and Retirement System, the schedule of Town contributions—Oklahoma Firefighters Pension and Retirement System, the schedule of Town's proportionate share of net pension liability (asset)—Oklahoma Police Pension and Retirement System, and the schedule of Town contributions—Oklahoma Police Pension and Retirement System as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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 an opinion on the financial statements that collectively comprise the Town's basic financial statements. The combining schedules of general fund accounts, the combining statements of nonmajor governmental funds, the schedule of expenditures of federal awards, and the schedule of expenditures of state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining schedules of general fund accounts, the combining statements of nonmajor governmental funds, the schedule of expenditures of federal awards, and the schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2024, on our consideration of the Town'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Finley + Cook, PLLC". The signature is written in a cursive, flowing style.

Shawnee, Oklahoma
May 10, 2024

As management of the Town of Fort Gibson, we offer readers this narrative overview and analysis of the financial activities of the Town of Fort Gibson for the fiscal year ended June 30, 2022. We encourage readers to use this information in conjunction with the Town's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Town's overall net position improved during the year ended June 30, 2022. Total net position increased by \$1,513,585 with the Town's total government-wide assets and deferred outflows continuing to exceed its total liabilities and deferred inflows at June 30, 2022, by \$23,712,157 which represents its total government-wide net position.
- During the year, the City's expenses for governmental activities were \$2,815,127 and were funded by program revenues of \$1,023,085 and further funded with taxes and other general revenues that totaled \$2,788,365 excluding net transfers.
- In the City's business-type activities, such as utilities, total program revenues exceeded expenses by \$87,991.
- For budgetary purposes, the General Fund reported revenues under estimates by \$37,191 or 0.8%, while expenditures were under final appropriations by \$2,195,822 or 47.8%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the financial reporting entity of the Town of Fort Gibson (the "Town"). The financial reporting entity consists of the following separate legal entities:

- The Primary Government
 - Town of Fort Gibson
 - Fort Gibson Utilities Authority

The entities included as part of the primary government are included in this report within the governmental-wide statements in either of two categories of activities – governmental and business-type. This management discussion and analysis focuses on the primary government as defined above.

The governmental-wide financial statements present the complete financial picture of the Town's reporting entity from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. These government-wide statements include all assets of the Town (including infrastructure) and deferred outflows, as well as all liabilities (including long-term debt) and deferred inflows.

Reporting the Town as a Whole

The Statement of Net Position and Statement of Activities

This discussion and analysis is intended to serve as an introduction to the Town of Fort Gibson's basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 12 & 13,

respectively) report information about the Town as a whole and about its activities in a way that helps answer questions. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues, expenses and deferrals are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in net position from the prior year. You can think of the Town's net position – the difference between assets, deferred outflows, liabilities and deferred inflows – as one way to measure the Town's financial condition, or position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other non-financial factors, such as changes in the Town's tax base, the condition of the Town's roads and other infrastructure, and the quality of services to assess the overall health of the Town.

The Statement of Net Position and the Statement of Activities are divided into two types of activities:

- Governmental activities -- Most of the Town's basic services are reported here, including the police, fire, general administration, streets, cemetery, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- Business-type activities -- The Town's activities that charge a fee to customers to help cover all or most of the cost of certain services it provides. The Town's water, sewer, and solid waste collections utilities are reported here.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the Town as a whole. The Town of Fort Gibson, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the Town of Fort Gibson can be divided into two categories: governmental funds and proprietary funds.

Governmental funds -- Most of the Town's basic services are reported in governmental funds, which focus on near-term inflows and outflows of spendable resources, as well as spendable resources available at the end of the fiscal year. These funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary funds -- When the Town charges customers for the services it provides – whether to outside customers or to other units of the Town – these services are generally reported in proprietary funds. Enterprise funds are one type of proprietary funds and are used to report the same functions presented as

business-type activities in the governmental-wide financial statements. The Town uses enterprise funds to account for its water and sewer operations and solid waste collection. Proprietary funds provide the same type of information as the governmental-wide financial statements, only in more detail.

A FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

For the year ended June 30, 2022, net position for the governmental activities and business-type activities totaled \$23,712,157, which was an increase of \$1,513,585. The results indicate the Town, as a whole, improved its financial position from the prior year.

The Town of Fort Gibson's Change in Net Position

	Governmental Activities	Business-type Activities	Total
Beginning net position	\$ 10,362,784	\$ 11,835,788	\$ 22,198,572
Increase in net position	1,004,093	509,492	1,513,585
Ending net position	\$ 11,366,877	\$ 12,345,280	\$ 23,712,157

Following is a summary comparison of change in net position from last year for the Town of Fort Gibson.

The Town of Fort Gibson's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 7,247,134	\$ 6,260,689	\$ 6,948,785	\$ 6,482,948	\$ 14,195,919	\$ 12,743,637
Capital assets	5,253,473	4,717,064	13,789,092	13,917,604	19,042,565	18,634,668
Total assets	12,500,607	10,977,753	20,737,877	20,400,552	33,238,484	31,378,305
Deferred Outflows of Resources:						
Deferred amounts related to pensions	298,645	471,944	-	-	298,645	471,944
Liabilities:						
Long-term liabilities	389,340	855,527	8,146,114	8,423,872	8,535,454	9,279,399
Other liabilities	128,928	157,056	135,606	140,892	264,534	297,948
Total liabilities	518,268	1,012,583	8,281,720	8,564,764	8,799,988	9,577,347
Deferred Inflows of Resources:						
Deferred amounts related to pensions	914,107	74,330	-	-	914,107	74,330
Deferred amounts related to leases	-	-	110,877	-	110,877	-
Total deferred inflows	914,107	74,330	110,877	-	1,024,984	74,330
Net position:						
Net investment in capital assets	5,183,951	4,673,324	7,458,739	7,300,476	12,642,690	11,973,800
Restricted	3,435,931	3,389,433	-	-	3,435,931	3,389,433
Unrestricted	2,746,995	2,300,027	4,886,541	4,535,312	7,633,536	6,835,339
Total net position	\$ 11,366,877	\$ 10,362,784	\$ 12,345,280	\$ 11,835,788	\$ 23,712,157	\$ 22,198,572

The largest portion of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. This year the net investment in capital assets amounted to approximately \$12.6 million. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the Town's net position, approximately \$3.4 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is generally considered to be available to be used to meet the government's ongoing obligations to citizens and creditors. For the current year, this unrestricted net position amounted to \$7,633,536.

The Town of Fort Gibson's Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for Services	\$ 462,194	\$ 419,560	\$ 3,518,217	\$ 3,540,790	\$ 3,980,411	\$ 3,960,350
Grants & Contributions	177,086	546,260	-	62,200	177,086	608,460
Capital Grants & Contributions	383,805	32,997	-	-	383,805	32,997
General Revenues:						
Sales & Use Tax	2,510,275	2,442,892	-	-	2,510,275	2,442,892
Other Taxes	174,589	145,452	-	-	174,589	145,452
Other General Revenues	103,501	146,571	429,271	101,337	532,772	247,908
Total Revenues	3,811,450	3,733,732	3,947,488	3,704,327	7,758,938	7,438,059
Program Expenses:						
General government	508,878	635,819	-	-	508,878	635,819
Public safety	1,590,707	1,959,781	-	-	1,590,707	1,959,781
Culture and recreation	229,854	197,051	-	-	229,854	197,051
Streets	412,246	179,314	-	-	412,246	179,314
Cemetery	68,687	100,689	-	-	68,687	100,689
Interest on long-term debt	4,755	3,439	-	-	4,755	3,439
Water	-	-	1,769,150	1,538,526	1,769,150	1,538,526
Sewer	-	-	1,047,532	977,290	1,047,532	977,290
Sanitation	-	-	613,544	558,095	613,544	558,095
Total Expenses	2,815,127	3,076,093	3,430,226	3,073,911	6,245,353	6,150,004
Revenues in excess of expenses	996,323	657,639	517,262	630,416	1,513,585	1,288,055
Net Transfers	7,770	(178,003)	(7,770)	178,003	-	-
Change in Net Position	\$ 1,004,093	\$ 479,636	\$ 509,492	\$ 808,419	\$ 1,513,585	\$ 1,288,055
Net Position - beginning	10,362,784	9,883,148	11,835,788	11,027,369	22,198,572	20,910,517
Net Position - Ending	11,366,877	10,362,784	12,345,280	11,835,788	23,712,157	22,198,572

For the year ended June 30, 2022, on a government-wide basis, the Town experienced an improvement in its financial condition resulting in an increase in total net position of \$1,513,585. The increase in the size from the prior year change in net position can be attributable to an increase in capital grants and contributions of \$350,808, a decrease in operating grants and contributions of \$431,374, and an increase in other general revenues of \$284,864.

The Town's current year governmental activities change in net position of \$1,004,093 represents an increase from the change in net position of \$479,636 experienced in the prior year. This year's increase in the change in net position from the prior year change can be attributable in large part to a decrease in public safety expenses of \$369,074 from the prior year.

The business-type activities experienced a current year change in net position of \$509,492, which represents a decrease from the change in net position of \$808,419 experienced in the prior year. This year's decrease in the change in net position from the prior year change can be attributable in large part to an increase in water expenses of \$230,624, sewer expenses of \$70,242, and sanitation expenses of \$55,449 from the prior year.

In reviewing the activity net (expense)/revenue of business-type functions, water charges for services were sufficient to cover all related expenses, while sewer and sanitation charges for services did not cover all related expenses.

A FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed its 2022 fiscal year, the governmental funds reported a combined fund balance of \$5,596,790. However, that amount is the result of \$3,435,931 of restricted fund balance and \$2,160,859 of assigned fund balance.

For the reasons discussed previously in regards to business-type activities, the enterprise funds reported combined net position of approximately \$12.3 million.

The General Fund's total fund balance increased by \$82,531, or 4%, which is an improvement from the change in total fund balance of the prior year. This is due in a large part to an increase in transfers in from the prior year.

The Fort Gibson Utilities Authority enterprise fund reported an increase in net position, after transfers and capital contributions of \$509,492 for the year.

