

CITY OF CATOOSA, OKLAHOMA
Catoosa, Oklahoma

BASIC FINANCIAL STATEMENTS

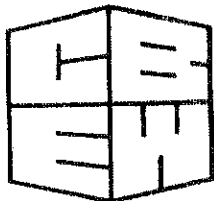
JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

January 13, 2023

Honorable Board of City Council Members
City of Catoosa
Catoosa, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Catoosa, Oklahoma, (City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City'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 City of Catoosa, Oklahoma, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension exhibits on pages 4 – 14 and 56 – 60 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

City of Catoosa
January 13, 2023

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements 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 of America. In our opinion, the combining statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2023 on our consideration of the City of Catoosa, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Catoosa, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Catoosa, Oklahoma's internal control over financial reporting and compliance.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants

**CITY OF CATOOSA, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
JUNE 30, 2022**

The discussion and analysis of the City of Catoosa's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended June 30, 2022. It should be read in conjunction with the accompanying basic financial statements.

WHO WE ARE

As of June 30, 2022, the mayor, council members, clerk and treasurer consisted of the following:

Mayor	Brenda Conley
Council Members	Thomas Sweet Russ White Kyle Gibson Jonnie Mott Greg Williams Fred Williams
City Manager	John Blish
City Clerk	Vicky Sutton
City Treasurer	Jamie Scrivner

The Treasurer and City Manager are appointed positions. The council members are elected and the mayor is voted and approved by the council.

FINANCIAL HIGHLIGHTS

- The total assets of the City for its governmental and business-type activities exceeded its liabilities as of June 30, 2022 by \$32,505,648 as reflected in the Statement of Net Position, an increase of \$1,654,628 from the prior year. This excess is summarized for both years as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Invested in capital assets, net of related debt	\$18,415,576	\$17,971,192
Restricted for various purposes	11,724,019	9,691,532
Unassigned	<u>2,366,053</u>	<u>3,188,296</u>
	<u>\$32,505,648</u>	<u>\$30,851,020</u>

- The City's (including the PWA) net position increased \$1,654,628 during the year. The amounts of the increase (decrease) were as follows:

Net investment in capital assets	\$ 44,384
Restricted	2,032,487
Unrestricted	<u>(822,243)</u>
	<u>\$ 1,654,628</u>

- Invested in capital assets, net of related debt was due to asset additions of \$1,142,690, less depreciation of \$834,502, with net asset disposals of \$14,975 and debt financing asset acquisitions of \$269,893 and debt extinguishment of \$421,064.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements. In accordance with Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Managements' Discussion and Analysis - for State and Local Governments," ("GASB 34"), the City's basic financial statements include three components: government-wide financial statements; fund financial statements; and notes to the basic financial statements. The major features of these financial statements are summarized as follows:

	<u>Government-wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Scope	Entire City Government and the City's component units	The activities of the City that are not proprietary, such as police, fire, library, streets, etc.	Activities the City operates similar to private businesses, such as water and sewer utilities

	<u>Government-wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash funds
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to statements of a private-sector business.

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public safety activities, streets, cultural, library, parks and recreation activities and general government activities. The business-type activities of the City include utilities.

A component unit is included in the basic financial statements and consists of a legally separate entity for which the City is financially accountable and that has the same governing board as the City. This blended component unit is the Catoosa Public Works Authority.

Catoosa Economic Development Authority is another component unit of the City. This is the first year in which activity for CEDA has occurred, and has issued TIF funding debt for economic development purposes.

The government-wide financial statements can be found pages 14 and 15 of this report.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

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

The City maintains 13 individual governmental funds for financial reporting purposes. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Recreational Services Fund, Fire Department Fund and the PWA Operation and Maintenance Fund, which are considered to be major funds. Data for the other 7 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the non-major funds supplementary section of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund in the basic financial statements.

The governmental funds financial statements can be found on pages 16 through 19 of this report.

Proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements but in more detail. The proprietary fund financial statements provide separate information for the utility operations. Combining schedules for the proprietary funds are presented in

the supplementary information. The proprietary funds financial statements can be found on pages 20 through 22 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$32,505,648 at the close of the current fiscal year, a 5.36% increase over the prior year.

As shown on Table 1, the largest portion of the City's net position, \$18,415,576, reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the City's net position, \$11,724,019 represents resources that are subject to external restrictions on how they may be used. The major restrictions on net position are funding source restrictions. \$7,333,882 pertains to the PWA Operating and Maintenance Fund. \$709,118 is reserved for Storm Water Management Projects, \$1,195,995 is restricted for Fire Department use, and \$1,593,818 is restricted for use between the library, community center and park and recreation improvements or amenities.

The remaining balance of total net position of \$2,366,053 is unrestricted and may be used to meet the City's obligations to citizens and creditors in accordance with the finance-related legal requirements reflected in the City's fund structure.

At the end of the fiscal year ended June 30, 2022, The City reported positive balances in all three categories of net position.

TABLE 1
SUMMARY OF NET POSITION
JUNE 30, 2022 and 2021

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$41,759,078	\$16,821,030	\$(706,791)	\$ 501,729	\$41,052,287	\$17,322,759
Capital assets	<u>14,434,924</u>	<u>14,074,162</u>	<u>6,132,911</u>	<u>6,200,462</u>	<u>20,567,835</u>	<u>20,274,624</u>
Total assets	<u>56,194,002</u>	<u>30,895,192</u>	<u>5,426,120</u>	<u>6,702,191</u>	<u>61,620,122</u>	<u>37,597,383</u>
Current and other liabilities	1,851,231	1,003,656	661,709	576,034	2,512,940	1,579,690
Long-term liabilities	<u>26,087,110</u>	<u>4,560,494</u>	<u>514,424</u>	<u>606,179</u>	<u>26,601,534</u>	<u>5,166,673</u>
Total liabilities	<u>27,938,341</u>	<u>5,564,150</u>	<u>1,176,133</u>	<u>1,182,213</u>	<u>29,114,474</u>	<u>6,746,363</u>
Net position						
Invested in capital assets, net of related debt	12,282,665	11,770,730	6,132,911	6,200,462	18,415,576	17,971,192
Restricted for specific purposes	10,975,389	9,006,128	748,630	685,404	11,724,019	9,691,532
Unrestricted	<u>4,997,607</u>	<u>4,554,184</u>	<u>(2,631,554)</u>	<u>(1,365,888)</u>	<u>2,366,053</u>	<u>3,188,296</u>
Total net position	<u>\$28,255,661</u>	<u>\$25,331,042</u>	<u>\$ 4,249,987</u>	<u>\$ 5,519,978</u>	<u>\$32,505,648</u>	<u>\$30,851,020</u>

TABLE 2
CITY OF CATOOSA
Changes in Net Position
Year Ended June 30, 2022 and 2021

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program revenues						
Charges for services	\$ 201,564	\$ 310,557	\$ 2,258,122	\$ 2,259,682	\$2,459,686	\$2,570,239
Operating grants & Contributions	748,920	485,299	--	75,000	748,920	560,299
Capital grants & Contributions	--	--	--	--	--	--
General revenues:						
Sales tax	8,388,743	7,643,316	--	--	8,388,743	7,643,316
Other taxes	2,547,516	2,410,410	--	32,886	2,547,516	2,443,296
Other general revenues	<u>178,418</u>	<u>242,566</u>	<u>159,826</u>	<u>49,385</u>	<u>338,244</u>	<u>291,951</u>
Total revenues	<u>12,065,161</u>	<u>11,092,148</u>	<u>2,417,948</u>	<u>2,416,953</u>	<u>14,483,109</u>	<u>13,509,101</u>
Expenses						
General government	4,540,668	3,222,485	--	--	4,540,668	3,222,485
Public safety	3,059,344	3,571,423	--	--	3,059,344	3,571,423
Street	990,698	703,073	--	--	990,698	703,073
Cultural, recreation & Library	549,832	451,072	--	--	549,832	451,072
Utilities	--	--	3,651,497	3,567,667	3,651,497	3,567,667
Economic development	<u>--</u>	<u>--</u>	<u>36,442</u>	<u>37,376</u>	<u>36,442</u>	<u>37,376</u>
Total expenses	<u>9,140,542</u>	<u>7,948,053</u>	<u>3,687,939</u>	<u>3,605,043</u>	<u>12,828,481</u>	<u>11,553,096</u>
Increase in net position	<u>\$ 2,924,619</u>	<u>\$ 3,144,095</u>	<u>\$(1,269,991)</u>	<u>\$(1,188,090)</u>	<u>\$ 1,654,628</u>	<u>\$ 1,956,005</u>

Governmental Activities. Governmental activities increased the City's net position by \$2,924,619 for the current fiscal year, which is an 11.5% increase in Governmental Funds. This is similar to the previous year.

Business-type Activities. Business-type activities decreased the City's net position by \$1,269,991 for the current fiscal year, accounting for a 4.12% decrease in the net position of the City and a 23.0% decrease in business-type activities. Fewer transfers in and increased expenses were the primary reasons for the decrease.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

As noted earlier, the City uses fund accounting to demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported total fund balances of \$38,357,728 compared to \$15,267,576 for the prior year end. This is a \$23,090,152 increase. This is mostly due to the cash held from a bond issue of \$20,0506,792.

General Fund

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved (designated and undesignated) fund balance of the General Fund was \$6,647,594 constituting 96.55% of the fund balance which was \$587,189 or 9.7% more than the prior year's General Fund unreserved balance.

Fire Department Fund

This fund is dedicated to collecting a .5 cent sales tax for construction and operation of the City's Fire Department. The fund balance increased \$170,816, similar to the previous year.

PWA Operating and Maintenance Fund

This fund is dedicated to collecting a .5 cent sales tax for construction, maintenance and operation of utility systems owned by the Catoosa PWA. All of the fund balance of \$7,333,882 is restricted for such usage. The fund balance increased by \$1,307,607, as the fund transferred \$0 to the PWA. There are plans to transfer funds in the next fiscal year, but no amount has been set.

Recreational Services Fund

This fund is dedicated to collecting a .25 cent sales tax for operation, constructing and maintaining the library, community center and other recreational services. The fund balance increased by \$108,665 in the current year as there was a large increase in capital outlay.

Go Bond Construction Fund

This is a new fund that is currently holding the funds from a bond issue in May 2022. All of the fund balance of \$20,056,782 is restricted for the construction of safety facilities.

GENERAL FUND BUDGETARY

The following Table 3 presents a summary analysis of the General Fund budget and actuals for the current fiscal year.

TABLE 3
CITY OF CATOOSA
SUMMARY ANALYSIS OF GENERAL BUDGET
FISCAL YEAR ENDING JUNE 30, 2022

<u>Category</u>	<u>Budgeted Amounts</u>		<u>Actual</u> <u>(Budget Basis)</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
Revenue				
Sales tax	\$3,929,601	\$ 3,929,601	\$ 5,147,033	\$ 1,217,432
All other taxes	2,136,343	2,136,343	2,598,358	462,015
All other revenues	<u>537,358</u>	<u>537,358</u>	<u>447,523</u>	<u>(89,835)</u>
Total revenues	<u>6,603,302</u>	<u>6,603,302</u>	<u>8,192,914</u>	<u>1,589,612</u>
Expenditures				
General government (1)	4,071,275	4,092,275	4,078,545	13,730
Public safety (2)	2,167,360	2,167,360	2,161,267	6,093
Street	4,267,127	4,246,127	1,329,078	2,917,049
Cultural and recreation services (3)	100,950	100,950	88,888	12,062
Emergency reserve	<u>2,717,213</u>	<u>2,717,213</u>	<u>--</u>	<u>2,717,213</u>
Total expenditures	<u>13,323,925</u>	<u>13,323,925</u>	<u>7,657,778</u>	<u>5,666,147</u>
Total excess (deficiency) of revenues over expenditures	(6,720,623)	(6,720,623)	535,136	7,255,759
Beginning fund balance	<u>6,720,623</u>	<u>6,720,623</u>	<u>5,093,868</u>	<u>1,626,755</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,629,004</u>	<u>\$ 5,629,004</u>

(1) Includes general government, Community Development, Economic Development and Technology

(2) Includes Police, Emergency Management, and Animal Control

(3) Includes Museum

The basis of accounting for budgetary purposes for the General Fund is the modified accrual, i. e., revenues are recognized when received and expenses are recognized when encumbered.

Generally, the City attempts to prepare a budget that will result in a small positive increase in the fund balance. Generally, this is accomplished by only budgeting 90% of the prior year revenues and budgeting amounts, primarily in General Government, that will not be expended.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets as of June 30, 2022 and 2021 amounted to \$20,567,835 and \$20,274,623 respectively (net of accumulated depreciation). This investment, detailed in Table 4, in a broad range of capital assets includes structures and improvements, equipment, and construction in progress.

TABLE 4
CAPITAL ASSETS (NET OF DEPRECIATION)
June 30, 2022 and 2021

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Storm water improvements	\$ --	\$ --	\$ 654,367	\$ 670,754	\$ 654,367	\$ 670,754
Land and easements	844,470	621,521	534,909	538,312	1,379,379	1,159,833
Buildings and real estate	1,489,083	1,532,261	--	--	1,489,083	1,532,261
Machinery and equipment	4,471,035	2,848,559	831,591	725,706	5,302,626	3,574,265
Infrastructure	7,630,336	7,542,427	--	--	7,630,336	7,542,427
Utility property	--	--	4,112,044	4,265,690	4,112,044	4,265,690
Work in progress	--	1,529,393	--	--	--	1,529,393
Capital assets, net	<u>\$14,434,924</u>	<u>\$14,074,161</u>	<u>\$6,132,911</u>	<u>\$6,200,462</u>	<u>\$20,567,835</u>	<u>\$20,274,623</u>

ECONOMIC FACTORS AND NEW YEAR'S BUDGET

The City's major governmental revenue, sales tax, increased from the prior year. This local economic trend generally mirrored the similar economic effects experienced at the national and state levels. City growth, as a suburb of Tulsa, has aided in increased revenues.

The long-term economic forecast for the City is quite good. Business and commercial and residential construction is increasing within the city limits. All of this should increase the City's revenue and allow the City to provide full and expanded services to its citizens in the future.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This managements' discussion and analysis is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions or need additional financial information, please contact the City of Catoosa at (918) 266-2505.

CITY OF CATOOSA, OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Governmental</u> <u>Activities</u>	<u>Primary Government</u> <u>Business-type</u> <u>Activities</u>	<u>Total</u>
Assets:			
Current Assets:			
Cash and cash equivalents (Note 1)	\$37,700,794	\$(2,374,848)	\$ 35,325,946
Due from restricted	--	35,015	35,015
Receivables:			
Accounts receivable	--	426,247	426,247
Fines receivable	122,642	--	122,642
Taxes	1,780,665	418,253	2,198,918
Other	8,052	--	8,052
Noncurrent assets:			
Net pension assets	1,060,939	--	1,060,939
Restricted assets:			
Cash and investments (Note 1)	--	819,075	819,075
Accounts receivable	--	12,012	12,012
Due to general operations	--	(35,015)	(35,015)
Payables from restricted cash	--	(7,530)	(7,530)
Capital assets:			
Depreciable buildings, property, equipment and infrastructure, net of depreciation (Notes 1 and 2)	<u>14,434,924</u>	<u>6,132,911</u>	<u>20,567,835</u>
Total assets	<u>55,108,016</u>	<u>5,426,120</u>	<u>60,534,136</u>
Deferred outflow of resources:			
Total deferred outflows	<u>1,085,986</u>	<u>--</u>	<u>1,085,986</u>
Liabilities			
Current liabilities:			
Accounts payable	1,060,573	531,126	1,591,699
Accrued expenses	--	2,297	2,297
Accrued compensated absences	154,202	19,858	174,060
Accrued payroll	108,259	11,428	119,687
Notes payable (Note 2)	428,197	97,000	525,197
Non-current liabilities:			
Reserve for deposits	--	79,424	79,424
Notes payable (Note 2)	22,224,064	435,000	22,659,064
Net pension liabilities	1,157,085	--	1,157,085
Deferred revenues	<u>650,987</u>	<u>--</u>	<u>650,987</u>
Total liabilities	<u>25,783,367</u>	<u>1,176,133</u>	<u>26,959,500</u>
Deferred Inflows of Resources:			
Total deferred inflows	<u>2,154,974</u>	<u>--</u>	<u>2,154,974</u>
Net position:			
Net investment in capital assets	12,282,665	6,132,911	18,415,576
Restricted	10,975,389	748,630	11,724,019
Unrestricted	<u>4,997,607</u>	<u>(2,631,554)</u>	<u>2,366,053</u>
Total net position	<u>\$28,255,661</u>	<u>\$ 4,249,987</u>	<u>\$32,505,648</u>

CITY OF CATOOSA, OKLAHOMA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
General government	\$ 4,540,668	\$ 118,923	\$ 652,180	\$ --	\$(3,769,565)
Public safety and judiciary	3,059,344	67,557	83,263	--	(2,908,524)
Highway, roads and airport	990,698	--	--	--	(990,698)
Cultural, parks and recreation	<u>549,832</u>	<u>15,084</u>	<u>13,477</u>	--	<u>(521,271)</u>
Total governmental activities	<u>9,140,542</u>	<u>201,564</u>	<u>748,920</u>	--	<u>(8,190,058)</u>
Business-type activities					
Water service	1,008,028	646,132	--	--	(361,896)
Sewer service	2,571,356	1,468,193	--	--	(1,103,163)
Storm water	72,113	109,857	--	--	37,744
Economic development	<u>36,442</u>	<u>33,940</u>	--	--	<u>(2,502)</u>
Total business-type activities	<u>3,687,939</u>	<u>2,258,122</u>	--	--	<u>(1,429,817)</u>
Total	<u>\$12,828,481</u>	<u>\$ 2,459,686</u>	<u>\$ 748,920</u>	<u>\$ --</u>	<u>\$(9,619,875)</u>