General Fund Budgetary Highlights

For the year ended June 30, 2022, the General Fund reported actual budgetary basis amounts available for appropriations below final estimates by \$37,191 or a 0.8% negative variance. General Fund actual expenditures were under final appropriations by \$2,195,822 or a 47.8% positive variance.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the Town had approximately \$19 million invested in capital assets including land, buildings, machinery and equipment, park facilities, water, sewer systems, roads and bridges. This represents a net increase of \$407,897 from the prior year.

Below are details regarding the Town's capital assets for the years ended June 30, 2022 and 2021.¹

¹ For more detailed information on capital asset activity please refer to pages 28-30, Note 4. Capital Assets and Depreciation

MANAGEMENT'S DISCUSSION & ANALYSIS
TOWN OF FORT GIBSON, OKLAHOMA
JUNE 30, 2022

The Town of Fort Gibson's Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 306,021	\$ 306,021	\$ -	\$ -	\$ 306,021	\$ 306,021
Construction-in-progress	7,839	174,286	41,161	63,864	49,000	238,150
Buildings	2,956,346	2,956,346	1,867,187	1,867,187	4,823,533	4,823,533
Machinery and Equipment	3,706,534	3,421,384	1,549,081	1,358,474	5,255,615	4,779,858
Improvements	3,010,469	2,178,277	847,101	583,591	3,857,570	2,761,868
Infrastructure	1,283,188	1,283,188	15,782,353	15,782,353	17,065,541	17,065,541
Leased assets	23,084	-	24,295	-	47,379	-
Totals	11,293,481	10,319,502	20,111,178	19,655,469	31,404,659	29,974,971
Less depreciation and amortization	(6,040,008)	(5,602,438)	(6,322,086)	(5,737,865)	(12,362,094)	(11,340,303)
Totals, Net	\$ 5,253,473	\$ 4,717,064	\$ 13,789,092	\$ 13,917,604	\$ 19,042,565	\$ 18,634,668

This year's more significant capital asset additions include \$97,946 for (2) 2022 Ford Police Interceptors, \$48,749 for a John Deere 4066R, \$74,262 for a John Deere 6105E, \$36,705 for a 2021 Chevy Silverado, \$39,781 for a 2021 Chevy Silverado, \$223,998 for the Soccer Complex project, \$387,075 for the Fort Gibson Learning Trail project, \$183,905 for the Town Hall Remodel, and \$154,990 for the WWTP Rock Filter Rehabilitation project.

Debt Administration

At year-end, the Town had \$8.2 million in long-term debt outstanding, which represents a \$286,105 decrease from the prior year.²

The Town of Fort Gibson's Long-term Debt

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Accrued compensation	28,239	55,586	31,227	28,612	59,466	84,198
Notes Payable	41,873	40,301	7,925,758	8,228,462	7,967,631	8,268,763
Lease obligations	17,428	-	17,035	-	34,463	-
Deposits subject to refund	-	-	172,094	166,798	172,094	166,798
Totals	\$ 87,540	\$ 95,887	\$ 8,146,114	\$ 8,423,872	\$ 8,233,654	\$ 8,519,759

² For more detailed information on long-term debt activity please refer to pages 30-33, Note 5. Long-Term Debt and Debt Service Requirements

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

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

During FY-2022, the Town's economic outlook remained strong despite uncertainty in the national and global markets. Sales and use taxes which are the primary funding source of the general government experienced modest growth during the year of approximately 5%. As discussed below, the Town is experiencing sales and use tax growth due to economic development efforts and tax base expansion via a growing population. The Town anticipates continued growth but will be projecting FY-2023 revenues conservatively.

The Town anticipates the continuation of infrastructure projects which include major street resurfacing during the upcoming year. The estimated costs for the planned projects exceed \$900,000 and will be funded through tax revenues, program fees, and federal grant awards.

The Town also continues to see an increase in revenues due to a growing tax base as more families relocate to the Fort Gibson area and new businesses continue to enter the market. We are proud to have O'Reilly Auto Parts open and operational and expect it will result in a significant positive impact to our tax base and revenues. Additionally, we are actively and aggressively negotiating with hotel operators and retail development investors to locate operations in Fort Gibson.

Although the economic outlook continues to remain strong, there are some potential negative factors we must consider in the upcoming fiscal year. Inflation remains at an all-time high, which could slow the growth of consumer spending and, in turn, negatively impact the Town's tax revenue. The rising cost of materials and product availability increases costs to all business and slows progression, which are also factors we must consider when projecting the continued economic health of our Town. Although there are uncertainties in the market, we are confident the Town's fiscal outlook for the upcoming year will remain strong.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Clerk's Office at 200 W Poplar St, Fort Gibson, Oklahoma 74434, or phone at (918) 478-3551.

BASIC FINANCIAL STATEMENTS

TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Government-Wide Statement of Net Position– June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,788,035	\$ 5,897,020	\$ 8,685,055
Investments	2,171,688	617,381	2,789,069
Deposits with insurance pool	47,309	-	47,309
Accounts receivable, net of allowance	-	323,130	323,130
Franchise tax receivable	146,023	-	146,023
Court fines receivable, net of allowance	755,884	-	755,884
Due from other governments	182,397	-	182,397
Notes receivable	192,203	-	192,203
Other receivables	154,248	-	154,248
Lease receivables	-	111,254	111,254
Net pension asset	809,347	-	809,347
Capital assets:			
Land and construction in progress	313,860	41,161	355,021
Other capital assets, net of depreciation	4,939,613	13,747,931	18,687,544
Total assets	<u>12,500,607</u>	<u>20,737,877</u>	<u>33,238,484</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts related to pensions	298,645	-	298,645
Total deferred outflows of resources	<u>298,645</u>	<u>-</u>	<u>298,645</u>
LIABILITIES:			
Accounts payable	41,155	55,844	96,999
Accrued payroll liabilities	83,682	67,403	151,085
Accrued interest payable	4,091	12,359	16,450
Long-term liabilities:			
Due within one year	21,303	356,631	377,934
Due in more than one year	66,237	7,789,483	7,855,720
Net pension liability	301,800	-	301,800
Total liabilities	<u>518,268</u>	<u>8,281,720</u>	<u>8,799,988</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts related to pensions	914,107	-	914,107
Deferred amounts related to leases	-	110,877	110,877
	<u>914,107</u>	<u>110,877</u>	<u>1,024,984</u>
NET POSITION:			
Net investment in capital assets	5,190,081	7,458,739	12,648,820
Restricted	3,435,931	-	3,435,931
Unrestricted	2,740,865	4,886,541	7,627,406
Total net position	<u>\$ 11,366,877</u>	<u>\$ 12,345,280</u>	<u>\$ 23,712,157</u>

See accompanying notes to the basic financial statements.

**TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Government-Wide Statement of Activities –Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General government	\$ 508,878	\$ 75,540	\$ -	\$ -	\$ (433,338)	\$ -	\$ (433,338)
Public safety	1,590,707	367,329	142,478	-	(1,080,900)	-	(1,080,900)
Culture and recreation	229,854	805	-	201,205	(27,844)	-	(27,844)
Streets	412,246	1,069	34,608	182,600	(193,969)	-	(193,969)
Cemetery	68,687	17,451	-	-	(51,236)	-	(51,236)
Interest on long-term debt	4,755	-	-	-	(4,755)	-	(4,755)
Total governmental activities	<u>2,815,127</u>	<u>462,194</u>	<u>177,086</u>	<u>383,805</u>	<u>(1,792,042)</u>	<u>-</u>	<u>(1,792,042)</u>
Business-type activities:							
Water	1,769,150	2,043,574	-	-	-	274,424	274,424
Sewer	1,047,532	1,004,988	-	-	-	(42,544)	(42,544)
Sanitation	613,544	469,655	-	-	-	(143,889)	(143,889)
Total business-type activities	<u>3,430,226</u>	<u>3,518,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,991</u>	<u>87,991</u>
Total primary government	<u>\$ 6,245,353</u>	<u>\$ 3,980,411</u>	<u>\$ 177,086</u>	<u>\$ 383,805</u>	<u>(1,792,042)</u>	<u>87,991</u>	<u>(1,704,051)</u>
General revenues:							
Taxes:							
Sales and use taxes					2,510,275	-	2,510,275
Franchise and public service taxes					174,589	-	174,589
Invergovernmental revenue not restricted to specific programs					44,854	345,643	390,497
Investment income					40,896	40,053	80,949
Miscellaneous					17,751	43,575	61,326
Transfers					7,770	(7,770)	-
Total general revenues and transfers					<u>2,796,135</u>	<u>421,501</u>	<u>3,217,636</u>
Change in net position					1,004,093	509,492	1,513,585
Net position - beginning					10,362,784	11,835,788	22,198,572
Net position - ending					<u>\$ 11,366,877</u>	<u>\$ 12,345,280</u>	<u>\$ 23,712,157</u>

See accompanying notes to the basic financial statements.

**TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

Governmental Funds Balance Sheet - June 30, 2022

	General Fund	Special Revenue		Other Governmental Funds	Total Governmental Funds
		Street & Alley Fund	1.25 Sales Tax Fund		
ASSETS					
Cash and cash equivalents	\$ 902,545	\$ 792,740	\$ 699,602	\$ 393,148	\$ 2,788,035
Investments	942,724	133,318	701,811	393,835	2,171,688
Deposit with insurance pool	47,309	-	-	-	47,309
Notes receivable	-	-	-	192,203	192,203
Due from other governments	178,936	3,461	-	-	182,397
Franchise tax receivable	146,023	-	-	-	146,023
Court fines receivable, net of allowance	755,884	-	-	-	755,884
Other receivables	134	37,591	75,181	41,342	154,248
Total assets	<u>\$ 2,973,555</u>	<u>\$ 967,110</u>	<u>\$ 1,476,594</u>	<u>\$ 1,020,528</u>	<u>\$ 6,437,787</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 31,282	\$ 3,828	\$ -	\$ 6,045	\$ 41,155
Accrued payroll liabilities	67,482	668	247	15,285	83,682
Total liabilities	<u>98,764</u>	<u>4,496</u>	<u>247</u>	<u>21,330</u>	<u>124,837</u>
Deferred Inflows of Resources:					
Unavailable revenue	<u>716,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>716,160</u>
Fund balances:					
Restricted	47,309	950,345	1,464,620	973,657	3,435,931
Assigned	2,111,322	12,269	11,727	25,541	2,160,859
Total fund balances	<u>2,158,631</u>	<u>962,614</u>	<u>1,476,347</u>	<u>999,198</u>	<u>5,596,790</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,973,555</u>	<u>\$ 967,110</u>	<u>\$ 1,476,594</u>	<u>\$ 1,020,528</u>	<u>\$ 6,437,787</u>

See accompanying notes to the basic financial statements.

TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	\$	5,596,790
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds, net of accumulated depreciation and amortization of \$6,040,008</p>		5,253,473
<p>Certain other long-term assets and deferred outflow s are not available to pay current period expenditures and therefore are deferred or not reported in the funds:</p>		
Pension related deferred outflow s		298,645
Unavailable revenue		716,160
Net pension asset		809,347
		1,824,152
<p>Certain long-term liabilities and related accounts, are not due and payable from current financial resources and therefore, they, along with deferred inflow s, are not reported in the funds:</p>		
Accrued interest payable		(4,091)
Notes payable		(41,873)
Lease obligations payable		(17,428)
Accrued compensated absences		(28,239)
Net pension liability		(301,800)
Pension related deferred inflow s		(914,107)
		(1,307,538)
Net Position of Governmental Activities in the Statement of Net Position	\$	11,366,877

See accompanying notes to the basic financial statements.

TOWN OF FORT GIBSON, OKLAHOMA
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Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2022

	General Fund	Special Revenue		Other Governmental Funds	Total Governmental Funds
		Street & Alley Fund	1.25 Sales Tax Fund		
REVENUES					
Taxes	\$ 1,547,891	\$ 284,243	\$ 568,486	\$ 284,244	\$ 2,684,864
Intergovernmental	406,042	217,208	-	4,763	628,013
Charges for services	74,545	-	-	50,163	124,708
Fines and forfeitures	250,024	-	-	-	250,024
Licenses and permits	16,181	1,069	-	-	17,250
Investment earnings	20,112	3,064	2,594	15,126	40,896
Miscellaneous	18,046	40	-	17,100	35,186
Total revenues	<u>2,332,841</u>	<u>505,624</u>	<u>571,080</u>	<u>371,396</u>	<u>3,780,941</u>
EXPENDITURES					
Current:					
Legislature	25,725	-	-	-	25,725
General government	410,531	-	6,631	-	417,162
Public safety	1,322,010	-	212,943	221,752	1,756,705
Culture and recreation	77,040	-	-	-	77,040
Cemetery	65,563	-	1,052	1,859	68,474
Streets	-	297,644	-	-	297,644
Capital Outlay	574,099	153,533	179,153	112,884	1,019,669
Debt Service:					
Principal	18,905	-	-	-	18,905
Interest and other charges	4,103	-	-	-	4,103
Total expenditures	<u>2,497,976</u>	<u>451,177</u>	<u>399,779</u>	<u>336,495</u>	<u>3,685,427</u>
Excess (deficiency) of revenues over (under) expenditures	(165,135)	54,447	171,301	34,901	95,514
OTHER FINANCING SOURCES (USES)					
Transfers in	221,761	-	-	12,000	233,761
Transfers out	(12,000)	(183,991)	-	(30,000)	(225,991)
Lease proceeds	23,084	-	-	-	23,084
Debt proceeds	14,821	-	-	-	14,821
Total other financing sources and uses	<u>247,666</u>	<u>(183,991)</u>	<u>-</u>	<u>(18,000)</u>	<u>45,675</u>
Net change in fund balances	82,531	(129,544)	171,301	16,901	141,189
Fund balances - beginning	<u>2,076,100</u>	<u>1,092,158</u>	<u>1,305,046</u>	<u>982,297</u>	<u>5,455,601</u>
Fund balances - ending	<u>\$ 2,158,631</u>	<u>\$ 962,614</u>	<u>\$ 1,476,347</u>	<u>\$ 999,198</u>	<u>\$ 5,596,790</u>

See accompanying notes to the basic financial statements.

TOWN OF FORT GIBSON, OKLAHOMA
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As of and for the Year Ended June 30, 2022

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Net change in fund balances - total governmental funds:	\$	141,189
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:</p>		
Capital asset purchases capitalized		973,979
Depreciation and amortization expense		(437,570)
		536,409
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Change in unavailable revenue		64,689
		64,689
<p>In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures.</p>		
		254,111
<p>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:</p>		
Debt proceeds		(14,821)
Lease proceeds		(23,084)
Note principal payments		13,249
Lease obligation principal payments		5,656
		(19,000)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
Change in accrued interest expense		(652)
Change in accrued compensated absences expenses		27,347
		26,695
Change in net position of governmental activities	\$	1,004,093

See accompanying notes to the basic financial statements.

TOWN OF FORT GIBSON, OKLAHOMA
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Proprietary Funds Statement of Net Position - June 30, 2022

	Enterprise Fund
	Fort Gibson Utilities Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,099,643
Restricted cash and cash equivalents	1,797,377
Investments	617,381
Accounts receivable, net	323,130
Lease receivable	111,254
Total current assets	6,948,785
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	41,161
Other capital assets, net of depreciation	13,747,931
Total noncurrent assets	13,789,092
Total assets	20,737,877
 LIABILITIES	
Current liabilities:	
Accounts payable	55,844
Accrued payroll liabilities	67,403
Accrued interest payable	12,359
Due to depositors	34,419
Notes payable	311,493
Accrued compensated absences	3,123
Lease obligations	7,596
Total current liabilities	492,237
Noncurrent liabilities:	
Due to depositors	137,675
Notes payable	7,614,265
Accrued compensated absences	28,104
Lease obligations	9,439
Total non-current liabilities	7,789,483
Total liabilities	8,281,720
 DEFERRED INFLOW OF RESOURCES	
Deferred amounts related to leases	110,877
 NET POSITION	
Net investment in capital assets	7,458,739
Unrestricted	4,886,541
Total net position	\$ 12,345,280

See accompanying notes to the basic financial statements.

TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2022

	Enterprise Funds
	Fort Gibson Utilities Authority
OPERATING REVENUES	
Charges for services:	
Water	\$ 1,971,275
Sewer	970,547
Sanitation	448,631
Water taps	2,672
Sewer taps	200
Landfill	5,200
Penalties	47,502
Capital improvement fee	60,578
Miscellaneous	11,612
Total operating revenues	3,518,217
OPERATING EXPENSES	
Utility office	1,021,795
Sanitation	445,153
Sewer	509,666
Water	687,754
Depreciation and amortization expense	584,220
Total operating expenses	3,248,588
Operating income	269,629
NON-OPERATING REVENUES (EXPENSES)	
Investment income	40,053
Interest expense and fiscal charges	(181,638)
Miscellaneous revenue	43,575
Operating grant revenue	345,643
Total non-operating revenue (expenses)	247,633
Income before transfers	517,262
Transfers out	(7,770)
Change in net position	509,492
Total net position - beginning	11,835,788
Total net position - ending	\$ 12,345,280

See accompanying notes to the basic financial statements.

TOWN OF FORT GIBSON, OKLAHOMA
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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2022

	Enterprise Funds
	Fort Gibson Utilities Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 3,571,601
Payments to suppliers	(1,304,556)
Payments to employees	(1,352,059)
Receipts of customer meter deposits	38,259
Refund of customer meter deposits	(32,963)
Other receipts	403,329
	1,323,611
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	(7,770)
	(7,770)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(431,414)
Principal payment of capital debt	(309,963)
Interest and fiscal charges paid on capital debt	(182,744)
	(924,121)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	40,053
Purchase of investments	(4,210)
	35,843
Net Decrease in Cash and Cash Equivalents	427,563
Balances - beginning of the year	5,469,457
Balances - end of the year	\$ 5,897,020
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 269,629
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	584,220
Operating grant	345,643
Other non-operating revenues (expenses)	43,575
Change in assets and liabilities:	
Receivables, net	53,761
Leases receivable	(377)
Due from other funds	14,111
Prepaid Expenses	9,318
Accounts payable	5,530
Accrued payroll liabilities	(9,710)
Due to depositors	5,296
Accrued compensated absences	2,615
	2,615
Net Cash Provided by Operating Activities	\$ 1,323,611

See accompanying notes to the basic financial statements.

**TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Town's financial reporting entity includes the primary government (Town of Fort Gibson), and one blended component unit (Fort Gibson Utilities Authority).

In determining the financial reporting entity, the Town complies with the provisions of Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statement No. 61, "The Financial Reporting Entity" and includes all component units for which the Town is financially accountable.

The Town of Fort Gibson – operates the public safety, streets and highways, parks and recreation, cemetery, and administrative activities.

The Town of Fort Gibson is an incorporated municipality with a population of approximately 3,823 located in northeast Oklahoma. The Town operates under the statutory form of government and is governed by a five (5) member board of trustees elected by the citizens of the Town.

The Town provides typical municipal services such as public safety, street and alley maintenance, parks and recreation, economic development, and certain utility services including water, wastewater, and sanitation.

The Fort Gibson Utilities Authority – operates the water, wastewater, and sanitation activities of the Town, with the Fort Gibson Town Board serving as trustees of the Authority.

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statements of net position and activities are reported on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used. In accordance with the economic resources measurement focus, all assets and liabilities, both current and noncurrent are reported, along with any related deferred outflows and deferred inflows.

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

- Public safety – fines and forfeitures, and capital and operating grants and contributions
- Culture and recreation – rentals and capital and operating grants and contributions
- Cemetery - cemetery openings and closings
- General Government – abatements and licenses and permits
- Streets – gas excise and motor vehicle tax

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All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Governmental Funds:

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

Major Funds:

- General Fund – accounts for general operations of the Town including: public safety, parks and recreation, and street maintenance.
- Street & Alley Fund – special revenue fund that accounts for revenue from a sales tax (.625 cents) approved by the voters, as well as gas and commercial vehicle tax restricted for the purpose of street improvements and personnel costs of the street department.
- 1.25 Sales Tax Fund – special revenue fund that accounts for revenue received from a sales tax (1.25 cents) approved by the voters to be used for the purpose of competitive compensation and benefits for police officers, equipment needs for police department, competitive compensation and benefits for firefighters, competitive compensation for town and Fort Gibson Utility Authority nonuniformed employees, and for the capital and equipment needs for the Town of Fort Gibson.