	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net (expense) /revenue	(8,190,058)	(1,429,817)	(9,619,875)
General revenues:			
Taxes:			
Sales tax	8,388,743	--	8,388,743
Property tax	12,335	--	12,335
Use tax	1,453,433	--	1,453,433
Cigarette tax	64,408	--	64,408
Alcohol beverage tax	79,565	--	79,565
Hotel/motel tax	509,314	--	509,314
Gasoline tax	13,268	--	13,268
Motor vehicle tax	54,026	--	54,026
Wireless 911	190	--	190
Franchise taxes	360,977	--	360,977
Gain on asset sale	11,844	11,423	23,267
Interest income	248,656	43,328	291,984
Miscellaneous revenue	15,897	7,096	22,993
Transfers	<u>(97,979)</u>	<u>97,979</u>	--
Total general revenues and transfers	<u>11,114,677</u>	<u>159,826</u>	<u>11,274,503</u>
Change in net position	2,924,619	(1,269,991)	1,654,628
Net position - beginning of year	<u>25,331,042</u>	<u>5,519,978</u>	<u>30,851,020</u>
Net position - end of year	<u>\$28,255,661</u>	<u>\$ 4,249,987</u>	<u>\$32,505,648</u>

CITY OF CATOOSA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Fire Department Fund	Go Bond Construction Fund	PWA Operation Maintenance Fund	Recreational Services Fund	Other Governmental Funds	Total Governmental Funds
Assets:							
Cash & cash equivalents (Note 1)	\$ 6,744,918	\$ 1,002,387	\$20,056,782	\$ 7,106,126	\$ 1,498,674	\$1,219,907	\$ 37,700,794
Taxes receivable	1,211,275	227,756	--	227,756	113,878	--	1,780,665
Fines receivable	37,049	--	--	--	--	--	37,049
Other receivables	<u>8,052</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>8,052</u>
Total assets	<u>\$ 8,001,294</u>	<u>\$ 1,230,143</u>	<u>\$20,056,782</u>	<u>\$ 7,333,882</u>	<u>\$ 1,612,552</u>	<u>\$1,219,907</u>	<u>\$39,526,560</u>
Liabilities							
Accounts payable	1,036,862	11,439	--	--	12,236	36	1,060,573
Accrued payroll	<u>79,052</u>	<u>22,709</u>	<u>--</u>	<u>--</u>	<u>6,498</u>	<u>--</u>	<u>108,259</u>
Total liabilities	<u>1,115,914</u>	<u>34,148</u>	<u>--</u>	<u>--</u>	<u>18,734</u>	<u>36</u>	<u>1,168,832</u>
Fund balance:							
Restricted for:							
Other purposes	--	1,195,995	20,056,782	7,333,882	1,593,818	613,908	30,794,385
Committed							
Reserve for encumbrances	237,786	--	--	--	--	--	237,786
Assigned to:							
Other purposes	--	--	--	--	--	677,963	677,963
Unassigned	<u>6,647,594</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>6,647,594</u>
Total fund balance	<u>6,885,380</u>	<u>1,195,995</u>	<u>20,056,782</u>	<u>7,333,882</u>	<u>1,593,818</u>	<u>1,291,871</u>	<u>38,357,728</u>
Total liabilities and fund balance	<u>\$8,001,294</u>	<u>\$ 1,230,143</u>	<u>\$20,056,782</u>	<u>\$ 7,333,882</u>	<u>\$ 1,612,552</u>	<u>\$1,291,907</u>	<u>\$39,526,560</u>

CITY OF CATOOSA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2022

Total Fund Balances - Total Governmental Funds	\$ 38,357,728
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Amounts reported for governmental activities in the statement of net position are different because:

Some of the City's revenues will be collected after year-end but are available soon enough to pay for the current period's expenditures and, therefore, are deferred in governmental funds:

Fines and Forfeitures	85,593
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Other long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the funds:

Pension related deferred outflows	1,085,986
Net pension assets	1,060,939

Accrued compensated absences payable	(154,202)
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Certain liabilities are not due and payable in the current period from current financial resources, and therefore, are not reported in the fund.

Deferred revenues	(650,987)
Net pension liability	(1,157,085)
Pension related deferred inflows	(2,154,974)
Notes payable	(22,652,261)

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These funds consist of:

Depreciable buildings, property and equipment, net of depreciation	<u>14,434,924</u>
--	-------------------

Net Assets of Governmental Activities	<u>\$ 28,255,661</u>
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CITY OF CATOOSA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	Fire Department Fund	Go Bond Construction Fund	Operation Maintenance Fund	Recreational Services Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Sales Tax	\$ 5,162,303	\$ 1,290,576	\$ --	\$ 1,290,576	\$ 645,288	\$ --	\$ 8,388,743
Other taxes	2,186,350	--	--	--	--	190	2,186,540
Licenses and permits	103,923	--	--	--	--	--	103,923
Franchise fees	360,977	--	--	--	--	--	360,977
Interest	120,229	16,870	957	17,031	17,373	76,196	248,656
Fees and services	35,126	--	--	--	10,920	6,450	52,496
Fines and forfeitures	46,821	--	--	--	--	14,449	61,270
Miscellaneous revenue	11,122	2,192	--	--	4,164	2,582	20,060
Grants and donations	88,415	5,000	--	--	--	628,929	722,344
Sale of assets	23,661	--	--	--	--	--	23,661
Bond proceeds/premium	--	--	21,150,987	--	--	--	21,150,987
Total revenues	<u>8,138,927</u>	<u>1,314,638</u>	<u>21,151,944</u>	<u>1,307,607</u>	<u>677,745</u>	<u>728,796</u>	<u>33,319,657</u>
Expenditures:							
Current:							
General government	4,040,670	--	--	--	--	14,637	4,055,307
Public safety and judiciary	2,122,672	1,096,163	--	--	--	34,793	3,253,628
Highways and roads	905,256	--	--	--	--	--	905,256
Cultural and recreational	88,888	--	--	--	322,908	12,691	424,487
Debt service/bond costs	33,612	--	691,825	--	168,052	--	893,489
Capital outlay	465,493	47,659	--	--	78,720	7,486	599,358
Total expenditures	<u>7,656,591</u>	<u>1,143,822</u>	<u>691,825</u>	<u>--</u>	<u>569,680</u>	<u>69,607</u>	<u>10,131,525</u>
Excess of revenues over (under) expenditures	482,336	170,816	20,460,119	1,307,607	108,065	659,189	23,188,132
Net transfers in (out)	--	--	(403,337)	--	--	305,357	(97,980)
Net change in fund balance	482,336	170,816	20,056,782	1,307,607	108,065	964,546	23,090,152
Fund balance – beginning of year	<u>6,403,044</u>	<u>1,025,179</u>	--	<u>6,026,275</u>	<u>1,485,753</u>	<u>327,325</u>	<u>15,267,576</u>
Fund balance – end of year	<u>\$ 6,885,380</u>	<u>\$ 1,195,995</u>	<u>\$20,056,782</u>	<u>\$ 7,333,882</u>	<u>\$ 1,593,818</u>	<u>\$ 1,291,871</u>	<u>\$38,357,728</u>

CITY OF CATOOSA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENTS
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances - Total Governmental Funds	\$23,090,152
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Revenues in the statement of activities that do not provide current financial resources (are not collected within 60 days) are deferred in the governmental funds. Therefore, the recognition of revenues differs between the two statements. The following represents the net change in deferred revenues for fines and forfeitures	6,287
Government-wide Statement of Activities report accrued compensated absences in the period incurred. However, Governmental Funds do not pay on this liability until the employee has left employment. The amount of the change in accrued absences recorded in the current period.	4,735
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.	(573,956)
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 Statement report pension contributions as expenditures.	462,498
Government funds report sales of assets in their entirety without regard for their cost or previously reported depreciation. Government-wide Statement of Activities reflect only the gain or loss on the sale of each asset, subtracting from the sales prices the net remaining cost of the asset sold	(11,816)
Government funds report note payments as expenditures. However, in the Government-Wide Statement of Activities, the principal paid on that liability is applied against the liability. This is the amount of the principal recorded in the current year.	151,171
Governmental funds report the proceeds from bonds issued as revenue. However, in the Government-Wide Statement of Activities, the funds received are recorded as a liability. This is the amount	(21,150,987)
Governmental funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period	<u>946,535</u>
Change in Net Position of Governmental Activities	<u>\$ 2,924,619</u>

CITY OF CATOOSA, OKLAHOMA
STATEMENT OF NET FUND POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

Business-Type Activities - Enterprise Funds

	<u>Catoosa Industrial Authority</u>	<u>Catoosa Economic Development Authority</u>	<u>Catoosa Public Works Authority</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents (Note 1)	\$ 12,093	\$ 143,463	\$(2,530,404)	\$(2,374,848)
Accounts receivable	--	--	426,247	426,247
Due from restricted assets	--	--	35,015	35,015
Noncurrent assets:				
Taxes receivable	--	418,253	--	418,253
Restricted:				
Cash and cash equivalents (Note 1)	--	--	819,075	819,075
Accounts receivable	--	--	12,012	12,012
Due to general operations	--	--	(35,015)	(35,015)
Payable from restricted assets	--	--	(7,530)	(7,530)
Capital assets:				
Depreciable buildings, property and equipment net of depreciation (Notes 1 and 2)	--	--	6,132,911	6,132,911
Total assets	<u>\$ 12,093</u>	<u>\$ 561,716</u>	<u>\$ 4,852,311</u>	<u>\$ 5,426,120</u>
Liabilities				
Current liabilities:				
Accounts payable	--	--	531,126	531,126
Accrued expenses	--	2,297	--	2,297
Accrued compensated absences	--	--	19,858	19,858
Accrued payroll	--	--	11,428	11,428
Current portion of notes payable	--	97,000	--	97,000
Non-current liabilities:				
Reserve for depositors	--	--	79,424	79,424
Notes payable	--	435,000	--	435,000
Total liabilities	<u>--</u>	<u>534,297</u>	<u>641,836</u>	<u>1,176,133</u>
Net Position:				
Net investment in capital assets	--	--	6,132,911	6,132,911
Restricted	12,093	27,419	709,118	748,630
Unrestricted	--	--	(2,631,554)	(2,631,554)
Total net position	<u>\$ 12,093</u>	<u>\$ 27,419</u>	<u>\$ 4,210,475</u>	<u>\$ 4,249,987</u>

CITY OF CATOOSA, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Business-type Activities - Enterprise Funds

	Catoosa Industrial Authority	Catoosa Economic Development Authority	Catoosa Public Works Authority	Total
Revenues				
Utility charges	\$ --	\$ --	\$ 2,224,182	\$ 2,224,182
Miscellaneous	--	33,940	7,096	41,036
Total revenues	--	33,940	2,231,278	2,265,218
Operating expenses				
General and administrative	--	--	12,584	12,584
Purchased utilities	--	--	2,755,282	2,755,282
Personnel services	--	--	396,946	396,946
Plant and distribution expense	--	--	223,733	223,733
Other	--	4,493	2,406	6,899
Depreciation expense	--	--	260,546	260,546
Total operating expense	--	4,493	3,651,497	3,655,990
Income before non-operating revenues, expenses and transfers	--	29,447	(1,420,219)	(1,390,772)
Nonoperating revenues (expenses)				
Interest income	1	269	43,058	43,328
Tax revenue	--	--	--	--
Interest expense	--	(31,949)	--	(31,949)
Donations	--	--	97,979	97,979
Loss on asset disposal	--	--	11,423	11,423
Total	1	(31,680)	152,460	120,781
Change in net position	1	(2,233)	(1,267,759)	(1,269,991)
Net position – beginning of year	12,092	29,652	5,478,234	5,519,978
Net position – end of year	\$ 12,093	\$ 27,419	\$ 4,210,475	\$ 4,249,987

CITY OF CATOOSA, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022
Business-type Activities - Enterprise Funds

	Catoosa Industrial Authority	Catoosa Economic Development Authority	Catoosa Public Works Authority	Total
Cash flows from operating activities:				
Cash received from customers and service users	\$ --	\$ 33,940	\$ 2,132,677	\$ 2,166,617
Cash payments for goods and services	--	(4,493)	(2,909,152)	(2,913,645)
Cash payments to employees and benefits	--	--	(392,440)	(392,440)
Other operating revenues	--	--	7,096	7,096
Receipts over refunds of customer meter deposits	--	--	5,245	5,245
Net cash provided (used) by operating activities	--	29,447	(1,156,574)	(1,127,127)
Cash flows from capital and related financing activities:				
Payment on debt	--	(93,000)	--	(93,000)
Acquisition and construction of capital assets	--	--	(196,155)	(196,155)
Transfer in – capital	--	--	97,979	97,979
Sale of assets	--	--	14,582	14,582
Net cash (used) by capital and related Financing activities	--	(93,000)	(83,594)	(176,594)
Cash flows from investing activities				
Interest income	1	269	43,058	43,328
Taxes received	--	136,878	--	136,878
Interest paid	--	(32,375)	--	(32,375)
Net cash provided (used) by investing activities	1	104,772	43,058	147,831
Net increase (decrease) in cash and cash equivalents	1	41,219	(1,197,110)	(1,155,890)
Cash and cash equivalents – beginning of year	12,092	102,244	(514,219)	(399,883)
Cash and cash equivalents – end of year	\$ 12,093	\$ 143,463	\$ (1,711,329)	\$ (1,555,773)
Reconciliation of operating income (loss) to net Cash provided (used) by operating activities				
Operating income (loss)	--	(29,447)	(1,420,219)	(1,390,772)
Adjustments to reconcile operating income to Net cash provided (used) by operating activities:				
Depreciation	--	--	260,546	260,546
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	--	--	(91,505)	(91,505)
Increase (decrease) in reserve for depositors	--	--	5,245	5,245
Increase (decrease) in accounts payable and accrued expenses	--	--	89,359	89,359
Total adjustments	--	--	263,645	263,645
Net cash provided by operating activities	\$ --	\$ 29,447	\$ (1,156,574)	\$ (1,127,127)

**CITY OF CATOOSA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
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CITY OF CATOOSA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Catoosa was created in 1902 and operates under a Council-Manager form of government. The City's major operations include public safety, (Police and fire), recreation, parks and library, provision and maintenance of streets and drainage, utility service (sewer and water), and general administrative services. In addition, the City exercises sufficient control over other governmental agencies that are included as part of the City's reporting entity.

The financial statements of the City of Catoosa have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the City are described below:

1.A. FINANCIAL REPORTING ENTITY

The City's financial reporting entity comprises the following:

Primary Government:	City of Catoosa
Blended Component Unit:	Catoosa Public Works Authority Catoosa Economic Development Authority Catoosa Industrial Authority

In determining the financial reporting entity, The City complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," and includes all component units of which the City appointed a voting majority of the units' board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Unit

A blended component unit is a separate legal entity that meets the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City's by appropriate activity type to compose the primary government presentation.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally or council restricted to expenditures for certain purposes.

Capital Project Funds

The Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. These funds generally receive grant money that requires separate bank accounts, and thus separate funds are established to account for grant activity.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City other than debt service payments made by other funds. Although not anticipated, the City may assess a property tax if such sales tax is insufficient.

Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Catoosa Public Works Authority, the Catoosa Economic Development Authority, and the Catoosa Industrial Authority are the only enterprise funds.

Major and Non-major Funds

The funds are further classified as major or non-major as follows:

Fund Major:	Brief Description
General	See above for description
PWA Operation and Maintenance	Primarily used for the construction of utility related assets. Funds can also be used for operation and maintenance of the Authority's systems.
Special Revenue Funds Fire Department	Primary funding for Fire Department with a .5 cent sales tax as its revenue source.

Recreational Services Fund	A .25 cent sales tax is used to fund the operation of the City's Library, Community Center and future Recreational Center.
GO Bond Construction Fund	Accounts for bond proceeds and will fund the construction of Public safety facilities.
Proprietary Fund: Catoosa Public Works Authority	Accounts for activities of providing water and wastewater services to the public. See below for pertinent information pertaining to this fund including the dedication of revenues.
Catoosa Economic Development Authority	Accounts for economic development activities, including issuance of TIF bonds to attract new retail and industrial development.
Catoosa Industrial Authority	Accounts for activities related to encouraging industrial development in and around the Catoosa area.
Non-major:	
Special Revenue Funds: Special Events	Accounts for revenues and expenditures related to Catoosa's annual Fourth of July celebration.
Cemetery	Accounts for cemetery revenue restricted by State law for cemetery capital improvements.
Technology Fund	Fees collected with police fines to be used to purchase computers and related technology equipment.
A & D Fund	Fees collected with police fines to be used for drug and alcohol enforcement.
Police training	Accounts for police fine revenues and expenditures dedicated to provide for Police Department training and related supplies and equipment
Fire Department Special	Grants revenues and collected fees associated with the Fire Department are accounted for in this fund, along with associated Fire Department expenditures.
Retirement	Former Police Chief pension funds
Library Contribution Fund	Accounts for donations and grants received by the library.

911 Enhancement Fund	Collects wireless 911 fees to be used to maintain emergency 911 equipment and services
CDBG Grand Fund	Accounts for specific grant activity when such grants are available.
Go Bond Sinking Fund	Accounts for the collection of taxes to be used to extinguish Go Bond Debt.
ARPA Grant Fund	Accounts for the collection of spending of the Federal American Rescue Plant Act Covid-19 relief funds.