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

Special Revenue Funds:

- Fire Sales Tax Fund – accounts for one-fourth of the 1 ¼% sales tax (.3125) restricted for personnel costs and equipment needs for the fire department.
- Police Sales Tax Fund – accounts for one-fourth of the 1 ¼% sales tax (.3125) restricted for personnel costs and equipment needs for the police department.

Capital Project Funds:

- Cemetery Fund – accounts for statutorily restricted cemetery revenues and the expenditures of those revenues.
- Fire Special Equipment Fund – accounts for revenues and expenditures of donor restricted monies related to the fire department.
- PD Special Fund - accounts for revenues and expenditures of donor restricted monies related to the police department.
- Fort Gibson Development Fund – accounts for revenues and expenditures related to economic development activities.

The governmental funds are reported on the modified accrual basis of accounting and current financial resources measurement focus. On the modified accrual basis of accounting revenues are recorded when earned and measurable and available to pay current financial obligations, while expenditures are recorded when incurred and normally payable from current financial resources. The Town defines revenue availability as collected within 60 days of period end.

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The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the economic resources measurement focus and accrual basis of accounting at the government-wide level.

Proprietary Funds:

When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Enterprise funds are used to account for business-like activities provided to the general public. Proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability.

The Town's enterprise funds include the following major fund:

- Fort Gibson Utilities Authority Fund - that accounts for the activities of the Fort Gibson Utilities Authority in providing water, sewer, and sanitation services to the public.

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

C. Cash, Cash Equivalents, and Investments

For the purposes of the statements of net position, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit, and short-term investments with an original maturity of three-months or less, and money market investments. Investments consist of long-term time deposits, and U.S. agency bonds and notes. Certificates of deposit are reported at cost while investments in the U.S. agency bonds and notes and other marketable investments are reported at fair value.

D. Inventories

Inventories of goods and supplies on hand at year end are not material. Therefore, purchases of inventory type items are recorded as expenditures or expenses at the time purchased, and no balances for such inventories on hand are reported.

E. Capital Assets and Depreciation

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund type or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. In the government-wide and proprietary fund financial statements, property, plant and equipment are accounted for as capital assets, net of accumulated depreciation where applicable. In the governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures and not reported as capital assets.

Capital assets consist of land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure. A capitalization threshold of \$2,500 is used for additions to report capital assets. Capital assets are reported at actual or estimated historical cost. Prior to July 1, 2001,

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governmental activities' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost. Donated assets are recorded at their acquisition value at the date of donation.

Depreciable capital assets are depreciated on a straight-line basis over useful lives. The range of estimated useful lives by type of asset is as follows:

- | | |
|-------------------------------------|---------------|
| • Buildings | 50 years |
| • Improvements other than buildings | 15 - 50 years |
| • Machinery and Equipment | 5 - 15 years |
| • Infrastructure | 15 - 50 years |

Intangible leased assets are amortized over the life of the associated contract.

F. Long-Term Debt

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

All long-term debt to be repaid from governmental activities, business-type activities, proprietary fund and component unit resources are reported as liabilities as incurred. The long-term debt consists primarily of accrued compensated absences, leases obligations, and notes payable. This long-term debt is reported net of unamortized premiums and discounts.

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

G. Compensated Absences

Under terms of the Town personnel policies, Town employees are granted comp time, vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation and comp time. The estimated liabilities for vested benefits also include salary-related payments such as employment taxes. Compensated absences are reported as accrued in the government-wide, proprietary, fiduciary and component unit financial statements. Governmental funds report only the matured compensated absences payable to currently terminating or retiring employees.

H. Fund Balances and Net Position

Net Position:

Net position reported in the government-wide, proprietary fund and fiduciary fund financial statements are displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets including capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

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c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

Fund Statements:

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

a. **Nonspendable** – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The Town currently reports no nonspendable fund balance.

b. **Restricted** – consists of fund balance with constraints place on the use of resources either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

c. **Committed** – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority. The Town’s highest level of decision-making authority is made by ordinance. The Town currently reports no committed fund balance.

d. **Assigned** – includes amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by Town Board action or management decision when the Town Board has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.

e. **Unassigned** – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the Town’s policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The Town’s policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. Proprietary fund equity is classified the same as in the government-wide statements.

I. Interfund Activities and Balances

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

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J. Use of Estimates

Certain estimates are made in the preparation of the financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management’s best judgments and may vary from actual results.

2. Deposits and Investments

Primary Government Deposits and Investments:

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets identical assets; Level 2 inputs are significant other observable inputs. The valuations for Level 2 measurements are determined using quoted prices for similar assets or liabilities in active markets; Level 3 inputs are significant unobservable inputs.

At June 30, 2022, the primary government held the following deposits and investments:

<u>Type of Deposits and Investments - Primary Government</u>	<u>Carrying Value</u>	<u>Maturities in Years</u>				
		<u>On Demand</u>	<u>Less Than One</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Deposits:						
Petty Cash	\$ 2,394	\$ 2,394	\$ -	\$ -	\$ -	\$ -
Demand deposits	7,057,722	7,057,722	-	-	-	-
Time deposits	2,789,069	-	562,655	2,226,414	-	-
	<u>9,849,185</u>	<u>7,060,116</u>	<u>562,655</u>	<u>2,226,414</u>	<u>-</u>	<u>-</u>
	Credit Rating	Fair Value Categories				
Investments:						
Note Trustee Accounts:						
Cavalan Hill U.S. Treasury-Admin #0002	Aaa	N/A	1,624,939	1,624,939	-	-
			<u>1,624,939</u>	<u>1,624,939</u>	<u>-</u>	<u>-</u>
Total Deposits and Investments			<u>\$ 11,474,124</u>	<u>\$ 8,685,055</u>	<u>\$ 562,655</u>	<u>\$ 2,226,414</u>
Reconciliation to Statement of Net Position:						
Cash and cash equivalents	\$ 8,685,055					
Investments	2,789,069					
	<u>\$ 11,474,124</u>					

Deposit and Investment Risks

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

The Town does not have a formal investment policy as it relates to custodial credit risk. Acceptable collateral is limited 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 Town must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2022, the Town was under-collateralized at Firststar Bank by \$367,183.

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Investment Credit Risk – State law limits the investments available to the Town and is described below.

- 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., d., and e.

Investment credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The Town 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 in the schedule above. 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 Town does not have a formal investment policy to manage exposure to fair value losses arising from increasing interest rates. The Town discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments in the schedule above.

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.

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Restricted Cash and Investments – The amounts reported as restricted assets on the statement of net position are comprised of the following:

	Current Cash and cash Equivalents
Utility deposits	\$ 172,094
EDA grant cash account	344
2011 OWRB Cwsrf debt service	22,032
2016 Note construction account	1,570,996
2016 Note interest account	6,905
2016 Note principal account	25,006
 Total Restricted Assets	 \$ 1,797,377

3. Receivables

Accounts Receivables:

Accounts receivable of the business-type activities consists of customers utilities. Accounts receivable of the governmental activities consists of court receivables. Receivables detail at June 30, 2022, is as follows:

	General Fund	
	Court	Fort Gibson Utilities Authority
Accounts receivable	\$ 1,511,769	\$ 346,757
Allowance for doubtful accounts	(755,885)	(23,627)
Accounts receivable, net	\$ 755,884	\$ 323,130

Lease Receivables:

The Fort Gibson Utilities Authority as a lessor, has entered into lease agreements involving leasing space on Town infrastructure. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$24,252. Lease receivable balances at June 30, 2022, were as follows:

Cross Wireless Tower Lease	\$ 59,233
US Cellular Tower Lease	52,021
Total Lease Receivable	\$ 111,254

4. Capital Assets and Depreciation

For the year ended June 30, 2022, capital assets balances changed as follows:

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	Balance at June 30, 2021	Additions	Disposals	Balance at June 30, 2022
Governmental activities:				
Non-depreciable:				
Land	\$ 306,021	\$ -	\$ -	\$ 306,021
Construction-in-progress	174,286	665,745	(832,192)	7,839
Total non-depreciable assets at historical cost	<u>480,307</u>	<u>665,745</u>	<u>(832,192)</u>	<u>313,860</u>
Depreciable:				
Buildings	2,956,346	-	-	2,956,346
Machinery and equipment	3,421,384	285,150	-	3,706,534
Improvements	2,178,277	832,192	-	3,010,469
Infrastructure	1,283,188	-	-	1,283,188
Total depreciable assets at historical cost	<u>9,839,195</u>	<u>1,117,342</u>	<u>-</u>	<u>10,956,537</u>
Less accumulated depreciation				
Buildings	(1,573,555)	(68,738)	-	(1,642,293)
Machinery and equipment	(2,725,136)	(180,159)	-	(2,905,295)
Improvements	(649,049)	(118,842)	-	(767,891)
Infrastructure	(654,698)	(63,820)	-	(718,518)
Total accumulated depreciation	<u>(5,602,438)</u>	<u>(431,559)</u>	<u>-</u>	<u>(6,033,997)</u>
Other Assets:				
Leased equipment	-	23,084	-	23,084
Less accumulated amortization for:				
Leased equipment	-	(6,011)	-	(6,011)
Net depreciable assets	<u>4,236,757</u>	<u>702,856</u>	<u>-</u>	<u>4,939,613</u>
Governmental activities capital assets, net	<u>\$ 4,717,064</u>	<u>\$ 1,368,601</u>	<u>\$ (832,192)</u>	<u>\$ 5,253,473</u>
Business-type activities				
Non-depreciable:				
Construction-in-progress	63,864	240,807	(263,510)	41,161
Total non-depreciable assets at historical cost	<u>63,864</u>	<u>240,807</u>	<u>(263,510)</u>	<u>41,161</u>
Depreciable:				
Buildings	1,867,187	-	-	1,867,187
Machinery and equipment	1,358,474	190,607	-	1,549,081
Improvements	583,591	263,510	-	847,101
Infrastructure	15,782,353	-	-	15,782,353
Total depreciable assets at historical cost	<u>19,591,605</u>	<u>454,117</u>	<u>-</u>	<u>20,045,722</u>
Less accumulated depreciation				
Buildings	(1,221,514)	(34,311)	-	(1,255,825)
Other improvements	(825,119)	(119,473)	-	(944,592)
Machinery and equipment	(12,814)	(49,361)	-	(62,175)
Utility property	(3,678,418)	(373,462)	-	(4,051,880)
Total accumulated depreciation	<u>(5,737,865)</u>	<u>(576,607)</u>	<u>-</u>	<u>(6,314,472)</u>
Other Assets:				
Leased equipment	-	24,295	-	24,295
Less accumulated amortization for:				
Leased equipment	-	(7,614)	-	(7,614)
Net depreciable assets	<u>13,853,740</u>	<u>(105,809)</u>	<u>-</u>	<u>13,747,931</u>
Business-type capital assets, net	<u>\$ 13,917,604</u>	<u>\$ 134,998</u>	<u>\$ (263,510)</u>	<u>\$ 13,789,092</u>

Depreciation/amortization of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Leased assets are amortized over the life of the associated contract. Depreciation/amortization expense has been allocated as follows:

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Depreciation/amortization expense charged to governmental activities:

Depreciation:	
General government	60,174
Public safety	124,888
Parks and recreation	152,740
Streets	93,757

Total depreciation expense	<u>\$ 431,559</u>
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Amortization:

General government	6,011
Total amortization expense	<u>6,011</u>
Total depreciation/amortization expense	<u>\$ 437,570</u>

Depreciation expense charged to business-type activities:

Water	\$ 309,191
Sewer	192,382
Sanitation	25,766
General government	49,268
Total depreciation expense	<u>\$ 576,607</u>

Amortization:

General government	7,614
Total amortization expense	<u>7,614</u>
Total depreciation/amortization expense	<u>\$ 584,221</u>

5. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2022, the reporting entity's long-term debt changed as follows:

	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022	Amounts Due Within One Year
Governmental Activities:					
Notes payable-direct borrowings/placements	\$ 40,301	\$ 14,821	\$ 13,249	\$ 41,873	\$ 12,491
Accrued compensated absences	55,586	-	27,347	28,239	2,824
Lease obligations	-	23,084	5,656	17,428	5,988
Total Governmental Long-Term Debt	<u>\$ 95,887</u>	<u>\$ 37,905</u>	<u>\$ 46,252</u>	<u>\$ 87,540</u>	<u>\$ 21,303</u>
Business-type Activities:					
Due to depositors	\$ 166,798	\$ 38,259	\$ 32,963	\$ 172,094	\$ 34,419
Notes payable-direct borrowings/placements	8,228,462	-	302,704	7,925,758	311,493
Accrued compensated absences	28,612	2,615	-	31,227	3,123
Lease obligations	-	24,295	7,260	17,035	7,596
Total Business-type Long-Term Debt	<u>\$ 8,423,872</u>	<u>\$ 65,169</u>	<u>\$ 342,927</u>	<u>\$ 8,146,114</u>	<u>\$ 356,631</u>

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Governmental activities long-term debt:

Notes Payable:

\$52,993 note payable for the purchase of a camera system upgrade, payable in annual installments of \$12,691 with an annual interest rate of 9.494%, final payment due August 20, 2024. \$ 31,607

\$14,821 note payable for the purchase of a camera system for the skate park, payable in annual installments of \$4,555 with an annual interest rate of 14.749%, final payment due August 20, 2024. 10,266

Total Notes Payable \$ 41,873

Current portion \$ 12,491

Non-current portion 29,382

\$ 41,873

Lease Obligations Payable:

The Town of Fort Gibson as a lessee, has entered into multiple lease agreements involving equipment for operations.

Current portion \$ 5,988

Non-current portion 11,440

\$ 17,428

Accrued Compensated Absences:

Current portion \$ 2,824

Noncurrent portion 25,415

Total Accrued Compensated Absences \$ 28,239

Business-type activities long-term debt:

Notes Payable:

\$980,000 FGUA 2011 OWRB Clean Water SRF Loan, dated June 30, 2012, due in semi-annual installments through September 30, 2029, with interest at 2.42%, secured by a pledge of the net water and sewer revenues. Proceeds were used to fund sewer system improvements. In the event of default, the following remedies are available to the lender: 1) file suit to require any or all of the borrower covenants to be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint temporary trustees to take over, operate and maintain the system on a profitable basis; or 4) file suit to enforce or enjoin action or inaction of the borrower under the provisions of the loan agreement. \$ 297,083

\$1,600,000 FGUA Utility System Revenue Note, Series 2016, dated March 14, 2016, due in semi-annual principal installments of \$21,000 to \$97,000 through March 1, 2031, with interest at 2.13%, secured by a pledge of the net water and sewer revenues. Proceeds of the note were used to fund sewer system improvements. In the event of default, the following remedies are available to the lender: 1) lender may accelerate the payment of the principal and interest accrued on the note; 2) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement; or 3) appoint a temporary trustee to take over, operate and maintain the system on a profitable basis 1,280,000

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\$7,055,000 Fort Gibson Utilities Authority 2016 USDA Rural Development Note, dated June 27, 2016, due in monthly principal installments through March 27, 2054, with interest at 2.25%, secured by a pledge of the net water revenues. Proceeds were used to rehabilitate the existing water treatment plant, including replacement of pumps and installation of a liner in the clearwell, as well as construction of a new building for the clarifiers and filters, and a new chemical feed building. In the event of default, the following remedies are available to the lender: 1) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, 2) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, 3) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, 4) foreclose this instrument as provided herein or by law, and 5) enforce any and all other rights and remedies provided herein or by present or future laws.

6,086,758

\$705,000 Fort Gibson Utilities Authority 2016 USDA Rural Development Note, dated June 27, 2016, due in monthly principal installments through March 27, 2054, with interest at 2.25%, secured by a pledge of the net water revenues. Proceeds were used to rehabilitate the existing water treatment plant, including replacement of pumps and installation of a liner in the clearwell, as well as construction of a new building for the clarifiers and filters, and a new chemical feed building. In the event of default, the following remedies are available to the lender: 1) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, 2) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, 3) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, 4) foreclose this instrument as provided herein or by law, and 5) enforce any and all other rights and remedies provided herein or by present or future laws.

261,917

Total notes payable-direct borrowings/placements

\$ 7,925,758

Current portion
Non-current portion

\$ 311,493

7,614,265

\$ 7,925,758

Lease Obligations Payable:

The Fort Gibson Utilities Authority as a lessee, has entered into multiple lease agreements involving equipment for operations.

Current portion
Non-current portion

\$ 7,596

9,439

\$ 17,035

Accrued Compensated Absences:

Current portion	\$ 3,123
Noncurrent portion	<u>28,104</u>
Total Accrued Compensated Absences	<u>\$ 31,227</u>

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Deposits Subject to Refund:	
Current portion	\$ 34,419
Noncurrent portion	<u>137,675</u>
Total Deposits Subject to Refund	<u><u>\$ 172,094</u></u>

Debt Service Requirements to Maturity

Long-term debt service requirements to maturity of the primary government are as follows:

Governmental Activity Debt

Year Ended June 30,	<u>Notes Payable-Direct Borrowing/Placement</u>		<u>Lease Obligation Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	12,491	4,756	5,988	94
2024	13,902	3,345	6,023	59
2025	15,480	1,766	2,540	31
2026	-	-	2,558	12
2027	-	-	319	-
Total	<u><u>\$ 41,873</u></u>	<u><u>\$ 9,867</u></u>	<u><u>\$ 17,428</u></u>	<u><u>\$ 196</u></u>

Business-Type Activity Debt

Year Ended June 30,	<u>Notes Payable-Direct Borrowing/Placement</u>		<u>Lease Obligation Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	311,493	174,943	7,596	87
2024	318,376	167,899	4,022	54
2025	327,398	160,661	2,540	31
2026	334,525	153,245	2,558	12
2027	343,770	145,657	319	-
2028-2032	1,648,295	611,022	-	-
2033-2037	897,464	472,263	-	-
2038-2042	973,472	368,428	-	-
2043-2047	1,089,271	252,629	-	-
2048-2052	1,218,845	123,055	-	-
2053-2054	462,849	9,658	-	-
	<u><u>\$ 7,925,758</u></u>	<u><u>\$ 2,639,460</u></u>	<u><u>\$ 17,035</u></u>	<u><u>\$ 184</u></u>

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6. Fund Balances

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

	General Fund	Street & Alley Fund	1.25 Sales Tax Fund	Fire Sales Tax Fund	Police Sales Tax Fund	Cemetery Fund	Fire Special Equip Fund	Police Special Fund	Fort Gibson Development Authority	Total
Fund Balance:										
Restricted For:										
Deposits with Insurance Pool	\$ 47,309	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,309
Streets	-	950,345	-	-	-	-	-	-	-	950,345
Personnel & Capital*	-	-	1,464,620	-	-	-	-	-	-	1,464,620
Public Safety	-	-	-	380,490	69,777	-	94,593	11,000	-	555,860
Cemetery	-	-	-	-	-	26,247	-	-	-	26,247
Economic Development	-	-	-	-	-	-	-	-	391,550	391,550
Sub-total Restricted	47,309	950,345	1,464,620	380,490	69,777	26,247	94,593	11,000	391,550	3,435,931
Assigned to:										
Public Safety	-	-	-	3,450	1,424	-	799	2	-	5,675
Economic development	-	-	-	-	-	-	-	-	19,866	19,866
Streets	-	12,269	-	-	-	-	-	-	-	12,269
Personnel & Capital*	-	-	11,727	-	-	-	-	-	-	11,727
Budget balancing purposes	2,111,322	-	-	-	-	-	-	-	-	2,111,322
Sub-total Assigned	2,111,322	12,269	11,727	3,450	1,424	-	799	2	19,866	2,160,859
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	\$ 2,158,631	\$ 962,614	\$ 1,476,347	\$ 383,940	\$ 71,201	\$ 26,247	\$ 95,392	\$ 11,002	\$ 411,416	\$ 5,596,790

*Used for the purpose of competitive compensation and benefits for police officers, equipment needs for police department, competitive compensation and benefits for firefighters, competitive compensation for town and Fort Gibson utility authority nonuniformed employees, and for the capital and equipment needs for the town of Fort Gibson.