The Catoosa Public Works Authority was created in 1965 and operates as a public trust. On January 19, 1965, the City of Catoosa, Oklahoma accepted beneficial interest in the trust pursuant to resolution. The Authority's major operations consist of providing water and sewage disposal and storm water management to the citizens of the City of Catoosa, Oklahoma. The trustees of the Authority consist of the acting members of the governing body of the City of Catoosa. The Catoosa Economic Development Authority has been dormant for many years, but has recently been activated to assist with a TIF funding district for commercial economic development purposes.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the account and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In the government-wide Statement of Net position and Statement of Activities, both governmental and businesslike activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Specifically, taxes received in July and August after the year end are accrued when such taxes pertain to the period being reported.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Licenses and permits, franchise fees, charges for services, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash. Sales and other taxes and investment earnings are recorded when earned (when they are measurable and available). Specifically, taxes received in July following the end of the year are reflected as

income in June, as such funds were in the possession of other governmental units awaiting distribution to the City. Grant receivables are recognized when expenditures are incurred that are to be reimbursed. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt services, prepaid expenses, and other long-term obligations which are recognized when paid.

Proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Budget Basis of Accounting

Formal budgetary accounting is employed as a management control for the governmental funds of the City. An annual operating budget is adopted each fiscal year for the general fund. The basis of accounting for budgetary purposes is the modified accrual, i.e., revenues are recognized when received and expenditures are recognized when encumbered.

The budget method authorized by Oklahoma Statute adopted by the City for its general fund places a limit on the amount that can be budgeted. The amount to be budgeted for the next fiscal year is the unreserved fund balance at the end of the fiscal year plus 90% of its revenues for the year just ended. All unencumbered budget appropriations, except project budgets, lapse at the end of each fiscal year.

1.D. ASSETS, LIABILITIES AND EQUITY

Cash and Investments

For the purpose of the Statement of Net position, "cash, including time deposits" includes all demand, savings accounts, and certificates of deposit of the City. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit.

Additional cash and investment disclosures are presented in Notes 2.B. and 3.A.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." See Note 3.G. for details of interfund transactions, including receivables and payables at year end.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions

that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

The City's financial instruments include cash and cash equivalents, investments, accounts receivable and accounts payable. The City's estimates of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. the carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

The Catoosa Public Works Authority is the only fund that has receivables that are essentially subject to bad debts. An allowance for uncollectible accounts has not been established, as is more fully explained in Note 3.C. Such receivables consist of utility charges to customers.

Inventories

Inventories in governmental funds and other funds normally consist of minimal amounts of expendable supplies held for consumption. The cost of such inventories is recorded as expenditures when purchased rather than when consumed.

Fixed Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

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

Buildings	25 - 50 years
Machinery and Equipment	3 - 20 years
Utility System	25 - 50 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to utility meter deposits.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation time. Full-time regular employees who have been employed continuously for at least 12 months are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. No more than 340 hours for police, 300 hours for fire and 160 hours for all other employees of vacation time can be carried over to the following year. Vacation leave which is unused and vested to the employee is payable upon separation of employment which have been accrued. Employees are granted sick leave at the rate of 80 hours per month. Unused sick leave is not payable to an employee upon separation of employment; therefore, there is no liability for unpaid accumulated sick leave.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Long-term debt for 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. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Equity Classifications

Government-wide Statements

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

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any

bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

The Catoosa Public Works Authority requires meter deposits for utility services. Such deposits are retained until services are discontinued. At that time, the deposits are applied first to any outstanding balances owed by the customers and the excess, if any, is refunded. No interest is paid on the deposits.

- b. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint

Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority

Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purposes (such as the purchase of fixed assets, construction, debt service, or for other purposes.

Proprietary fund equity is classified the same as in the government-wide statements. See Note 3.H. for additional disclosures.

Resource Use Policy

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

1.E. REVENUES, EXPENDITURES AND EXPENSES

Sales Tax

The City levies a 3.25 cent sales tax. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The sales tax is allocated to the various funds by ordinance:

General Fund	2.00 cent
Public Works Authority	.50 cent
Fire Department	.50 cent
Recreation Services Fund	<u>.25 cent</u>
	<u>3.25 cent</u>

Use Tax

The City levies a 3.25 cent use tax on personal property purchased outside the city limits but stored, used, or consumed within the city. The use tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission, which is one month after the tax is received from the vendors. The use taxes are allocated entirely to the General Fund.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities:

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character	Current (further classified by function)
	Debt Service
	Capital Outlay

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

2.A. FUND ACCOUNTING REQUIREMENTS

The City complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include the following:

Fund	Required By
Cemetery Fund	State Law
Public Works Authority	Trust Indenture
Economic Development Authority	Trust Indenture
Industrial Authority	Trust Indenture

2.B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U. S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A. Section 1823 (e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

2.C. REVENUE RESTRICTIONS

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions of Use
Sales Tax	See Notes 1.E. and 3.J.
Gasoline Excise & Commercial Vehicle Tax	Street and Alley Purposes
E-911 revenue	E-911 Emergency Services Purposes
Water, Sewer and Storm water Revenue	Utility Operations
Cemetery Revenue	Cemetery Capital Improvements

For the year ended June 30, 2022, the City complied, in all material respects, with these revenue restrictions.

2.D. DEBT RESTRICTIONS AND COVENANTS

General Obligation Debt

Article 10, Sections 26 and 27, for the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for nonutility or non-street purposes to no more than 10 percent of net assessed valuation. For the year ended June 30, 2022, Catoosa issued \$20.5 million bonds to fund construction of public safety (fire/police) facilities. See Note 3F for details.

Other Long-term Debt

Except as noted in the preceding paragraph, as required by the Oklahoma State Constitution, the City (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue without first obtaining voter approval. For the year ended June 30, 2022, the City incurred no such indebtedness.

2.E. FUND EQUITY RESTRICTIONS

Deficit Prohibition

Title 11, Section 17-211, of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The City of Catoosa complied with this statute in all material respects for the year ended June 30, 2022.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

3.A. CASH AND INVESTMENTS

Deposits

The City's policies regarding deposits of cash are discussed in Note 1.E. The table presented below is designed to disclose the level of custody credit risk assumed by the City based upon how its deposits were insured or secured with collateral at June 30, 2022. The categories of credit risk are defined as follows:

Category 1 - Insured by FDIC or collateralized with securities held by the City (or public trust) or by its agent in its name

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the City's name

Category 3 - Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name; or collateralized with no written or approved collateral agreement

Type of Deposits	Total Bank Balance	Custody 1	Credit Risk 2	Category 3	Total Carrying Value
Demand deposits	<u>\$36,145,021</u>	<u>\$ 750,000</u>	<u>\$35,395,021</u>	<u>\$ --</u>	<u>\$36,145,021</u>
Time deposits					
Total Deposits					
Reconciliation to Government-wide Statement of Net position:					
Unrestricted cash, including time deposits					\$35,325,946
Restricted cash, including time deposits					<u>819,075</u>
					<u>\$36,145,021</u>

At June 30, 2022, the City's cash deposits, including interest bearing certificates of deposit, are entirely covered by FDIC or direct obligation of the US Government insured or collateralized with securities held by the City or its agent in the City's name.

Investment Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The City has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the US Government, its agencies and instrumentalities to which the full faith and credit of the US Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with 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 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 - d).

3.B. RESTRICTED ASSETS

Restricted assets consist of cash, certificates of deposit, and account receivable, reserved as follows:

Customer meter deposits - reflected as a long-term liability on the balance sheet	\$ 114,439
Less: Due to general operations	<u>(35,015)</u>
	79,424
Reserve for storm water management - reflected as a reservation of retained earnings on the balance sheet	
Cash	704,636
Accounts receivable	12,012

Less payables from restricted	(7,530)
	<u>709,118</u>
Total restricted assets	<u>\$ 788,542</u>
Cash	\$ 819,075
Accounts receivable	12,012
Payable to general operations	(35,015)
Payable to others	(7,530)
	<u>\$ 788,542</u>

3.C. ACCOUNTS RECEIVABLE

Accounts receivable of the Catoosa Public Works Authority are reported at their gross value without an allowance for doubtful accounts. All accounts have utility deposits with the Authority which can be applied to any unpaid balances. Management feels that such deposits will cover most accounts that might become uncollectible. Accordingly, no allowance for uncollectible accounts has been established. There were no bad debts expensed for the year.