Restricted Net Position – Governmental Activities

The following table shows the net position restricted for other purposes as shown on the Statement of Net Position:

Fund	Restricted By	Amount
Fire Special Equipment Fund	Enabling legislation	\$ 94,593
		<u>\$ 94,593</u>
Street & Alley Fund	State statutes and/or debt indentures	\$ 34,608
		<u>26,247</u>
Cemetery Fund	State statutes and/or debt indentures	<u>\$ 60,855</u>
Street & Alley Fund	External parties (voters)	\$ 915,737
1.25 Sales Tax Fund	External parties (voters)	1,464,620
Fire Sales Tax Fund	External parties (voters)	380,490
Police Sales Tax Fund	External parties (voters)	69,777
Police Special Fund	External parties (donors)	11,000
Fort Gibson Development Fund	External parties	391,550
General Fund	External parties	47,309
		<u>\$ 3,280,483</u>

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7. Dedicated Tax Revenues and Pledges of Future Revenues

Sales and Use Tax

Sales and use tax revenue represents a 4.5 cents tax on each dollar of taxable sales which is recorded as revenue within the respective funds. Upon receipt, the sales tax is recorded as follows:

- 2 cents recorded in the General Fund.
- 1.25 cents recorded in the 1.25 Sales Tax Fund to be spent only for the purpose of competitive compensation and benefits for police officers, equipment needs for police department, competitive compensation and benefits for firefighters, competitive compensation for town and Fort Gibson Utility Authority nonuniformed employees, and for the capital and equipment needs for the Town of Fort Gibson.
- .625 cents recorded in the Street & Alley Fund for street improvements and personnel costs of the street department.
- .3125 cents recorded in the Fire Sales Tax Fund for personnel costs and equipment needs for the fire department.
- .3125 cents recorded in the Police Sales Tax Fund for personnel costs and equipment needs for the police department.

Pledge of Future Revenues

Utility Net Revenues Pledge – The Series 2016 Note and 2011 OWRB Note are secured by net water and sewer revenues. The notes are payable in 2029 and 2031. The total principal and interest payable for the remainder of the life of these bonds is \$1,745,284. the net utility revenues were \$858,312. Debt service payments of \$190,145 for the current fiscal year were 22.2% of the net utility revenues.

The 2016 USDA loans are secured by net water revenues. The loans are payable in 2033 and 2054. The total principal and interest payable for the remainder of the life of these bonds is \$8,819,933. the net utility revenues were \$775,296. Debt service payments of \$295,200 for the current fiscal year were 38.1% of the net utility revenues.

8. Internal and Interfund Balances and Transfers

Transfers:

Internal transfers between funds and activities for the year ended June 30, 2022, were as follows:

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Transfer From	Transfer To	Amount	Nature of Transfer
FGUA	General Fund	\$ 7,770	Debt Activity
Street & Alley	General Fund	1,391	Operating Transfer
Street & Alley	General Fund	182,600	Grant Activity
Police Dept Sales Tax	General Fund	30,000	Operating Transfer
General Fund	Police Dept Sales Tax	12,000	Grant Activity
		<u>\$ 233,761</u>	
	Transfers In	Transfers Out	Net Transfers/ Internal Activity
Reconciliation to Fund Financial Statements:			
Governmental Funds	\$ 233,761	\$ (225,991)	\$ 7,770
Enterprise Funds	-	(7,770)	(7,770)
Total Transfers	<u>\$ 233,761</u>	<u>\$ (233,761)</u>	<u>\$ -</u>
Reconciliation to statement of activities:		Governmental	Business-Type
Net transfers		<u>\$ 7,770</u>	<u>\$ (7,770)</u>
Total Transfers - Internal Activity		<u>\$ 7,770</u>	<u>\$ (7,770)</u>

Balances:

There were no interfund receivables and payables at June 30, 2022.

9. Risk Management

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

- General Liability and Physical Property – Covered through participation in the Oklahoma Municipal Assurance Group risk entity pool.
- Workers' Compensation – Workers' compensation is covered through participation in the Oklahoma Municipal Assurance Group risk entity pool.
- Employee's Group Medical – Covered through purchased commercial insurance with no risk of loss retained.

The City's general liability, physical property and workers compensation risks are transferred to the risk entity pool except for claim deductible amounts. The risk pool maintains deposits for claims reserves and other purposes for the benefit of the City. The portion of the reserves to which the City has access is reported as Deposits with Insurance Pool.

Management believes such insurance coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

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10. Contingencies

Litigation:

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

Federal and State Award Programs:

The Town of Fort Gibson participates in various federal or state grant/loan programs from year to year. In 2022, the Town's involvement in federal and state award programs was significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The Town has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Asset Retirement Obligation:

The Town has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonably estimated as of June 30, 2022, since the specific legally required costs of retirement have not yet been identified. The Town anticipates identifying those specific legally required costs and obtaining an estimate of those costs in the near future.

11. Pension Plan Participation

The Town of Fort Gibson participates in three pension or retirement plans:

1. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
2. Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
3. Town of Fort Gibson Employee's Retirement System – a single-employer defined contribution plan

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	Governmental Activities
Net Pension Liability (Asset):	
Police Pension System	\$ (809,347)
Firefighter's Pension System	301,800
Total Net Pension Liability (Asset)	\$ (507,547)
Deferred Outflows of Resources:	
Police Pension System	\$ 104,289
Firefighter's Pension System	194,356
Total Deferred Outflows of Resources	\$ 298,645
Deferred Inflows of Resources:	
Police Pension System	\$ 629,470
Firefighter's Pension System	284,637
Total Deferred Inflows of Resources	\$ 914,107
Pension Expense (Benefit):	
Police Pension System	\$ (82,056)
Firefighter's Pension System	9,000
Total Pension Expense (Benefit)	\$ (73,056)

Firefighter Pension System:

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

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

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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 determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities/towns are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the Town were \$20,552. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$45,300 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 \$33,419. These on-behalf payments did not meet the criteria of a special funding situation.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 6601 Broadway Ext. #100, Oklahoma City, OK 73116.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the Town reported a net pension liability of \$301,800 for its proportionate share of the total 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 Town's proportion of the net pension liability was based on the Town'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 Town's proportion was 0.0458 percent.

For the year ended June 30, 2022, the Town recognized pension expense of \$9,000. At June 30, 2022, the Town 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	\$ 109,456	\$ 5,300
Changes of assumptions	-	6,694
Net difference between projected and actual earnings on pension plan investments	-	239,918
Changes in proportion	64,340	31,396
City contributions during measurement date	8	1,329
City contributions subsequent to the measurement date	20,552	-
Total	<u>\$ 194,356</u>	<u>\$ 284,637</u>

\$20,552 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Any 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	\$ (6,345)
2024	(14,800)
2025	(29,053)
2026	(60,635)
Total	<u>\$ (110,833)</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 following:

- *Active members* – Pub-2010 Public Safety Table with generational mortality improvements using MP-2018.
- *Retired members* – Pub-2010 Public Safety Below Median Table with generational mortality improvement using Scale MP-2018.
- *Disabled members* – Pub-2010 Public Safety Disabled Table set forward 2 years.

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.

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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:

<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 net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension liability	\$ 471,625	\$ 301,800	\$ 159,622

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.

Police Pension System:

Plan Summary Information. Pursuant to the requirements of Title 11, section 22-102, the Town of Fort Gibson participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Police Pension and Retirement System (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

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credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later. Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

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

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

Contributions - The contributions requirements of the Plan are at an established rate determined 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 Town were \$79,223. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$70,160 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 \$47,861. These on-behalf payments did not meet the criteria of a special funding situation.

The OPPRS issues a publicly available report that includes financial statements, which can be obtained from the Oklahoma Police Pension and Retirement System, 1001 N.W. 63rd Street, Oklahoma City, OK, 73116-7335.

Net Pension Liabilities (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the Town reported a net pension asset of \$809,347 for its proportionate share of the total 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 Town's proportion of the net pension asset was based on the Town'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 Town's proportion was 0.1687 percent.

For the year ended June 30, 2022, the Town recognized pension expense (benefit) of (\$82,056). At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,620	\$ 31,945
Changes of assumptions	12,308	-
Net difference between projected and actual earnings on pension plan investments	-	590,391
Changes in proportion	248	6,537
City contributions during measurement date	890	597
City contributions subsequent to the measurement date	79,223	-
Total	<u>\$ 104,289</u>	<u>\$ 629,470</u>

\$79,223 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of or addition to the net pension liability (asset) in the year ended June 30, 2023. Any 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	\$ (136,639)
2024	(120,165)
2025	(151,324)
2026	(197,572)
2027	1,296
Total	<u>\$ (604,404)</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
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) and nondisabled pensioners: 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.

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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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	3.22%
Domestic equity	40%	4.55%
International equity	10%	8.50%
Real estate	15%	7.97%
Other assets	15%	9.36%

The current allocation policy is that approximately 65% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 20% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund 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)	\$ (303,530)	\$ (809,347)	\$(1,237,054)

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.

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Summary of Contributions:

Oklahoma Firefighter's Pension and Retirement System			Oklahoma Police Pension and Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2020	18,574	96%	2020	67,724	85%
2021	20,313	94%	2021	83,279	91%
2022	22,648	91%	2022	89,742	88%

OMRF Defined Contribution Plan:

All full time non-uniformed Town employees are provided pension benefits through a defined contribution plan created in accordance with Internal Revenue Code Section 401(a). The employee begins participation on the date of employment. Benefits vest after 10 years credited service, with normal retirement at age 65, early retirement at age 55, with 10 years or more of service. Participants are required to contribute 0% of their covered compensation and the Town is required to contribute 12% of covered compensation. Participants are permitted to make voluntary deductible contributions to the plan.