3.D. CAPITAL ASSETS

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

	<u>Balance at July 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2022</u>
Governmental activities:				
Land	\$ 621,521	\$ 222,949	\$ --	\$ 844,470
Buildings	2,660,835	14,842	--	2,675,677
Machinery and equipment	5,753,961	1,985,137	(69,738)	7,669,360
Infrastructure	7,979,056	253,000	--	8,232,056
Work in progress	<u>1,529,393</u>	<u>--</u>	<u>(1,529,393)</u>	<u>--</u>
Totals at historical cost	<u>18,544,766</u>	<u>2,475,928</u>	<u>(1,599,131)</u>	<u>19,421,563</u>
Less accumulated depreciation				
Buildings	(1,128,574)	(58,020)	--	(1,186,594)
Machinery and equipment	(2,905,402)	(350,845)	57,922	(3,198,325)
Infrastructure	<u>(436,629)</u>	<u>(165,091)</u>	<u>--</u>	<u>(601,720)</u>
Total accumulated depreciation	<u>(4,470,605)</u>	<u>(573,956)</u>	<u>57,922</u>	<u>(4,986,639)</u>
Governmental activities capital assets, net	<u>\$ 14,074,161</u>	<u>\$ 1,901,972</u>	<u>\$(1,541,209)</u>	<u>\$ 14,434,924</u>
Business-type activities:				
Land and easements, buildings	\$ 572,292	\$ --	\$ --	\$ 572,292
Storm water improvements	819,306	--	--	819,306
Machinery and equipment	1,344,016	196,155	(11,149)	1,529,022
Utility property	<u>7,852,584</u>	<u>--</u>	<u>--</u>	<u>7,852,584</u>
Totals at historical cost	<u>10,588,198</u>	<u>196,155</u>	<u>(11,149)</u>	<u>10,773,204</u>
Less accumulated depreciation:				
Buildings	(33,981)	(3,402)	--	(37,383)
Storm water improvement	(148,552)	(16,387)	--	(164,939)
Machinery and equipment	(618,310)	(87,111)	7,990	(697,431)
Utility property	<u>(3,586,894)</u>	<u>(153,646)</u>	<u>--</u>	<u>(3,740,540)</u>
Total accumulated depreciation	<u>(4,387,737)</u>	<u>(260,546)</u>	<u>7,990</u>	<u>(4,640,293)</u>
Business-type capital assets, net	<u>\$ 6,200,461</u>	<u>\$(64,391)</u>	<u>\$(3,159)</u>	<u>\$ 6,132,911</u>

* Depreciation expense was charged to governmental activities as follows:

General Government	\$ 43,353
Public safety and judiciary	299,751
Highway and road	129,938
Cultural and recreation	<u>100,921</u>
Total depreciation expense	<u>\$573,963</u>

The City has not capitalized assets under \$1,000 or library books, most of which would be under \$1,000.

3.E. ACCOUNTS PAYABLE

Payables in all funds are composed of payables to vendors only. Accrued expenses consist mainly of accrued payroll.

3.F. LONG-TERM DEBT

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

Governmental Activities

The following is a summary of the City's (excluding Proprietary Funds) long-term debt transactions for the year ended June 30, 2022:

Debt outstanding, July 1, 2021	\$ 2,303,432
Issued	20,769,893
Retirements	<u>(421,064)</u>
Debt outstanding June 30, 2022	<u>\$ 22,652,261</u>

	<u>Total</u>	<u>Due Within One Year</u>
Note payable at June 30, 2022 for the City of Catoosa consists of the following:		
Lease/purchase option on 22 acres of property (Blue Whale Landmark) with monthly installments of \$14,004.35 including 2.30% interest in the original amount of 1,500,000	\$1,191,899	\$ 142,131
General Obligation Bond, financed by property Tax, in the amount of \$20,500,000 at an average Of 4.1% payable over 25 years for the construction Of police and fire facilities	\$20,500,000	\$ --

	<u>Total</u>	<u>Due Within One Year</u>
Lease/purchase option of Motorola Radio System in the original amount of \$1,799,286. Scheduled payments of \$25,290.85 at 2.1% interest	\$ 960,362	\$ 286,066
Less: current portion	22,652,261 <u>428,197</u>	428,197
Long-term portion	<u>\$22,224,064</u>	

Long-term debt maturities for each of the next five years and until maturity:

June 30, 2023	\$ 428,196
June 30, 2024	\$1,287,565
June 30, 2025	\$1,297,140
June 30, 2026	\$1,086,114
June 30, 2027	\$1,005,813
Five years ending June 30, 2082	\$4,697,433
Five years ending June 30, 2037	\$4,250,000
Five years ending June 30, 2042	\$4,250,000
Five years ending June 30, 2047	\$4,350,000

Business-Type Activities

The following is a summary of the Authority's long-term debt transactions for the year ended June 30, 2022:

Debt outstanding, July 1, 2021	\$ 625,000
Issued	—
Retired	(93,000)
Debt outstanding June 30, 2022	<u>\$ 532,000</u>

	<u>Total</u>	<u>Due Within One Year</u>
Notes payable at June 30, 2022 for the Catoosa Economic Development Authority consists of the following:		
Issuance of TIF financing for economic development purposes, in the amount of \$1,100,000 at 5.18% interest	<u>\$ 532,000</u>	<u>\$ 97,000</u>
Less: current portion	<u>532,000</u> <u>97,000</u>	97,000
Long term portion	<u>\$ 435,000</u>	

Long-term debt maturities for each of the next five years and until maturity:

June 30, 2023	\$ 97,000
June 30, 2024	\$ 101,000
June 30, 2025	\$ 106,000
June 30, 2026	\$ 112,000
June 30, 2027	\$ 116,000

Other long-term debt of the Catoosa Public Works Authority consists of customer meter deposits.

Cash has been reserved in an amount equal to customer meter deposits, which are refundable only when services are terminated. This liability is not interest bearing.

3.G. OPERATING AND CAPITAL TRANSFERS

There were no operating transfers during the year consisted of the following:

3.H. FUND EQUITY

Reservations of retained earnings of the Catoosa Public Works Authority were created to allocate funds for storm water management, as indicated below.

Reserved for Storm Water Management - This reserve is funded by a charge assessed to each water and sewer customer. The Authority is utilizing such revenues to fund improvements to storm water drainage system in the City of Catoosa. The activity in this reserve account is summarized as follows:

Balance - July 1, 2021	<u>\$ 643,660</u>
Additions	
Storm water management fees	109,858
Interest income applicable to reserve balance	<u>8,549</u>
	<u>118,407</u>
Subtractions	
Equipment, maintenance and system additions paid for from reserves	<u>52,949</u>
Balance - June 30, 2022	<u>\$ 709,118</u>

3.I. NET POSITION

The fund balances at June 30, 2022 consist of:

	<u>Unassigned</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Total</u>
ARPA Grant Fund	\$ --	\$ --	\$ --	\$ 509,935	\$ 509,935
General Fund	6,647,594	--	237,786	--	6,885,380
CDBG Fund	--	2,050	--	--	2,050
Fire Department	--	1,195,995	--	--	1,195,995
PWA Operation & Maintenance	--	7,333,882	--	--	7,333,882
Cemetery Operations	--	51,175	--	--	51,175
Police Training	--	--	--	44,062	44,062
Fire Department Special	--	72,619	--	--	72,619
Retirement Fund	--	--	--	57,947	57,947
Library Contribution	--	15,300	--	--	15,300
Recreational Services	--	1,593,818	--	--	1,593,818
Enhanced 911	--	--	--	41,232	41,232
Technology Fund	--	--	--	24,553	24,553
A & D Fund	--	--	--	234	234
GOB Sinking Fund	--	472,764	--	--	472,764
GOB Construction Fund	--	20,056,782	--	--	20,056,782
	<u>\$ 6,647,594</u>	<u>\$30,794,385</u>	<u>\$ 237,786</u>	<u>\$ 677,963</u>	<u>\$38,357,728</u>

NOTE 4. OTHER NOTES

4.A. Employee Pension

The City participates in three employee pension systems as follows:

- Oklahoma Police Pension and Retirement Plan - Cost Sharing Multiple Employer - Defined Benefit Plan
- Oklahoma Firefighters Pension and Retirement Plan - Cost Sharing Multiple Employer - Defined Benefit Plan

- Oklahoma Municipal Retirement Fund (OkMRF) Agent Employer - Defined Contribution Plan
- Single Employer Pension Plan through First Financial Securities of America - Defined Contribution Plan

Oklahoma Police Pension and Retirement System

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

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

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered. Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participant's 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% of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Catoosa employees withhold 4% and the City pays 17%. Contributions to the pension plan from

the City were \$144,351. The State of Oklahoma also made on-behalf contributions to OPPRS in an amount during the calendar year and this is reported as both a revenue and an expenditure in the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$62,750. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the City reported an asset of \$1,060,939 for its proportionate share of the net pension assets. The net pension asset was measured as of June 30, 2021 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon the information, the City's proportion was .2212 percent.

For the year ended June 30, 2022, the City recognized pension expense of \$(114,345). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,233	\$ 41,875
Changes of assumptions	16,133	--
Net difference between projected and actual earnings on pension plan investments	259,579	1,033,497
Changes in proportion and differences between City contributions and proportionate share of contributions	--	--
City contributions subsequent to the measurement date	<u>144,351</u>	<u>--</u>
Total	<u>\$ 435,296</u>	<u>\$1,075,372</u>

\$144,351 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2022. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Year ended June 30
2022	\$(177,009)
2022	(155,113)
2023	(196,173)
2024	(257,916)
2025	<u>1,784</u>
	<u>\$(784,427)</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 non-disabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using Scale AA.
Mortality rates:	Disabled pensioners: RP-2000 Blue Collar Healthy Combined Table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

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 weighing 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>Long-term Expected Real Rate of Return</u>
Fixed income	3.22%
Domestic equity	4.55%
International equity	8.50%
Real estate	7.97%
Private equity	9.36%

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 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 higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employer's net pension liability (asset)	\$(397,884)	\$(1,060,939)	\$(1,621,601)

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 OPFR, which can be located at www.ok.gov/OPFRS.