Under Ordinance 2015-003, the Town's contribution for each employee begins vesting after 1 year and is fully vested after 10 years. If an employee terminates before becoming fully vested, the employer's contributions that are forfeited are allocated between the active participants.

Salary deferred under the plan is not available to employees until termination, death, retirement or unforeseeable emergency. All amounts of compensation deferred under the plan, all property, and rights purchased with these amounts and all income attributable to these amounts remain the property of the Town without being restricted to the provisions of benefits under the plan until such amounts are paid or made available to the employees, subject only to the claims of the Town's general creditors.

The plan is administered by the Oklahoma Municipal Retirement Fund. Neither the Oklahoma Municipal Retirement Fund nor the Town have a liability for losses under the plan but have the duty of due care that would be required of an ordinary prudent investor.

For the year ended June 30, 2022, the Town contributed \$147,665 to the plan.

OMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 1001 N.W. 63rd, Suite 260, Oklahoma City, Oklahoma, 73116.

REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2022

GENERAL FUND (Budgetary Basis)				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 1,716,212	\$ 1,753,300	\$ 2,076,100	\$ 322,800
Resources (Inflows):				
Taxes	1,344,500	1,509,964	1,547,891	37,927
Fees and fines	240,975	267,787	250,024	(17,763)
Charges for services	64,775	132,900	74,545	(58,355)
Intergovernmental	1,286,500	879,590	290,582	(589,008)
Licenses and permits	8,050	15,722	16,181	459
Investment income	15,000	15,000	20,112	5,112
Miscellaneous	223,333	16,075	18,046	1,971
Debt proceeds	-	-	14,821	14,821
Lease proceeds	-	-	23,084	23,084
Transfers in	-	-	221,761	221,761
Amounts available for appropriation	<u>4,899,345</u>	<u>4,590,338</u>	<u>4,553,147</u>	<u>(37,191)</u>
Charges to appropriations (outflows):				
Trustees	25,900	28,400	25,725	2,675
Clerk	7,050	8,850	7,199	1,651
Treasurer	3,550	4,275	3,493	782
Attorney	33,900	32,100	31,200	900
Court clerk	74,025	72,085	35,943	36,142
Police	1,123,670	1,177,296	1,089,769	87,527
Fire	22,200	43,952	30,933	13,019
Animal control	122,830	122,930	53,851	69,079
Building inspector	127,760	128,252	50,363	77,889
Parks and recreation	1,627,000	1,131,160	550,769	580,391
General government	1,547,471	1,638,942	403,922	1,235,020
Library	103,422	106,838	33,668	73,170
Cemetery	71,167	73,858	65,563	8,295
Civil defense	9,400	9,400	118	9,282
Transfers out	-	12,000	12,000	-
Total Charges to Appropriations	<u>4,899,345</u>	<u>4,590,338</u>	<u>2,394,516</u>	<u>2,195,822</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,158,631</u>	<u>\$ 2,158,631</u>

See accompanying notes to budgetary comparison schedules

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Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2022, (Continued)

	SPECIAL REVENUE - STREET & ALLEY FUND (Budgetary Basis)			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 1,050,205	\$ 1,068,082	\$ 1,092,158	\$ 24,076
Resources (Inflows):				
Taxes	235,000	282,090	284,243	2,153
Intergovernmental	214,600	219,204	217,208	(1,996)
Licenses and permits	500	1,069	1,069	-
Investment income	3,500	3,500	3,064	(436)
Miscellaneous	-	-	40	40
Amounts available for appropriation	<u>1,503,805</u>	<u>1,573,945</u>	<u>1,597,782</u>	<u>23,837</u>
Charges to appropriations (outflows):				
Sales Tax	897,570	779,115	165,340	613,775
State Collections	606,235	610,839	285,837	325,002
Transfers out	-	183,991	183,991	-
Total Charges to Appropriations	<u>1,503,805</u>	<u>1,573,945</u>	<u>635,168</u>	<u>938,777</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 962,614</u>	<u>\$ 962,614</u>

See accompanying notes to budgetary comparison schedules

	SPECIAL REVENUE - 1.25 SALES TAX FUND (Budgetary Basis)			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 1,208,600	\$ 1,247,600	\$ 1,305,046	\$ 57,446
Resources (Inflows):				
Taxes	493,000	564,180	568,486	4,306
Investment income	2,500	2,597	2,594	(3)
Amounts available for appropriation	<u>1,704,100</u>	<u>1,814,377</u>	<u>1,876,126</u>	<u>61,749</u>
Charges to appropriations (outflows):				
Municipal court	3,563	3,563	1,904	1,659
Police dept	139,075	139,075	103,895	35,180
Fire dept	146,970	146,970	104,642	42,328
Animal control	4,740	6,140	5,502	638
Building inspector	17,056	15,656	4,451	11,205
General government	1,306,346	1,426,623	178,333	1,248,290
Cemetery	-	5,650	1,052	4,598
UA general government	86,350	70,700	-	70,700
Total Charges to Appropriations	<u>1,704,100</u>	<u>1,814,377</u>	<u>399,779</u>	<u>1,414,598</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,476,347</u>	<u>\$ 1,476,347</u>

See accompanying notes to budgetary comparison schedules

**TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2022, (Continued)

Footnotes to Budgetary Comparison Schedules:

1. The Town prepares its budgets for all funds on the modified accrual basis of accounting for all revenues except for on-behalf payments made. The modified accrual basis of accounting is used for budgeting of expenditures with the exception of on-behalf payments made. The Town utilizes encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. Encumbrances outstanding and their related appropriations are lapsed at year end and are re-appropriated and re-encumbered in the subsequent fiscal year.

2. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

	<u>General Fund</u>
Sources/Inflows of resources	
Actual amounts (budgetary basis) “available appropriation” from the budgetary comparison schedule	\$4,553,147
Differences – budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(2,076,100)
The Town reports on-behalf payments made by state in the General Fund in the fund financial statements, but are not budgeted.	115,460
Transfers from other funds are inflows of budgetary resources but are not Revenues for financial reporting purposes.	(221,761)
Proceeds from debt are inflows of budgetary resources but are not revenues for financial reporting purposes.	(14,821)
Proceeds from leases are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(23,084)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$2,332,841</u>
Uses/Outflows of resources	
Actual amounts (budgetary basis) “total charges to appropriations” from the budgetary comparison schedule	\$2,394,516
Differences – budget to GAAP:	
The Town reports on-behalf payments made by state in the General Fund in the fund financial statements, but are not budgeted.	115,460
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(12,000)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$2,497,976</u>

**TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

	<u>Street & Alley Fund</u>
Sources/Inflows of resources	
Actual amounts (budgetary basis) “available appropriation” from the budgetary comparison schedule	\$1,597,782
Differences – budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(1,092,158)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$505,624</u>
Uses/Outflows of resources	
Actual amounts (budgetary basis) “total charges to appropriations” from the budgetary comparison schedule	\$635,168
Differences – budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(183,991)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$451,177</u>
1.25 Sales Tax Fund	
Sources/Inflows of resources	
Actual amounts (budgetary basis) “available appropriation” from the budgetary comparison schedule	\$1,876,126
Differences – budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(1,305,046)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$571,080</u>

3. For the year ended June 30, 2022, the Town complied, in all material respects, with the applicable budget laws.

**TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

**Schedules of Required Supplementary Information
SCHEDULE OF THE TOWN OF FORT GIBSON'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years***

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Town's proportion of the net pension liability	0.037%	0.040%	0.040%	0.040%	0.039%	0.049%	0.046%
Town's proportionate share of the net pension liability	\$ 455,258	\$ 497,313	\$ 445,092	\$ 411,561	\$ 414,863	\$ 607,610	\$ 301,800
Town's covered payroll	\$ 109,509	\$ 100,075	\$ 112,919	\$ 119,753	\$ 130,337	\$ 132,670	\$ 145,095
Town's proportionate share of the net pension liability as a percentage of its covered payroll	416%	497%	394%	344%	318%	458%	208%
Plan fiduciary net position as a percentage of the total pension liability	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	68.12%

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

Notes to Schedule:

*Only seven years are presented because 10-year data is not yet available.
Current year measurement date is June 30, 2021.

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Statutorially required contribution	\$ 14,011	\$ 15,809	\$ 16,765	\$ 18,247	\$ 18,574	\$ 20,313	\$ 22,648
Contributions in relation to the statutorially required contribution	13,433	15,191	16,064	16,938	17,811	19,042	20,552
Contribution deficiency (excess)	\$ 578	\$ 618	\$ 701	\$ 1,309	\$ 763	\$ 1,271	\$ 2,096
City's covered payroll	\$ 100,075	\$ 112,919	\$ 119,753	\$ 130,337	\$ 132,670	\$ 145,095	\$ 161,771
Contributions as a percentage of covered payroll	13.42%	13.45%	13.41%	13.00%	13.43%	13.12%	12.70%

Notes to Schedule:

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

**TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

**Schedules of Required Supplementary Information
SCHEDULE OF THE TOWN OF FORT GIBSON'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years***

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City's proportion of the net pension liability (asset)	0.098%	0.106%	0.106%	0.115%	0.125%	0.132%	0.169%
City's proportionate share of the net pension liability (asset)	\$ 149,705	\$ 8,180	\$ (50,660)	\$ (7,316)	\$ (7,954)	\$ 152,030	\$ (809,347)
City's covered payroll	\$ 287,621	\$ 311,481	\$ 346,450	\$ 372,562	\$ 469,993	\$ 520,954	\$ 640,610
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	52.05%	2.63%	-14.62%	(1.96)%	(1.69)%	-(29.18)%	(126.34)%
Plan fiduciary net position as a percentage of the total pension liability	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%

Notes to Schedule:

*Only seven years are presented because 10-year data is not yet available.
Current year measurement date is June 30, 2021.

**SCHEDULE OF TOWN CONTRIBUTIONS
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years***

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Statutorily required contribution	\$ 40,493	\$ 45,039	\$ 48,433	\$ 61,099	\$ 67,724	\$ 83,279	\$ 89,742
Contributions in relation to the statutorily required contribution	<u>37,908</u>	<u>39,419</u>	<u>45,441</u>	<u>52,668</u>	<u>57,866</u>	<u>75,991</u>	<u>79,223</u>
Contribution deficiency (excess)	<u>\$ 2,585</u>	<u>\$ 5,620</u>	<u>\$ 2,992</u>	<u>\$ 8,431</u>	<u>\$ 9,858</u>	<u>\$ 7,288</u>	<u>\$ 10,519</u>
City's covered payroll	\$ 311,481	\$ 346,450	\$ 372,562	\$ 469,993	\$ 520,954	\$ 640,610	\$ 690,324
Contributions as a percentage of covered payroll	12.17%	11.38%	12.20%	11.21%	11.11%	11.86%	11.48%

Notes to Schedule:

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

OTHER SUPPLEMENTARY INFORMATION

TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Balance Sheet, General Fund Accounts – June 30, 2022

	General Fund	Municipal Court Account	Total General Fund
ASSETS			
Cash and cash equivalents	\$ 900,944	\$ 1,601	\$ 902,545
Investments	941,520	1,204	942,724
Deposits with insurance pool	47,309	-	47,309
Due from other governments	178,936	-	178,936
Franchise tax receivable	146,023	-	146,023
Due from (to) other accounts	2,805	(2,805)	-
Court fines receivable, net of allowance	755,884	-	755,884
Other receivables, net of allowance	134	-	134
Total assets	\$ 2,973,555	\$ -	\$ 2,973,555
 LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 31,282	\$ -	\$ 31,282
Accrued payroll liabilities	67,482	-	67,482
Total liabilities	98,764	-	98,764
Deferred inflows of resources:			
Unavailable revenue	716,160	-	716,160
Fund balances:			
Restricted	47,309	-	47,309
Assigned	2,111,322	-	2,111,322
Total fund balances	2,158,631	-	2,158,631
Total liabilities, deferred inflows, and fund balances	\$ 2,973,555	\$ -	\$ 2,973,555

TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances, General Fund Accounts – Year Ended June 30, 2022

	<u>General Fund</u>	<u>Municipal Court Account</u>	<u>Total General Fund</u>
REVENUES			
Taxes	\$ 1,547,891	\$ -	\$ 1,547,891
Intergovernmental	406,042	-	406,042
Charges for services	74,545	-	74,545
Fines and forfeitures	250,024	-	250,024
Licenses and permits	16,181	-	16,181
Investment earnings	20,112	-	20,112
Miscellaneous	18,046	-	18,046
 Total revenues	 <u>2,332,841</u>	 <u>-</u>	 <u>2,332,841</u>
EXPENDITURES			
Current:			
Legislative	25,725	-	25,725
General government	410,531	-	410,531
Public safety	1,322,010	-	1,322,010
Culture and recreation	77,040	-	77,040
Cemetery	65,563	-	65,563
Debt Service:			
Principal	18,905	-	18,905
Interest and other charges	4,103	-	4,103
Capital Outlay	574,099	-	574,099
 Total expenditures	 <u>2,497,976</u>	 <u>-</u>	 <u>2,497,976</u>
 Excess (deficiency) of revenues over expenditures	 <u>(165,135)</u>	 <u>-</u>	 <u>(165,135)</u>
OTHER FINANCING SOURCES (USES)			
Debt proceeds	14,821	-	14,821
Lease proceeds	23,084	-	23,084
Transfers in	221,761	-	221,761
Transfers out	(12,000)	-	(12,000)
Total other financing sources and uses	<u>247,666</u>	<u>-</u>	<u>247,666</u>
 Net change in fund balances	 82,531	 -	 82,531
 Fund balances - beginning	 <u>2,076,100</u>	 <u>-</u>	 <u>2,076,100</u>
Fund balances - ending	<u>\$ 2,158,631</u>	<u>\$ -</u>	<u>\$ 2,158,631</u>

**TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

Combining Balance Sheet, Nonmajor Governmental Funds – June 30, 2022

	SPECIAL REVENUE FUNDS		CAPITAL PROJECT FUNDS				Total Nonmajor Governmental Funds
	Fire Sales Tax Fund	Police Sales Tax Fund	Cemetery Fund	Fire Special Equipment Fund	PD Special Fund	Fort Gibson Development Fund	
ASSETS							
Cash and cash equivalents	\$ 192,005	\$ 27,240	\$ 13,103	\$ 47,745	\$ 3,621	\$ 109,434	\$ 393,148
Investments	192,610	26,774	13,144	47,897	3,631	109,779	393,835
Receivables:							
Notes receivable	-	-	-	-	-	192,203	192,203
Other receivables	18,796	18,796	-	-	3,750	-	41,342
Total assets	<u>\$ 403,411</u>	<u>\$ 72,810</u>	<u>\$ 26,247</u>	<u>\$ 95,642</u>	<u>\$ 11,002</u>	<u>\$ 411,416</u>	<u>\$ 1,020,528</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 4,260	\$ 1,535	\$ -	\$ 250	\$ -	\$ -	\$ 6,045
Accrued payroll liabilities	15,211	74	-	-	-	-	15,285
Total liabilities	<u>19,471</u>	<u>1,609</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>21,330</u>
Fund Balances:							
Restricted	380,490	69,777	26,247	94,593	11,000	391,550	973,657
Assigned	3,450	1,424	-	799	2	19,866	25,541
Total fund balances	<u>383,940</u>	<u>71,201</u>	<u>26,247</u>	<u>95,392</u>	<u>11,002</u>	<u>411,416</u>	<u>999,198</u>
Total liabilities and fund balances	<u>\$ 403,411</u>	<u>\$ 72,810</u>	<u>\$ 26,247</u>	<u>\$ 95,642</u>	<u>\$ 11,002</u>	<u>\$ 411,416</u>	<u>\$ 1,020,528</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Nonmajor Governmental Funds – Year Ended June 30, 2022

	SPECIAL REVENUE FUNDS		CAPITAL PROJECT FUNDS				Total Nonmajor Governmental Funds
	Fire Sales Tax Fund	Police Sales Tax Fund	Cemetery Fund	Fire Special Equipment Fund	PD Special Fund	Fort Gibson Development Fund	
REVENUES							
Taxes	\$ 142,122	\$ 142,122	\$ -	\$ -	\$ -	\$ -	\$ 284,244
Intergovernmental	-	-	-	4,763	-	-	4,763
Charges for services	-	-	4,363	15,800	30,000	-	50,163
Investment earnings	702	189	40	159	2	14,034	15,126
Miscellaneous	-	-	-	6,100	11,000	-	17,100
Total revenues	<u>142,824</u>	<u>142,311</u>	<u>4,403</u>	<u>26,822</u>	<u>41,002</u>	<u>14,034</u>	<u>371,396</u>
EXPENDITURES							
Current:							
Public safety	134,422	80,040	-	7,290	-	-	221,752
Cemetery	-	-	1,859	-	-	-	1,859
Capital Outlay	2,396	108,396	-	2,092	-	-	112,884
Total expenditures	<u>136,818</u>	<u>188,436</u>	<u>1,859</u>	<u>9,382</u>	<u>-</u>	<u>-</u>	<u>336,495</u>
Excess (deficiency) of revenues over expenditures	6,006	(46,125)	2,544	17,440	41,002	14,034	34,901
OTHER FINANCING SOURCES (USES)							
Transfers in	-	12,000	-	-	-	-	12,000
Transfers out	-	-	-	-	(30,000)	-	(30,000)
Total other financing sources and uses	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>(18,000)</u>
Net change in fund balances	6,006	(34,125)	2,544	17,440	11,002	14,034	16,901
Fund balances - beginning	377,934	105,326	23,703	77,952	-	397,382	982,297
Fund balances - ending	<u>\$ 383,940</u>	<u>\$ 71,201</u>	<u>\$ 26,247</u>	<u>\$ 95,392</u>	<u>\$ 11,002</u>	<u>\$ 411,416</u>	<u>\$ 999,198</u>

**TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

Schedule of Federal Awards Expended – Year Ended June 30, 2022

**TOWN OF FORT GIBSON, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2022**

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal AL Number	Grant #	Award Amount	Federal Expenditures
FEDERAL AWARDS:				
<u>U.S. DEPARTMENT OF TREASURY:</u>				
American Rescue Plan Act-Tranche #1	21.027	N/A	\$ 345,643	\$ -
Total U.S. Department of Treasury			<u>345,643</u>	<u>-</u>
<u>DEPARTMENT OF TOURISM AND RECREATION:</u>				
Recreational Trails Program Grant	20.219	N/A	240,000	201,206
Total Department of Tourism and Recreation			<u>240,000</u>	<u>201,206</u>
TOTAL FEDERAL AWARDS			<u>\$ 585,643</u>	<u>\$ 201,206</u>

Notes to Schedule of Expenditures of Federal Awards

Note A - Significant Accounting Policies - The accompanying schedule of expenditures of federal awards is prepared on the basis of accounting consistent with the definition of federal awards expended in the Uniform Guidance (UG).

Schedule of State Awards Expended – Year Ended June 30, 2022

**TOWN OF FORT GIBSON, OKLAHOMA
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the fiscal year ended June 30, 2022**

State Grantor/Pass through agency Grantor/Program Title	Grant #	Award Amount	State Expenditures
STATE AWARDS:			
<u>OKLAHOMA DEPARTMENT OF AGRICULTURE:</u>			
Rural Fire Grant	N/A	\$ 4,763	\$ 4,763
Total Oklahoma Department of Agriculture		<u>4,763</u>	<u>4,763</u>
<u>DEPARTMENT OF TRANSPORTATION:</u>			
Safê Routes to School Grant	N/A	182,600	-
Total Department of Transportation		<u>182,600</u>	<u>-</u>
TOTAL STATE AWARDS		<u>\$ 187,363</u>	<u>\$ 4,763</u>

**INDEPENDENT AUDITORS' 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**

Honorable Mayor and Town Trustees
Town of Fort Gibson, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States 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, each major fund, and the aggregate remaining fund information of the Town of Fort Gibson, Oklahoma (the "Town") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated May 10, 2024. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Town's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

(Continued)

**INDEPENDENT AUDITORS' 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, CONTINUED**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Finley & Cook, PLLC". The signature is written in a cursive, flowing style.

Shawnee, Oklahoma
May 10, 2024