Oklahoma Firefighter's Pension and Retirement System

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

Benefits provided - FPRS provides retirement, disability and death benefits to members of the plan.

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

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

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-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% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay and \$60 per volunteer firemen. Catoosa now pays 19% and the employees 4% as of 6/30/2022. Contributions to the pension plan from the City were \$117,257 and \$240 (fiscal year contributions). The State of Oklahoma also made on-behalf contributions to FPRS in an amount during the calendar year and this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the City reported a net pension liability of \$1,157,085 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information, the City's proportion was .175697%.

For the year ended June 30, 2022, the City recognized pension expense of \$(57,873). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 419,468	\$ 20,320
Changes of assumptions	--	25,664
Net difference between projected and actual earnings on pension plan investments	113,785	1,033,618
Changes in proportion and differences between City contributions and proportionate share of contributions	--	--
City contributions subsequent to the measurement date	<u>117,257</u>	<u>--</u>
Total	<u>\$ 650,510</u>	<u>\$1,079,602</u>

\$117,257 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30

2022	\$(85,451)
2022	\$(108,377)
2023	\$(134,530)
2024	<u>\$(217,991)</u>

\$(546,349)

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 RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for health lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

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 weighing 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:

	Long-term Expected Real Rate of Return
Fixed income	3.53%
Domestic equity	5.73%
International equity	8.50%
Real estate	7.97%
Other assets	4.737%

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:

	1% Decrease <u>(6.5%)</u>	Current Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Employer's net pension liability (asset)	\$1,808,185	\$1,157,085	\$ 611,981

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.

City Employee Pension Plan - Defined Contribution Plans

The City has adopted a Code Section 457 Retirement Plan for all city employees not covered by other plans. Under this plan, which is a defined contributions plan, the employees may elect to contribute up to the lesser of \$7,500 or 25% of compensation annually. The employer contributes 12% of covered payroll annually. Employees have a 100% nonforfeitable interest in their contributions. The vesting schedule for City contributions to the plan is 0% to 6 years of service and 100% after 7 years. However, employees are fully vested at age 65 or upon death or disability regardless of the number of years of service. The contributions to the plan by employees and the City were \$54,851 and \$77,429 respectively.

Other Post-Employment Benefits

Plan Description: The City provides post-employment benefit options for health care, prescription drug dental and vision benefits for retired employees and their dependents that elect to make required contributions. The benefits are provided in accordance with State law, police and firefighter's union contracts and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The provisions for these benefits are not formalized in a contract or plan document, but is mentioned in the City's administrative policy. These benefits are considered for accounting purposes to be provided in accordance with a single employer substantive plan. A substantive plan is one in which the plan terms are understood by the City and plan members. This understanding is based on communications

between the employers and plan member and the historical pattern of practice with regard to the sharing of benefit costs.

Substantially all of the government's employees may become eligible for those post-employment benefits if they reach normal retirement age while working for the City. The plan is only provided for employees between the ages of 62 and 65. As of June 30, 2022, no retired employees are receiving benefits under this plan.

Funding Policy: The contribution requirement of the City is an implicit subsidy. the implicit subsidy is not a direct payment from the employer on behalf of the member, but rather stems from retiree contribution levels that are less than the claims cost at retiree ages. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retiree. the amount required to fund the implicit rate is based on project pay as you go financing requirements. For fiscal year 2022, the City contribution 0% to the plan for previously retired employees (0 retirees) and 0% of premiums on newly retired employees (0 retirees).

Annual OPEB Cost and Net OPEB Obligation. The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. GASB 45 requires entities with over 200 employees to have the actuarial valuation performed biennially.

The City is not required to perform the actuarial valuation of the OPEB cost and related OPEB obligation for the year ended June 30, 2022 since no one is participating at this time.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

4.B. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City manages these various risks through the purchase of commercial insurance with varying deductibles. These deductibles are well below materiality levels for the City. During the last three years no claim has been settled for amounts in excess of insurance coverage.

4.C. Subsequent Events

Management has evaluated subsequent events and transactions through the date of the audit report, which is the date the financial statements were available to be issued. Management is currently evaluating the impact of the COVID-19 pandemic on the City and has concluded that while it is reasonably possible that the virus could have a negative effect on the City's financial position and results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

REQUIRED SUPPLEMENTARY INFORMATION

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

Defined Benefit Cost Sharing Plans:

Police:

- Schedule of the City's Proportionate Share of the Net Pension Liability
(Asset)
- Schedule of City Contributions

Fire:

- Schedule of the City's Proportionate Share of the Net Pension Liability
(Asset)
- Schedule of City Contributions

Budgetary Comparison Schedules - General Fund and Street and Drainage Fund

CITY OF CATOOSA, OKLAHOMA
REQUIRED SUPPLEMENTAL INFORMATION
ON PENSION PLAN FUNDING PROGRESS
YEAR ENDED JUNE 30, 2022

Exhibit 1

Schedule of the City of Catoosa Proportionate Share
of the Net Pension Liability (Asset)
Oklahoma Police Pension and Retirement System
Last 10 Fiscal Years*

	<u>2015</u>	<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 liability (asset)	0.2071%	0.2071%	0.1989%	.2161%	.2130%	.2078%	.2231%	.2212%
City's proportionate share of the net pension liability (asset)	\$ (69,736)	\$ 8,446	\$ 304,673	\$ 16,621	\$ (101,471)	\$ (13,263)	\$ 256,175	\$ (1,060,939)
City's covered employee payroll	\$ 585,651	\$ 608,170	\$ 646,692	\$ 650,648	\$ 672,461	\$ 757,280	\$ 803,255	\$ 849,346
City's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	(11.91%)	1.39%	47.11%	2.55%	(15.09%)	(1.75%)	31.89%	(124.91%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%

* The amounts present for each fiscal year were determined as of 6/30 of the previous fiscal year.

Notes to Schedule:

Only the current fiscal year and seven previous years are presented because 10-year data is not yet available.

Exhibit 2
Schedule of City Contributions
Oklahoma Police Pension and Retirement System
Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Statutorily required contribution	\$ 76,134	\$ 79,062	\$ 84,070	\$ 84,584	\$ 107,594	\$ 119,728	\$ 128,286	\$ 144,351
Contributions in relation to the statutorily required contribution	\$ 76,134	\$ 79,062	\$ 84,070	\$ 84,584	\$ 107,594	\$ 119,728	\$ 128,286	\$ 144,351
	--	--	--	--	--	--	--	--
City's covered employee payroll	\$ 585,651	\$ 608,170	\$ 646,692	\$ 650,648	\$ 672,461	\$ 757,280	\$ 803,254	\$ 849,346
Contributions as a percentage of covered employee payroll	13%	13%	13%	13%	16%	16%	16%	17%

Notes to Schedule:

Only the current fiscal year and seven previous years are presented because 10-year data is not yet available.

Exhibit 3
Schedule of the City of Catoosa Proportionate Share
of the Net Pension Liability (Asset)
Oklahoma Firefighters Pension and Retirement System
Last 10 Fiscal Years*

	<u>2015</u>	<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 liability (asset)	.0958%	0.103959%	.101441%	.1055551%	.105501%	.162106%	.1715899%	.175697%
City's proportionate share of the net pension liability (asset)	\$ 985,153	\$ 1,103,429	\$ 1,239,317	\$ 1,327,542	\$ 1,294,672	\$ 1,712,922	\$ 2,113,830	\$ 1,157,085
City's covered employee payroll	\$ 271,479	\$ 284,034	\$ 283,050	\$ 337,799	\$ 494,473	\$ 534,316	\$ 590,375	\$ 615,128
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	370.25%	388.48%	437.84%	393.005%	261.82%	320.58%	358.05%	188.10%
Plan fiduciary net position as a percentage of the total pension liability (asset)	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%

* The amounts present for each fiscal year were determined as of 6/30 of the previous fiscal year.

Notes to Schedule:

Only the current fiscal year and seven previous years are presented because 10-year data is not yet available.

Exhibit 4
Schedule of City Contributions
Oklahoma Firefighters Pension and Retirement System
Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Statutorily required contribution	\$ 38,007	\$ 39,765	\$ 39,627	\$ 47,289	\$ 83,865	\$ 99,529	\$ 112,171	\$ 117,257
Contributions in relation to the statutorily required contribution	\$ 38,007	\$ 39,765	\$ 39,627	\$ 47,289	\$ 83,865	\$ 99,529	\$ 112,171	\$ 117,257
	--	--	--	--	--	--	--	--
City's covered employee payroll	<u>\$ 271,479</u>	<u>\$ 284,034</u>	<u>\$ 283,050</u>	<u>\$ 337,779</u>	<u>\$ 494,473</u>	<u>\$ 536,431</u>	<u>\$ 590,375</u>	<u>\$ 615,128</u>
Contributions as a percentage of covered employee payroll	14%	14%	14%	14%	17%	19%	19%	19%
	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60

Notes to Schedule:

Only the current fiscal year and seven previous years are presented because 10-year data is not yet available.

**CITY OF CATOOSA, OKLAHOMA
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES &
CHANGES IN FUND BALANCE BUDGET (GAAP BUDGETARY BASIS)
AND ACTUAL GOVERNMENTAL FUNDS (UNAUDITED)
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Beginning budgetary fund balance	\$ 6,720,623	\$ 6,720,623	\$ 5,093,868	\$(1,626,755)
Resources (inflows)				
Taxes				
Gas tax	10,833	10,833	13,154	2,321
Cigarette tax	62,540	62,540	67,684	5,144
Franchise taxes	246,540	246,540	357,739	111,199
Use tax	1,454,730	1,454,730	1,529,395	74,665
Sales tax	3,929,601	3,929,601	5,147,033	1,217,432
Motel tax	241,362	241,362	493,241	251,879
Motor vehicle tax	45,318	45,318	57,723	12,405
Alcoholic beverage tax	75,020	75,020	79,422	4,402
Grants and donations	114,658	114,658	108,541	(6,117)
Police fines	77,472	77,472	52,712	(24,760)
Licenses and permits	161,440	161,440	103,923	(57,517)
Investment income	55,272	55,272	120,229	64,957
Other income				
Property sales	25,796	25,796	38,661	12,865
Miscellaneous	<u>102,720</u>	<u>102,720</u>	<u>23,457</u>	<u>(79,263)</u>
Total revenues	<u>6,603,302</u>	<u>6,603,302</u>	<u>8,192,914</u>	<u>1,589,612</u>
Amounts available for appropriation	<u>13,323,925</u>	<u>13,323,925</u>	<u>13,286,782</u>	<u>(37,143)</u>
Charges to appropriations (outflows)				
General governments	1,330,375	1,330,375	1,240,189	90,186
Police	1,898,200	1,898,200	1,942,225	(44,025)
Community Development	388,100	409,100	606,337	(197,237)
Streets and parks	4,267,127	4,246,127	1,329,078	2,917,049
Technology	132,300	132,300	101,650	30,650
Economic Development	2,220,500	2,220,500	2,130,369	90,131
Emergency Management	141,100	141,100	102,924	38,176
Museum	100,950	100,950	88,888	12,062
Animal control	128,060	128,060	116,118	11,942
Emergency Reserve	<u>2,717,213</u>	<u>2,717,213</u>	<u>--</u>	<u>2,717,213</u>
Total Charges to Operations	<u>13,323,925</u>	<u>13,323,925</u>	<u>7,657,778</u>	<u>5,666,147</u>
Ending Budgetary Fund Balances	\$ <u>--</u>	\$ <u>--</u>	5,629,004	<u>\$5,629,004</u>
Adjustments to reconcile to balance sheet				
Increase in beginning fund balance			1,309,176	
Increase (decrease) in taxes receivable			(48,096)	
Increase (decrease) in fines receivable			(5,891)	
Increase (decrease) in other receivables			<u>1,187</u>	
Fund Balance			<u>\$ 6,885,380</u>	

CITY OF CATOOSA, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
For the Fiscal Year Ended June 30, 2022
(Unaudited)

BUDGETARY INFORMATION

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

The City, for this current budget, had not adopted Oklahoma's Title 11 budget act, enacted in 1978 and is still operating under the old budget method as prescribed before this act. The City's General Fund is allowed to budget 90% of prior year revenues plus 100% of carryover from the previous year. This carryover consists of cash less certain current liabilities. An Estimate of Needs form is filed with Rogers County, where Catoosa is located, by August 22nd of the new budget year. This form indicates if property tax assessments are needed to fund current obligations, but Catoosa has never required an assessment to complete their budget.

The City uses encumbrance accounting. Encumbrances are recorded when purchase orders are issued but generally are not considered expenditures until liabilities for payments are incurred. At year end, open purchase orders are reviewed and payments are made on those where the receipt of goods and services is eminent. The remaining purchase orders (and encumbrances) are canceled and reissued during the following year.

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

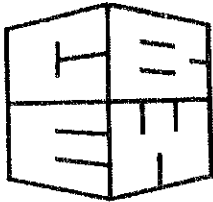
Combining Statements - Nonmajor governmental funds

CITY OF CATOOSA, OKLAHOMA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2022

	911 Enhancement Fund	CDBG Grant Fund	Cemetery Fund	Technology Fund	Fire Department Special Fund	A&D Fund	Retirement Fund	Police Training Fund	GO Bond Sinking Fund	ARPA Grant Fund	Library Contribution Fund	Total Non-major Governmental Funds
Assets												
Cash, including time deposits	\$41,232	\$2,050	\$51,175	\$24,553	\$72,655	\$234	\$57,947	\$44,062	\$472,764	\$509,935	\$15,300	\$1,291,907
Taxes receivable	—	—	—	—	—	—	—	—	—	—	—	0
Total assets	<u>\$41,232</u>	<u>\$2,050</u>	<u>\$51,175</u>	<u>\$24,553</u>	<u>\$72,655</u>	<u>\$234</u>	<u>\$57,947</u>	<u>\$44,062</u>	<u>\$472,764</u>	<u>\$509,935</u>	<u>\$15,300</u>	<u>\$1,291,907</u>
Liabilities												
Accounts payable	—	—	—	—	36	—	—	—	—	—	—	36
Total liabilities	—	—	—	—	<u>36</u>	—	—	—	—	—	—	<u>36</u>
Fund balances												
Restricted	—	2,050	51,175	—	72,619	—	—	—	472,764	—	15,300	613,908
Assigned	<u>41,232</u>	—	—	<u>24,553</u>	—	<u>234</u>	<u>57,947</u>	<u>44,062</u>	—	<u>509,935</u>	—	<u>677,963</u>
Total fund balances	<u>41,232</u>	<u>2,050</u>	<u>51,175</u>	<u>24,553</u>	<u>72,619</u>	<u>234</u>	<u>57,947</u>	<u>44,062</u>	<u>472,764</u>	<u>509,935</u>	<u>15,300</u>	<u>1,291,871</u>
Total liabilities and fund balances	<u>\$41,232</u>	<u>\$2,050</u>	<u>\$51,175</u>	<u>\$24,553</u>	<u>\$72,655</u>	<u>\$234</u>	<u>\$57,947</u>	<u>\$44,062</u>	<u>\$472,764</u>	<u>\$509,935</u>	<u>\$15,300</u>	<u>\$1,291,907</u>

CITY OF CATOOSA, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2022

	911 Enhancement Fund	CDBG Grant Fund	Cemetery Fund	Technology Fund	Fire Department Special Fund	A&D Fund	Retirement Fund	Police Training Fund	GO Bond Sinking Fund	ARPA Grant Fund	Library Contribution Fund	Total Non-major Governmental Funds
Revenues												
Fines and forfeits	\$ --	\$ --	\$ --	\$9,631	\$ --	\$ --	\$ --	\$4,818	\$ --	\$ --	\$ --	\$14,449
Wireless 911 Fees	190	--	--	--	--	--	--	--	--	--	--	190
Grants and contributions	--	--	--	--	8,263	--	--	--	--	607,189	13,477	628,929
Interest	464	--	685	1,299	809	433	1,178	843	69,428	725	332	76,196
Fees and service	--	--	6,450	--	--	--	--	--	--	--	--	6,450
Miscellaneous	--	--	--	--	--	--	--	2,582	--	--	--	2,582
Total revenues	654	--	7,135	10,930	9,072	433	1,178	8,243	69,428	607,914	13,809	728,796
Expenditures												
Library	--	--	--	--	--	--	--	--	--	--	12,691	12,691
Police	--	--	--	--	--	664	10,515	22,800	--	--	--	33,979
Fire	--	--	--	--	814	--	--	--	--	--	--	814
General Government	--	--	--	14,637	--	--	--	--	--	--	--	14,637
Cemetery	--	--	--	--	--	--	--	--	--	--	--	0
Capital Outlay	--	--	--	--	--	--	--	5,837	--	--	1,649	7,486
Total expenditures	--	--	--	14,637	814	664	10,515	28,637	0	0	14,340	69,607
Excess (deficiency) of revenues over expenditures	654	--	7,135	(3,707)	8,258	(231)	(9,337)	(20,394)	69,428	607,914	(531)	659,189
Net Transfers In (Out)	--	--	--	--	--	--	--	--	403,336	(97,979)	--	305,357
Net change in fund balances	654	--	7,135	(3,707)	8,258	(231)	(9,337)	(20,394)	472,764	509,935	(531)	964,546
Fund balances - beginning	40,578	2,050	44,040	28,260	64,361	465	67,284	64,456	--	--	15,831	327,325
Fund balances - ending	\$41,232	\$2,050	\$51,175	\$24,553	\$72,619	\$234	\$57,947	\$44,062	\$472,764	\$509,935	\$15,300	\$1,291,871



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

January 13, 2023

Honorable Board of City Council Members
City of Catoosa
Catoosa, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Catoosa, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Catoosa, Oklahoma's basic financial statements, and have issued our report thereon dated January 13, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

City of Catoosa
January 13, 2023

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants