



WE

CLAREMORE

OKLAHOMA

**CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2023**

TABLE OF CONTENTS

	<i>Page</i>
FINANCIAL SECTION:	
INDEPENDENT AUDITOR'S REPORT	4-6
Management's Discussion and Analysis	7-13
BASIC FINANCIAL STATEMENTS:	15
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	16
Statement of Activities	17
<i>Fund Financial Statements:</i>	
Balance Sheet Governmental Funds and Reconciliation to the Statement of Net Position	18-19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds and Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20-21
Statement of Net Position – Proprietary Funds	22
Statement of Revenues, Expenses, and Changes in Fund Net Position- Proprietary Funds	23
Statement of Cash Flows – Proprietary Funds	24
Notes to Basic Financial Statements	25-59
REQUIRED SUPPLEMENTARY INFORMATION:	61
Budgetary Comparison Schedule – General Fund	62-63
Budgetary Comparison Schedule – Sales Tax Street Fund	64
Budgetary Comparison Schedule – EXPO/WWTP Sales Tax Fund	65
Notes to Required Supplementary Information	66
Schedule of City of Claremore's Share of Net Pension Liabilities	67

TABLE OF CONTENTS (CONT'D)

	<u>Page</u>
Schedule of Employer Contributions	68
Schedule of Changes in Net OPEB Liability and Related Ratios	69
OTHER INFORMATION:	71
Combining Balance Sheet – Nonmajor Governmental Funds	72-73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	74-75
Claremore Public Works Authority – Schedule of Revenue Debt Service Coverage	76
COMPLIANCE SECTION:	
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 <i>Government Auditing Standards</i>	77-78
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	79-82
Schedule of Expenditures of Federal Awards	83
Notes to the Schedule of Expenditures of Federal Awards	84
Schedule of Findings and Questioned Costs	85-87

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

June 30, 2023

MAYOR AND CITY COUNCIL

Debbie Long	Mayor
Melissa Cottom	Councilmember Ward 1
Josh Fellman	Councilmember Ward 1
Justin Michael	Councilmember Ward 2
Brian Callender	Councilmember Ward 2
Holly Bowlby	Councilmember Ward 3
Jonathan Eslick	Councilmember Ward 3
Herb McSpadden	Councilmember Ward 4/Deputy Mayor
Lindsey Erwin	Councilmember Ward 4

ADMINISTRATION

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



**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Independent Auditor's Report

City Council
City of Claremore
Claremore, 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 Claremore (the City) as of and for the year ended June 30, 2023 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 accompanying financial statements 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 as of June 30, 2023, 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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'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 opinion. 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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'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's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information will be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's



responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The Claremore Industrial and Economic Development Authority's information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2024 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Claremore's internal control over financial reporting and compliance.

Hick & Company, PC

Tulsa, Oklahoma
April 1, 2024



Management of the City of Claremore ("City") provides this discussion and analysis of the City of Claremore's financial performance as an overview of the city's financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider this information in conjunction with the city's financial statements, which follow.

Financial Highlights

- Total net position of the City increased by \$5,617,836 or 4.2% from the prior year, which is lower than the 6.2% increase reported in the prior year primarily due lower utility margins as well as higher actuarially determined pension costs.
- The City's governmental activities net position increased by \$4,577,746 or 6.7% which was higher than the 5.5% increase reported in the fiscal year ended June 30, 2022. The increase in the current year is largely attributed to higher sales and use tax, as well as governmental capital asset additions that were funded by utility debt.
- Net position of the business-type activities increased by \$1,040,090 or 1.6%, which was significantly lower than the 7.0% increase reported in the prior year reflecting lower utility margins as well as higher fixed asset transfers to governmental activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the city's pension plan and the budgets for each major fund. A budgetary comparison statement has been provided for each major fund to demonstrate compliance with these budgets. Required supplementary information can be found immediately following the notes to the financial statements beginning on page 58.

Other Information. The combining statements referred to earlier are presented following the required supplementary information beginning on page 68.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Net position is the difference between total assets plus total deferred outflows of resources less total liabilities and deferred inflows of resources and is an indicator of the current fiscal health of the City. For the year ended June 30, 2023, the City's combined net position increased by \$5.7 million. The following table provides a summary of the City's net position:

Summary of Net Position
(Table 1 - In millions)

	Governmental Activities		Business Type Activities		Total		Total % Change
	2023	2022	2023	2022	2023	2022	2022-2023
Current and other assets	\$ 33.2	\$ 32.4	\$ 36.2	\$ 41.2	\$ 69.4	\$ 73.6	-6%
Capital assets	58.9	53.0	88.6	88.9	147.5	141.9	4%
Total assets	92.1	85.4	124.8	130.1	216.9	215.5	1%
Deferred outflows of resources	14.7	6.3	4.1	2.7	18.8	9.0	109%
Long-term debt outstanding	-	0.1	52.5	59.6	52.5	59.7	-12%
Other liabilities	23.8	11.2	7.6	5.4	31.4	16.6	89%
Total liabilities	23.8	11.3	60.1	65.0	83.9	76.3	10%
Deferred inflows of resources	9.7	11.7	1.3	1.4	11.0	13.1	-16%
Net position							
Net investment in capital	58.9	52.9	44.6	42.0	103.5	94.9	9%
Restricted	0.2	0.2	12.2	12.9	12.4	13.1	-5%
Unrestricted	14.2	15.6	10.7	11.5	24.9	27.1	-8%
Total net position	\$ 73.3	\$ 68.7	\$ 67.5	\$ 66.4	\$ 140.8	\$ 135.1	4%

The table above reflects an increase of 6.7% for governmental activities net position and an increase of approximately 1.6% for business-type activities. The City's overall financial position improved during fiscal year 2023.

The City's governmental activities net position increased by \$4.6 million, primarily due higher tax revenue as well as the transfer of governmental capital assets that were funded by utility debt.

The net position of the City's business-type activities increased by \$1.1 million, reflecting as increases in utility costs that outpaced increases in revenues, as well as higher capital asset transfers to governmental activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

	Governmental		% Inc. (Dec.)	Business-type		% Inc. (Dec.)	Total		Total % Change
	Activities			Activities			2023	2022	
	2023	2022	2023	2022					
<i>Revenues:</i>									
Program revenues									
Charges for services	\$ 0.6	\$ 0.6	0%	\$ 48.3	\$ 45.4	6%	\$ 48.9	\$ 46.0	6%
Operating grants and contributions	2.0	1.7	18%	-	-	-	2.0	1.7	18%
Capital grants and contributions	1.2	0.8	50%	-	-	-	1.2	0.8	50%
General revenues									
Sales and use taxes	17.5	16.4	7%	-	-	-	17.5	16.4	7%
Other taxes	0.7	0.7	0%	-	-	-	0.7	0.7	0%
Intergovernmental revenue	0.5	0.5	0%	-	-	-	0.5	0.5	0%
Other	0.9	(0.6)	-250%	0.9	(0.3)	-400%	1.8	(0.9)	-300%
Total revenues	<u>23.4</u>	<u>20.1</u>	16%	<u>49.2</u>	<u>45.1</u>	9%	<u>72.6</u>	<u>65.2</u>	11%
<i>Expenses:</i>									
General government	4.5	3.5	29%	-	-	-	4.5	3.5	29%
Public safety and judiciary	13.2	11.1	19%	-	-	-	13.2	11.1	19%
Transportation	4.7	4.7	0%	-	-	-	4.7	4.7	0%
Culture, parks, recreation & promotion	3.5	2.8	25%	-	-	-	3.5	2.8	25%
Electric operations	-	-	-	27.7	23.3	19%	27.7	23.3	19%
Water operations	-	-	-	5.1	3.8	34%	5.1	3.8	34%
Wastewater operations	-	-	-	3.7	3.9	-5%	3.7	3.9	-5%
Solid waste operations	-	-	-	2.0	2.0	0%	2.0	2.0	0%
Recreation services	-	-	-	2.4	2.2	9%	2.4	2.2	9%
Total expenses	<u>25.9</u>	<u>22.1</u>	17%	<u>40.9</u>	<u>35.2</u>	16%	<u>66.8</u>	<u>57.3</u>	17%
Increase (decrease) in net position before transfers	(2.5)	(2.0)	25%	8.3	9.9	-16%	5.8	7.9	-27%
Transfers, net	7.1	5.5	29%	(7.2)	(5.7)	26%	(0.1)	(0.2)	
Electric charges - ice storm	-	-	-	-	-	-	-	-	
Change in net position	<u>\$ 4.6</u>	<u>\$ 3.5</u>	31%	<u>\$ 1.1</u>	<u>\$ 4.2</u>	-74%	<u>\$ 5.7</u>	<u>\$ 7.7</u>	-26%

The results of 2023 were shaped largely by a continued slightly upward trajectory. Total net position increased by 4.2% or \$5.7 million. Significant changes were related to:

Governmental Activities:

- A 7% increase in sales and use tax revenues on top of an 6% increase in the prior year.
- Normalized pension costs for all the City's pension programs.
- The transfer of \$3.1 million in capital asset additions that were funded by utility debt.

Business-type Activities:

- Lower electric and water margins.
- Higher capital asset transfers to governmental activities due to the funding of the assets by the issuance of capital debt by the business-type activities. The interest cost for the debt is shown in business-type activities although it partially funds governmental-type capital assets.

Governmental Activities:

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden

MANAGEMENT'S DISCUSSION AND ANALYSIS

of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Table 3 presents the cost of each of the City's five largest programs—public safety and judiciary (police, fire, and court), general government, transportation (streets), cultural (parks, library, cemetery, and senior citizens), and fleet maintenance (a shared service)—as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

Governmental Activities

**Table 3
(In Thousands)**

	Total Cost of Services			%	Net (Expense) Revenue from Services		
	2023	2022	%		2023	2022	%
General government	\$ 3,597	\$ 3,534	2%	\$ (2,610)	\$ (2,001)	30%	
Public safety and judiciary	13,193	11,114	19%	(11,640)	(9,908)	17%	
Transportation	4,663	3,675	27%	(3,754)	(3,557)	6%	
Cultural, parks, recreation	3,519	2,752	28%	(3,155)	(2,583)	22%	
Fleet maintenance	938	877	7%	(938)	(877)	7%	
	<u>\$ 25,910</u>	<u>\$ 21,952</u>	18%	<u>\$ (22,097)</u>	<u>\$ (18,926)</u>	17%	

Overall, the City's governmental activities' total costs increased 18% over last year and net costs increased by 17%.

Business-type Activities:

Total cost of services for the City's business-type activities increased 16% from last year and net revenues decreased 29%.

Business-Type Activities

**Table 4
(In Thousands)**

	Total Cost of Services			%	Net (Expense) Revenue from Services		
	2023	2022	%		2023	2022	%
Electric operations	\$ 27,743	\$ 23,265	19%	\$ 9,552	\$ 11,626	-18%	
Water operations	5,084	3,849	32%	122	884	-86%	
Wastewater operations	3,659	3,908	-6%	(1,235)	(1,065)	16%	
Solid waste operations	2,023	1,973	3%	302	164	84%	
Recreation services	2,447	2,251	9%	(1,396)	(1,334)	5%	
	<u>\$ 40,956</u>	<u>\$ 35,246</u>	16%	<u>\$ 7,345</u>	<u>\$ 10,275</u>	-29%	

The City's Funds

The General Fund is the City's primary operating fund and the source of day-to-day operations. The general fund is significantly reliant on transfers from the CPWA. The fund balance decreased by \$798,190, or 15.5% from the prior year.

General Fund Budgetary Highlights

The general fund budget increased 9.5% from the original one approved in June 2022. General Fund actual expenditures were below budgeted appropriations by \$3,009,646, partially due to the reclassification of workers compensation fees as transfers to other funds to follow the payroll activity. Actual revenues were lower than budgeted by \$232,657, reflecting the continued deferral of unused grant funds to the following year, partially offset by higher sales and use tax.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

At the end of June 30, 2023, the City had \$147.5 million invested in capital assets including police and fire equipment, buildings, park facilities, streets, and drainage systems, and electric, water, and sewer infrastructure. Additions to capital assets included extensive waterline replacements, waste water improvements, stormwater and electric improvement studies, an electric substation rebuild, the purchase of land at Springbrook Estates for stormwater improvement, several heavy equipment purchases for utility purposes, various street sealing projects, traffic light upgrades, fire SCBA units and a fence at the police department. Information on capital assets is located in Note 3.D.

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

	Governmental Activities		Business-type Activities		Totals		Total % Change
	2023	2022	2023	2022	2023	2022	
<i>Non-Depreciable Assets</i>							
Land	\$ 6.8	\$ 6.8	\$ 2.3	\$ 2.1	\$ 9.1	\$ 8.9	2%
Construction-in-progress	3.7	1.7	2.8	5.7	6.5	7.4	-12%
<i>Depreciable Assets</i>							
Buildings	16.6	15.6	25.9	25.8	42.5	41.4	3%
Equipment and furniture	17.3	15.7	13.5	13.0	30.8	28.7	7%
Infrastructure	80.8	76.7	115.5	108.9	196.3	185.6	6%
<i>Accumulated Depreciation</i>	(66.3)	(63.5)	(71.4)	(66.6)	(137.7)	(130.1)	6%
Totals	\$ 58.9	\$ 53.0	\$ 88.6	\$ 88.9	\$ 147.5	\$ 141.9	4%

Debt Administration

At year-end, the City had \$52.5 million in outstanding notes, bonds and capital leases. Additional debt information can be found in Note 3.F.

These debts are further detailed below as follows:

Outstanding Debt
Table 6
(in millions)

	Governmental Activities		Business-type Activities		Total		Total % Change
	2023	2022	2023	2022	2023	2022	
Notes payable	\$ -	\$ -	\$ 46.0	\$ 52.1	\$ 46.0	\$ 52.1	-12%
Capital lease obligation	-	0.1	-	-	-	0.1	-100%
GRDA cost recovery	-	-	2.5	2.8	2.5	2.8	-11%
Right of use lease	-	-	4.0	4.7	4.0	4.7	-15%
Totals	\$ -	\$ 0.1	\$ 52.5	\$ 59.6	\$ 52.5	\$ 59.7	-12%

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budget

The City of Claremore continues to realize increases in the collection of sales and use tax, due in part to increasing costs of goods and services as well as some population growth. Management will continue to strive for fiscal conservativeness while developing plans to improve the systems and operations needed to meet citizens' needs.

The fiscal year 2023-2024 government-wide budget of \$89.1 million is an increase of 4.6% from the prior year and includes continued capital asset acquisitions as well as the addition of 9 City employees.

Contacting the City's Financial Management

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

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

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

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

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

City of Claremore, Oklahoma
Statement of Net Position
June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Claremore Industrial and Economic Development Authority
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 10,376,581	\$ 5,595,758	\$ 15,972,339	\$ 1,844,520
Cash and cash equivalents - restricted	-	11,858,605	11,858,605	65,231
Restricted - investments	-	1,197,877	1,197,877	-
Accounts receivable, net	512,906	6,331,021	6,843,927	55,192
Interest receivable	10,257	-	10,257	-
Interest receivable - restricted	-	19,510	19,510	-
Prepaid expenses	63,137	14,383	77,520	-
Inventory	186,935	1,809,543	1,996,478	31,963
Due from other governments	4,227,509	27,582	4,255,091	-
Due from related entities	-	-	-	-
Note receivable, current - restricted	-	-	-	35,000
Total current assets	<u>15,377,325</u>	<u>26,854,279</u>	<u>42,231,604</u>	<u>2,031,906</u>
Noncurrent Assets:				
Investments	17,839,482	1,122,848	18,962,330	3,245,363
Restricted assets:				
Investments	-	8,275,739	8,275,739	-
Notes receivable, net of current portion	-	-	-	279,331
Capital assets:				
Land and construction in progress	10,430,996	5,104,368	15,535,364	791,611
Depreciable buildings, property, and equipment, net	48,434,326	83,466,103	131,900,429	1,661,769
Total noncurrent assets	<u>76,704,804</u>	<u>97,969,058</u>	<u>174,673,862</u>	<u>5,978,074</u>
Total assets	<u>92,082,129</u>	<u>124,823,337</u>	<u>216,905,466</u>	<u>8,009,980</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Related to employee benefit plans	14,773,003	2,212,511	16,985,514	165,149
Unamortized asset retirement obligation	-	882,600	882,600	-
Deferred charge on debt refunding	-	1,031,539	1,031,539	-
Total deferred outflows of resources	<u>14,773,003</u>	<u>4,126,650</u>	<u>18,899,653</u>	<u>165,149</u>
LIABILITIES:				
Current Liabilities:				
Accounts payable and accrued liabilities	3,807,453	4,302,617	8,110,070	49,545
Accrued interest payable	-	241,727	241,727	-
Unearned income	1,908,093	-	1,908,093	-
Current portion of long-term debt	-	6,827,516	6,827,516	36,534
Total current liabilities	<u>5,715,546</u>	<u>11,371,860</u>	<u>17,087,406</u>	<u>86,079</u>
Noncurrent liabilities:				
Deposits subject to refund	-	1,171,096	1,171,096	-
Net pension liability	12,901,863	574,556	13,476,419	24,850
Other post employment benefits liability	2,273,186	202,660	2,475,846	7,554
Claims reserve	1,449,444	-	1,449,444	-
Accrued compensated absences	1,489,548	256,808	1,746,356	-
Asset retirement obligation	-	926,100	926,100	-
Noncurrent portion of long-term debt	-	45,632,331	45,632,331	737,945
Total non-current liabilities	<u>18,114,041</u>	<u>48,763,551</u>	<u>66,877,592</u>	<u>770,349</u>
Total liabilities	<u>23,829,587</u>	<u>60,135,411</u>	<u>83,964,998</u>	<u>856,428</u>
DEFERRED INFLOWS OF RESOURCES:				
Related to employee benefit plans	9,694,548	1,349,032	11,043,580	109,845
NET POSITION:				
Net investment in capital assets	58,865,322	44,569,069	103,434,391	1,678,901
Restricted by:				
Enabling legislation	234,677	9,473,616	9,708,293	-
External contracts	-	2,768,582	2,768,582	169,463
Unrestricted	14,230,998	10,654,277	24,885,275	5,360,492
Total net position	<u>\$ 73,330,997</u>	<u>\$ 67,465,544</u>	<u>\$ 140,796,541</u>	<u>\$ 7,208,856</u>

See accompanying notes to the basic financial statements.

City of Claremore, Oklahoma
Statement of Activities
For the fiscal year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit CIEDA
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary Government:								
General government	\$ 3,597,012	\$ 210,982	\$ 670,869	\$ 104,597	\$ (2,610,564)	\$ -	\$ (2,610,564)	\$ -
Public safety and judiciary	13,193,723	232,845	1,294,037	26,893	(11,639,948)	-	(11,639,948)	-
Transportation	4,663,400	-	-	908,910	(3,754,490)	-	(3,754,490)	-
Cultural, parks, recreation and promotion	3,519,467	186,356	-	177,753	(3,155,358)	-	(3,155,358)	-
Fleet maintenance	937,891	-	-	-	(937,891)	-	(937,891)	-
Total governmental activities	25,911,493	630,183	1,964,906	1,218,153	(22,098,251)	-	(22,098,251)	-
Business-type activities:								
Electric operations	27,742,792	37,295,225	-	-	-	9,552,433	9,552,433	-
Water operations	5,083,852	5,206,158	-	-	-	122,306	122,306	-
Wastewater operations	3,658,805	2,423,106	-	-	-	(1,235,699)	(1,235,699)	-
Solid waste operations	2,023,392	2,325,450	-	-	-	302,058	302,058	-
Recreation services	2,447,388	1,051,177	-	-	-	(1,396,211)	(1,396,211)	-
Total business-type activities	40,956,229	48,301,116	-	-	-	7,344,887	7,344,887	-
Total primary government	\$ 66,867,722	\$ 48,931,299	\$ 1,964,906	\$ 1,218,153	(22,098,251)	7,344,887	(14,753,364)	
Component Unit:								
Economic development	\$ 1,118,099	\$ 366,208	\$ -	\$ -				(751,891)
Airport	692,927	731,733	-	66,286				105,092
Total component unit	\$ 1,811,026	\$ 1,097,941	\$ -	\$ 66,286				(646,799)
General revenues:								
Taxes:								
Sales and use taxes					17,514,122	-	17,514,122	-
Franchise and public service taxes					747,565	-	747,565	-
Property tax					-	-	-	281,175
Intergovernmental revenue not restricted to specific programs					515,012	-	515,012	-
Investment income (loss)					181,254	322,427	503,681	(474,301)
Loss on disposition of asset					(61,470)	-	(61,470)	134,174
Miscellaneous					722,711	574,771	1,297,482	-
Total general revenues					19,619,194	897,198	20,516,392	(58,952)
Change in net position before transfers					(2,479,057)	8,242,085	5,763,028	(705,751)
Transfers - Internal activity					7,056,803	(7,201,995)	(145,192)	145,192
Change in net position					4,577,746	1,040,090	5,617,836	(560,559)
Net position - beginning					68,753,251	66,425,454	135,178,705	7,769,415
Net position - ending					\$ 73,330,997	\$ 67,465,544	\$ 140,796,541	\$ 7,208,856

See accompanying notes to the basic financial statements

City of Claremore, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2023

	General	Sales Tax Street Fund	EXPO/WWTP Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 3,049,435	\$ 2,949,955	\$ -	\$ 4,377,191	\$ 10,376,581
Prepaid expenses	51,450	1,413	-	10,274	63,137
Inventory	14,969	89,893	-	82,073	186,935
Investments	5,013,023	8,034,074	2,982,993	1,809,392	17,839,482
Receivables:					-
Court receivables	332,906	-	-	-	332,906
Due from other governments	502,939	1,094,121	892,747	892,746	3,382,553
Grants	65,380	1,079	-	958,497	1,024,956
Accrued interest	2,498	5,198	1,510	1,051	10,257
Total assets	<u>\$ 9,032,600</u>	<u>\$ 12,175,733</u>	<u>\$ 3,877,250</u>	<u>\$ 8,131,224</u>	<u>\$ 33,216,807</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,069,694	\$ 1,226,180	\$ 273,998	\$ 1,237,581	\$ 3,807,453
Unavailable revenue	2,149,522	-	-	-	2,149,522
Claims reserve	1,449,444	-	-	-	1,449,444
Due to other funds	-	-	-	-	-
Total liabilities	<u>4,668,660</u>	<u>1,226,180</u>	<u>273,998</u>	<u>1,237,581</u>	<u>7,406,419</u>
Fund Balances:					
Nonspendable	14,969	89,893	-	-	104,862
Restricted	-	-	-	234,677	234,677
Unrestricted:					
Committed	1,489,548	10,859,660	3,603,252	5,458,082	21,410,542
Assigned	1,667,083	-	-	1,200,884	2,867,967
Unassigned	1,192,340	-	-	-	1,192,340
Total fund balances	<u>4,363,940</u>	<u>10,949,553</u>	<u>3,603,252</u>	<u>6,893,643</u>	<u>25,810,388</u>
Total liabilities and fund balances	<u>\$ 9,032,600</u>	<u>\$ 12,175,733</u>	<u>\$ 3,877,250</u>	<u>\$ 8,131,224</u>	<u>\$ 33,216,807</u>

See accompanying notes to the basic financial statements.

City of Claremore, Oklahoma
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Fund balances of governmental funds	\$	25,810,388
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of depreciation of \$66,263,557		58,865,322
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are not reported in the funds:		
Unavailable revenue - court fines		241,429
Some liabilities, including pension obligations, are applicable to future periods and, therefore, are not reported in the funds:		
Accrued compensated absences		(1,489,548)
Net pension liability (measurement date is June 30, 2022)		(12,901,863)
Other post employment benefit liability (OPEB)		(2,273,186)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows of resources related to pensions and OPEB		14,773,003
Deferred inflows of resources related to pensions and OPEB		(9,694,548)
Net position of governmental activities	\$	73,330,997

See accompanying notes to the basic financial statements

City of Claremore, Oklahoma
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2023

	General	Sales Tax Street Fund	EXPO/WWTP Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 2,653,878	\$ 5,197,246	\$ 5,197,246	\$ 5,213,317	\$ 18,261,687
Intergovernmental	333,432	181,580	-	-	515,012
Licenses and permits	210,982	-	-	-	210,982
Charges for services	92,742	-	-	93,613	186,355
Fines and forfeitures	194,573	-	-	12,228	206,801
Grants and contributions	801,629	-	-	1,056,780	1,858,409
Investment income	118,133	37,206	18,392	7,522	181,253
Miscellaneous	126,904	252,597	-	373,822	753,323
Total Revenues	4,532,273	5,668,629	5,215,638	6,757,282	22,173,822
Expenditures:					
General government	3,075,791	-	84,131	284,511	3,444,433
Public safety and judiciary	10,755,420	-	-	1,119,978	11,875,398
Transportation	-	3,069,841	-	944,928	4,014,769
Cultural, parks, recreation and promotion	1,877,504	-	674,339	663,644	3,215,487
Fleet maintenance	-	-	-	970,715	970,715
Capital outlay	44,954	2,402,915	-	2,056,062	4,503,931
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	15,753,669	5,472,756	758,470	6,039,838	28,024,733
Excess (deficiency) of revenues over expenditures	(11,221,396)	195,873	4,457,168	717,444	(5,850,911)
Other Financing Sources (Uses):					
Transfers in	11,748,890	110,242	-	1,317,317	13,176,449
Transfers out	(1,325,684)	(600,958)	(5,115,158)	(2,164,564)	(9,206,364)
Total Other Financing Sources (Uses)	10,423,206	(490,716)	(5,115,158)	(847,247)	3,970,085
Net change in fund balances	(798,190)	(294,843)	(657,990)	(129,803)	(1,880,826)
Fund balances - beginning	5,162,130	11,244,396	4,261,242	7,023,446	27,691,214
Fund balances - ending	\$ 4,363,940	\$ 10,949,553	\$ 3,603,252	\$ 6,893,643	\$ 25,810,388

See accompanying notes to the basic financial statements

City of Claremore, Oklahoma
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the fiscal year ended June 30, 2023

Net change in fund balances - total governmental funds	\$	(1,880,826)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the asset</p>		
Capital asset purchases capitalized		9,012,936
Depreciation expense		(3,134,740)
Capital assets sold, salvaged, or transferred (net)		(57,408)
<p>Revenues in the Statement of Activities that do not provide current financial resources</p>		
Court receivables expected to collect after the availability period (60 days)		241,426
<p>Repayment of debt principal is an expenditure in the governmental funds, and debt issuance is considered an other financing source, but repayment reduces long-term liabilities in the Statement of Net Position:</p>		
Principal payments on long term debt		125,294
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
Accrued compensated absences		(96,239)
Other post employment benefits		(83,689)
<p>Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:</p>		
Employer pension contributions		2,048,553
Contributions made by the State of Oklahoma on behalf of City employees		1,294,037
Cost of benefits earned net of employee contributions		(2,891,598)
Change in net position of governmental activities	\$	4,577,746

See accompanying notes to the basic financial statements

City of Claremore, Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2023

	<u>CPWA</u>	<u>CCDA</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 4,444,200	\$ 1,151,558	\$ 5,595,758
Accounts receivable, net	6,329,920	1,101	6,331,021
Due from other governments	27,582	-	27,582
Prepaid expense	11,357	3,026	14,383
Inventory	1,809,543	-	1,809,543
Restricted assets:			
Cash and cash equivalents	11,858,605	-	11,858,605
Investments	1,197,877	-	1,197,877
Interest receivable	19,510	-	19,510
Total current assets	<u>25,698,594</u>	<u>1,155,685</u>	<u>26,854,279</u>
Noncurrent Assets:			
Investments	1,122,848	-	1,122,848
Restricted assets:			
Investments	8,275,739	-	8,275,739
Land and construction in progress	3,570,638	1,533,730	5,104,368
Other capital assets, net	74,461,957	9,004,146	83,466,103
Total noncurrent assets	<u>87,431,182</u>	<u>10,537,876</u>	<u>97,969,058</u>
Total assets	<u>113,129,776</u>	<u>11,693,561</u>	<u>124,823,337</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to employee benefit plans	1,889,099	323,412	2,212,511
Unamortized asset retirement obligation	882,600	-	882,600
Deferred charge on debt refunding	1,031,539	-	1,031,539
Related to defined benefit pension plan	<u>3,803,238</u>	<u>323,412</u>	<u>4,126,650</u>
LIABILITIES:			
Current Liabilities:			
Accounts payable and accrued expenses	4,182,467	120,150	4,302,617
Accrued interest payable	241,727	-	241,727
Current portion of long term obligations	6,827,516	-	6,827,516
Total current liabilities	<u>11,251,710</u>	<u>120,150</u>	<u>11,371,860</u>
Noncurrent liabilities:			
Deposits subject to refund	1,165,816	5,280	1,171,096
Net pension liability	511,311	63,245	574,556
Other post employment benefits liability	162,184	40,476	202,660
Accrued compensated absences	205,699	51,109	256,808
Asset retirement obligation	926,100	-	926,100
Noncurrent portion of long-term obligations	45,632,331	-	45,632,331
Total noncurrent liabilities	<u>48,603,441</u>	<u>160,110</u>	<u>48,763,551</u>
Total liabilities	<u>59,855,151</u>	<u>280,260</u>	<u>60,135,411</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to employee benefit plans	<u>1,140,220</u>	<u>208,812</u>	<u>1,349,032</u>
NET POSITION:			
Net investment in capital assets	34,031,193	10,537,876	44,569,069
Restricted for:			
Debt service	2,768,582	-	2,768,582
Hospital trust fund	9,473,616	-	9,473,616
Unrestricted	9,664,252	990,025	10,654,277
Total net position	<u>\$ 55,937,643</u>	<u>\$ 11,527,901</u>	<u>\$ 67,465,544</u>

See accompanying notes to the basic financial statements

City of Claremore, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the fiscal year ended June 30, 2023

	Enterprise Funds		
	CPWA	CCDA	Total
Operating revenues:			
Charges for services:			
Electricity charges	\$ 37,108,282	\$ -	\$ 37,108,282
Water charges	5,019,215	-	5,019,215
Sewer and storm water charges	2,236,162	-	2,236,162
Sanitation charges	2,138,506	-	2,138,506
Recreation services	-	1,051,177	1,051,177
Penalties and fees	747,774	-	747,774
Other	566,549	8,222	574,771
Total operating revenues	47,816,488	1,059,399	48,875,887
Operating expenses:			
Electric	25,971,367	-	25,971,367
Water	3,073,053	-	3,073,053
Sewer	1,958,130	-	1,958,130
Sanitation	1,751,917	-	1,751,917
Recreation	-	1,625,267	1,625,267
Depreciation and amortization	4,480,507	822,121	5,302,628
Total operating expenses	37,234,974	2,447,388	39,682,362
Operating income (loss)	10,581,514	(1,387,989)	9,193,525
Non-operating revenues (expenses):			
Investment income (loss)	311,573	10,854	322,427
Interest expense and fiscal charges	(1,273,867)	-	(1,273,867)
Total non-operating revenues (expenses)	(962,294)	10,854	(951,440)
Net income (loss) before transfers	9,619,220	(1,377,135)	8,242,085
Transfers in	5,485,341	1,248,784	6,734,125
Transfers out	(13,936,120)	-	(13,936,120)
Change in net position	1,168,441	(128,351)	1,040,090
Net position - beginning	54,769,202	11,656,252	66,425,454
Net position - ending	\$ 55,937,643	\$ 11,527,901	\$ 67,465,544

See accompanying notes to the basic financial statements

City of Claremore, Oklahoma
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2023

	CPWA	CCDA	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 48,354,025	\$ 1,058,593	\$ 49,412,618
Payments to suppliers	(27,958,250)	(689,119)	(28,647,369)
Payments to or on behalf of employees	(4,004,257)	(959,642)	(4,963,899)
Receipts of customer deposits	281,856	13,305	295,161
Customer deposits refunded or applied	(250,887)	(12,600)	(263,487)
Net cash provided by (used in) operating activities	<u>16,422,487</u>	<u>(589,463)</u>	<u>15,833,024</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers from other funds	426,664	903,990	1,330,654
Transfers to other funds	(10,507,257)	-	(10,507,257)
Net cash provided by (used in) non-capital and related financing activities	<u>(10,080,593)</u>	<u>903,990</u>	<u>(9,176,603)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(4,636,422)	(366,413)	(5,002,835)
Principal paid on capital debt	(7,186,204)	-	(7,186,204)
Interest and fiscal agent fees paid on capital debt	(1,273,867)	-	(1,273,867)
Transfers from other funds	5,058,677	344,794	5,403,471
Transfers to other funds	(3,454,401)	-	(3,454,401)
Net cash used in capital and related financing activities	<u>(11,492,217)</u>	<u>(21,619)</u>	<u>(11,513,836)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(397,704)	-	(397,704)
Note principal and interest payments from related party	516,877	-	516,877
Interest and dividends	338,181	10,854	349,035
Net cash provided by investing activities	<u>457,354</u>	<u>10,854</u>	<u>468,208</u>
Net increase (decrease) in cash and cash equivalents	(4,692,969)	303,762	(4,389,207)
Balances - beginning of the year	20,995,774	847,796	21,843,570
Balances - end of the year	<u>\$ 16,302,805</u>	<u>\$ 1,151,558</u>	<u>\$ 17,454,363</u>
Reconciliation to the Statement of Net Position:			
Cash and cash equivalents	\$ 4,444,200	\$ 1,151,558	\$ 5,595,758
Restricted cash and cash equivalents	11,858,605	-	11,858,605
Total cash and cash equivalents	<u>\$ 16,302,805</u>	<u>\$ 1,151,558</u>	<u>\$ 17,454,363</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 10,581,514	\$ (1,387,989)	\$ 9,193,525
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	4,480,507	822,121	5,302,628
Change in assets, liabilities, and deferrals:			
Decrease (Increase) in receivables, net	537,537	(101)	537,436
Increase in inventory	(32,038)	-	(32,038)
Increase in prepaid expense	(2,461)	-	(2,461)
Increase (decrease) in accounts payable	842,987	(2,820)	840,167
Increase in customer deposits payable	30,969	705	31,674
Increase in accrued compensated absences	21,814	5,622	27,436
Decrease in carrying values of employee benefit plans	(38,342)	(27,001)	(65,343)
Net cash provided by (used in) operating activities	<u>\$ 16,422,487</u>	<u>\$ (589,463)</u>	<u>\$ 15,833,024</u>

See accompanying notes to the basic financial statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1.A. FINANCIAL REPORTING ENTITY

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

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

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

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

BLENDED COMPONENT UNITS

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

DISCRETELY PRESENTED COMPONENT UNIT

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

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

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

1.B. BASIS OF PRESENTATION

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

- combined.
3. A fund not meeting the criteria of (1) and (2), however management has elected to report the fund as a major fund due to its significance to users of the financial statements.

FUND TYPES AND MAJOR FUNDS:

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

GOVERNMENTAL FUNDS

General Fund

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

Special Revenue Funds

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

Capital Project Funds

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

PROPRIETARY FUND TYPES

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

COMPONENT UNIT

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

NOTES TO BASIC FINANCIAL STATEMENTS

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

Receivables

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

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

Inventories

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

Capital Assets and Depreciation

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

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

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

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

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

Restricted Assets

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

Deferred Outflows of Resources

Deferred outflows are the consumption of net position by the City that are applicable to a future reporting period. At

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023, the City reported deferred outflows of resources related to its defined benefit pension plans and the unamortized asset retirement obligation.

Long-Term Debt

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

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

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

Deferred Inflows of Resources

Deferred inflows are the acquisitions of net position by the City that are applicable to a future reporting period. At June 30, 2023, the City reported deferred inflows of resources related to its defined benefit pension plans and an entitlement for retired employees and their families to participate in the City's health insurance plan.

Compensated Absences

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

Pensions

The City participates in three employee pension systems as follows:

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

Equity Classifications

Government-Wide Financial Statements:

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

1. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position - Consists of Net Position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position - All other Net Position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

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

Fund Financial Statements:

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

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority. The City's highest level of decision-making authority is made by ordinance.
- d. Assigned – includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by City Council action or management decision when the City Council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City's policy to first use restricted fund balance prior to the use of the unassigned fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City's policy for the use of fund balance amounts require that restricted amounts would be reduced first, followed by committed amounts and then assigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

1.E. REVENUES, EXPENDITURES AND EXPENSES

Sales Tax

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

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

Property Tax

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

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

Pledged Revenue

The City has pledged net revenues from the water and sewer systems and the 1% sales tax levied and reported in the Sales Tax Street Fund to repay the \$21,000,000 Utility System and Sales Tax Revenue Note, Series 2015 which was issued on March 10, 2015 to RCB Bank, which will be used for expansion and renovation of the water treatment plant. The note is payable through March 2030. The total principal and interest payable for the remainder of the life of this note is \$12,069,131. Debt service payments of \$1,704,864 for the current fiscal year were 22.5% of pledged net revenues.

The City has pledged net revenues from the water and sewer systems and the 1% sales tax levied and reported in the Sales Tax Street Fund to repay the \$10,000,000 Utility System and Sales Tax Revenue Note, Series 2019 which was issued on October 15, 2019 to JPMorgan Chase Bank, N.A., which will be used to finance capital asset acquisitions. The note is payable through June 2034. The total principal and interest payable for the remainder of the life of this note is \$10,242,519. Debt service payments of \$354,635 for the current fiscal year were 4.7% of pledged net revenues.

The City has pledged net revenues from the water and sewer systems and the 1% sales tax levied and reported in the Sales Tax Street Fund to repay the \$10,000,000 Utility System and Sales Tax Revenue Note, Series 2020 which was issued on

NOTES TO BASIC FINANCIAL STATEMENTS

October 15, 2019 to JPMorgan Chase Bank, N.A., which will be used to finance capital asset acquisitions. The note is payable through June 2034. The total principal and interest payable for the remainder of the life of this note is \$10,191,781. Debt service payments of \$316,875 for the current fiscal year were 4.2% of pledged net revenues.

The City has pledged net revenues from the electric system to repay the \$23,175,000 Electric System Revenue Refunding Note, Taxable Series 2021 which was issued on March 1, 2021, to Trust Bank, Charlotte, North Carolina which was used to refund the Utility System Refunding Revenue Bonds, Series 2012, the Capital Improvement Refunding Revenue Bonds, Taxable Series 2013A, the Electric System Refunding Revenue Bonds, Series 2013B, and the Utility System Refunding Revenue Bonds, Series 2013C. The note is payable through July 2035. The total principal and interest payable for the remainder of the life of this note is \$17,337,282. Debt service payments of \$4,234,860 for the current fiscal year were 25.7% of pledged net revenues.

Expenditures and Expenses

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

1.F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

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

Fund Financial Statements:

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

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

Government-Wide Financial Statements:

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

1. Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of Net Position, except for the net residual amounts due between governmental and business-type activities,

NOTES TO BASIC FINANCIAL STATEMENTS

which are reported as Internal Balances.

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

1.G. USE OF ESTIMATES

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

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

2.A. DEFICIT FUND BALANCES OR NET POSITION

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

2.B. DEPOSITS AND INVESTMENTS REQUIREMENTS

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

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

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.

NOTES TO BASIC FINANCIAL STATEMENTS

- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c. and d.

Public trusts created under O.S. Title 60, are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2023, the City and its public trusts, complied with the above investment restrictions.

2.C. DEBT RESTRICTIONS AND COVENANTS

Revenue Bond Debt

The bond indentures relating to the revenue bond issued by the CPWA contain a number of financial restrictions or covenants. These include covenants requiring flow of funds through special accounts, required reserve account balances and revenue bond debt service coverage requirements. The CPWA complied with the requirements of the bond indentures in all material respects for the fiscal year ended June 30, 2023.

NOTE 3. DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS

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

3.A. DEPOSITS AND INVESTMENTS

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

Deposits

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

As of June 30, 2023, the City was not exposed to custodial credit risk as defined above.

Total bank deposits of \$1,844,520 of the discretely presented component unit were either insured with Federal Deposit Insurance Corporation Insurance or collateralized.

NOTES TO BASIC FINANCIAL STATEMENTS

As of June 30, 2023, the City's reporting entity had the following deposits and investments:

Type	Fair Value	Credit Rating	Maturities in Years			
			On Demand	Less than one	1 - 5	6 - 10
Demand deposits and cash on hand	\$ 17,884,271	n/a	\$ 17,884,271	\$ -	\$ -	\$ -
Money market fund - federal obligations	13,117,538	AAA	-	13,117,538	-	-
Certificates of deposit	2,983,710	n/a	-	2,983,710	-	-
US Treasury securities	22,281,371	n/a	-	-	22,281,371	-
	<u>\$ 56,266,890</u>		<u>\$ 17,884,271</u>	<u>\$ 16,101,248</u>	<u>\$ 22,281,371</u>	<u>\$ -</u>
Reconciliation to Statement of net position:						
Cash and cash equivalents	\$ 15,972,339					
Restricted - cash and cash equivalents	11,858,605					
Investments	18,962,330					
Restricted - investments	9,473,616					
	<u>\$ 56,266,890</u>					

Investments

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

3.B. ACCOUNTS RECEIVABLE

Accounts receivable of the governmental activities consists of court receivables, business-type activities consists of customer utilities receivable. Component unit accounts receivable consists of airport hangar and land rentals. Receivables detail at June 30, 2023 is as follows:

	Governmental Activities	Business-Type Activities	Component Unit (CIEDA)
Accounts Receivable	\$876,887	\$9,363,496	\$55,192
Allowance for uncollectible accounts	(363,981)	(3,032,475)	(-)
Net Accounts Receivable	<u>\$512,906</u>	<u>\$6,331,021</u>	<u>\$55,192</u>

NOTES TO BASIC FINANCIAL STATEMENTS

3.C. RESTRICTED ASSETS

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

Restricted Assets:

Cash and cash equivalents	
Meter deposit subject to refund	\$ 1,324,520
Capital projects	9,891,524
Debt service	642,561
Total cash and cash equivalents	<u>11,858,605</u>
Investments	
Hospital Trust Agreement	<u>9,473,616</u>
Total restricted assets	<u>\$ 21,332,221</u>

CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORT
For the fiscal year ended June 30, 2023

NOTES TO BASIC FINANCIAL STATEMENTS

3.D. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions and Net Transfers (In)/Out</u>	Balance <u>June 30, 2023</u>
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 6,750,936	\$ 19,847	\$ -	\$ 6,770,783
Construction-in-progress	1,723,663	5,764,245	3,827,695	3,660,213
Total Capital assets not being depreciated	<u>8,474,599</u>	<u>5,784,092</u>	<u>3,827,695</u>	<u>10,430,996</u>
Depreciable assets				
Buildings and improvements	15,639,618	973,022	-	16,612,640
Equipment and furniture	15,730,341	2,048,188	468,741	17,309,788
Infrastructure	76,743,161	207,634	(3,824,660)	80,775,455
Total depreciable assets	<u>108,113,120</u>	<u>3,228,844</u>	<u>(3,355,919)</u>	<u>114,697,883</u>
Less accumulated depreciation	<u>63,543,185</u>	<u>3,134,740</u>	<u>414,368</u>	<u>66,263,557</u>
Net depreciable assets	<u>44,569,935</u>	<u>94,104</u>	<u>(3,770,287)</u>	<u>48,434,326</u>
Governmental activities capital assets, net	<u>\$ 53,044,534</u>	<u>\$ 5,878,196</u>	<u>\$ 57,408</u>	<u>\$ 58,865,322</u>
<i>Business-type Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 2,142,092	\$ 174,333	\$ -	\$ 2,316,425
Construction-in-progress	5,672,108	2,796,204	5,680,369	2,787,943
Total Capital assets not being depreciated	<u>7,814,200</u>	<u>2,970,537</u>	<u>5,680,369</u>	<u>5,104,368</u>
Depreciable Assets:				
Buildings and improvements	25,834,192	103,858	-	25,938,050
Equipment and furniture	12,988,193	984,500	529,913	13,442,780
Infrastructure	108,868,606	931,940	(5,680,369)	115,480,915
Total depreciable assets	<u>147,690,991</u>	<u>2,020,298</u>	<u>(5,150,456)</u>	<u>154,861,745</u>
Less accumulated depreciation	<u>66,634,927</u>	<u>5,290,628</u>	<u>529,913</u>	<u>71,395,642</u>
Net depreciable assets	<u>81,056,064</u>	<u>(3,270,330)</u>	<u>(5,680,369)</u>	<u>83,466,103</u>
Business-type activities capital assets, net	<u>\$ 88,870,264</u>	<u>\$ (299,793)</u>	<u>\$ -</u>	<u>\$ 88,570,471</u>
<i>Component Unit (CIEDA):</i>				
Capital assets not being depreciated:				
Construction-in-progress	\$ 601,121	\$ 190,490	\$ -	\$ 791,611
Total Capital assets not being depreciated	<u>601,121</u>	<u>190,490</u>	<u>-</u>	<u>791,611</u>
Depreciable Assets:				
Buildings and improvements	\$ 2,501,443	\$ -	\$ 1,400,000	\$ 1,101,443
Equipment and furniture	453,862	-	-	453,862
Land improvements	92,002	-	-	92,002
Infrastructure	2,045,837	-	-	2,045,837
Total depreciable assets	<u>5,093,144</u>	<u>-</u>	<u>1,400,000</u>	<u>3,693,144</u>
Less accumulated depreciation	<u>2,067,909</u>	<u>126,800</u>	<u>163,334</u>	<u>2,031,375</u>
Net depreciable assets	<u>3,025,235</u>	<u>(126,800)</u>	<u>1,236,666</u>	<u>1,661,769</u>
Component unit capital assets, net	<u>\$ 3,626,356</u>	<u>\$ 63,690</u>	<u>\$ 1,236,666</u>	<u>\$ 2,453,380</u>

NOTES TO BASIC FINANCIAL STATEMENTS

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

Primary Government:

Governmental Activities:

General government	\$215,088
Public safety and judiciary	607,750
Culture, parks, and recreation	386,549
Transportation	<u>1,925,353</u>
Total depreciation expense - governmental activities	<u>\$3,134,740</u>

Business-Type Activities:

Electric	\$1,434,910
Water	1,329,324
Wastewater	1,432,798
Solid waste	271,475
Recreation	<u>822,121</u>
Total depreciation expense - business-type activities	<u>\$5,290,628</u>

Discretely Presented Component Unit:

CIEDA:

Airport	\$ 29,016
Railroad spur	<u>97,784</u>
Total depreciation expense – component unit	<u>\$ 126,800</u>

3.E.TAX ANTICIPATION RECEIVABLES

In 2011, CIEDA proposed, and the City adopted, a resolution which declared the City's intent to create a "reinvestment area" pursuant to the provisions of the Oklahoma Local Development Act, Title 62, Section 850 of the Oklahoma Statutes. The resolution also directed the City's Local Development Act Review Committee to analyze the area and determine the potential of creating tax increment districts within the City. As of June 30, 2023, the following districts had been created:

TIF District #1 –Baker Hughes Increment District Project

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

The Claremore Public Works Authority issued Tax Apportionment/Utility Revenue Note Series 2014B to CIEDA in the amount of \$3,480,000, bearing interest at 4% and payable in 10 annual installments with interest only being paid the first two payments and \$516,877 each year hereafter with the final payment due June 1, 2023, secured by an electric substation at the City's industrial park.

In order to finance the above note, CIEDA simultaneously issued Tax Apportionment/Revenue Note Series 2014A and 2014B in the amount of \$1,740,000 each (\$3,480,000 total) to the Claremore Hospital Sale Fund, bearing interest at the rate of 4% and payable in 10 annual installments with interest only due the first two years and annual payments of \$258,437.50 each (\$516,877 total) for the remaining 8 years. The final payment was due June 1, 2023 and was secured by an electric substation at the City's industrial park.

NOTES TO BASIC FINANCIAL STATEMENTS

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

Payments on the note are reported as "contributions to primary government" in the statement of revenues, expenses, and changes in net position. The purpose of this District was fulfilled as of June 30, 2023 and any excess funds were returned to Rogers County.

TIF District #2 – NXTGen Filterworks

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

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

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

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

TIF District #3 – Promise Hotels

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

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

The purpose of this District was fulfilled as of June 30, 2023 and any excess funds were returned to Rogers County.

NOTES TO BASIC FINANCIAL STATEMENTS

Changes in Tax Anticipation Receivables

	Balance			Balance	Due within
	June 30, 2022	Advanced	Received	June 30, 2023	One Year
TIF District #1 - Due From CPWA	\$ 496,997	\$ -	\$ 496,997	\$ -	\$ -
TIF District #2 - Due From NXTNano	169,225	-	35,000	134,225	35,000
TIF District #3 - Due From RH Hospitality, LLC	122,000	-	122,000	-	-
Total TIF receivable	<u>\$ 788,222</u>	<u>\$ -</u>	<u>\$ 653,997</u>	<u>\$ 134,225</u>	<u>\$ 35,000</u>

3.F. LONG-TERM DEBT

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

Business-Type Activities:

As of June 30, 2023, the long-term debt payable from business-type activities resources consisted of the following:

Notes Payable:

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

Current portion \$1,430,000, non-current portion \$9,540,000 10,970,000

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

Current portion \$200,000, non-current portion \$9,000,000 9,200,000

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

Current portion \$200,000, non-current portion \$9,200,000 9,400,000

NOTES TO BASIC FINANCIAL STATEMENTS

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

Current portion \$3,990,000, non-current portion \$12,400,000	16,390,000
---	------------

Winter Storm Cost Recovery Agreement to the Grand River Dam Authority (GRDA) for extraordinary energy costs incurred during an historic ice storm in the amount of \$3,937,540. The contractual agreement requires the CPWA to reimburse the GRDA. The City's share of the cost \$(1,000,000) was paid in November 2022 and the rest will be financed by GRDA over a period of 10 years at 3% interest.

Current portion \$268,135, non-current portion \$2,262,308	2,530,443
--	-----------

Right of Use Lease Obligation:

GE Capital AMI Agreement originally valued at a present value of \$7,302,397 at inception in July 2018, amortized over life of agreement of 10 years using an imputed incremental borrowing rate of 3.5%.

Current portion \$739,381, non-current portion \$3,230,023	3,969,404
--	-----------

Total Long Term Debt outstanding – Business-type	<u>\$52,459,847</u>
Current portion	\$ 6,827,516
Non-current portion	<u>45,632,331</u>
Total Long Term Debt outstanding – Business-type	<u>\$52,459,847</u>

Component Unit (CIEDA):

Notes payable:

Note payable to the Oklahoma Industrial Finance Authority, secured by airport property, executed on September 19, 2022 in the amount of \$797,747, bearing interest at a variable rate equal to the Wall Street Journal Prime, adjusted every three years with a floor of 3.50% per annum. The initial interest is 5.50% per annum until the first rate change adjustment on October 1, 2025. The note is payable in 180 monthly installments with the first thirty-six monthly installments in the amount of \$6,518 beginning on November 1, 2022. This direct borrowing includes a provision that, if not paid within 10 days of the due date, it shall bear interest at the rate of 14% per annum from its due date until paid. If any amount is not paid when due, the holder may declare the entire unpaid principal and accumulated interest due and payable.

Current portion \$36,534, non-current portion \$737,945	<u>\$ 774,479</u>
---	-------------------

Total Long-Term Debt outstanding – Component Unit	<u>\$ 774,479</u>
---	-------------------

CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORT
For the fiscal year ended June 30, 2023

NOTES TO BASIC FINANCIAL STATEMENTS

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Amounts Due in One Year
Governmental Activities:					
Capital lease payable	\$ 125,294	\$ -	\$ 125,294	\$ -	\$ -
Total Governmental Activities	\$ 125,294	\$ -	\$ 125,294	\$ -	\$ -
Business-type Activities:					
Notes from direct borrowings and direct placements	\$ 52,171,996	\$ -	\$ 6,211,997	\$ 45,959,999	\$ 5,820,000
Right of use lease liability	4,683,392	-	713,987	3,969,405	739,381
GRDA cost recovery obligation	2,790,663	-	260,220	2,530,443	268,135
Total Business-type Activities	\$ 59,646,051	\$ -	\$ 7,186,204	\$ 52,459,847	\$ 6,827,516
Component Unit - CIEDA:					
Tax anticipation notes	\$ 618,997	\$ -	\$ 618,997	\$ -	\$ -
Notes from direct borrowings	997,405	797,747	1,020,673	774,479	36,534
Total Component Unit - CIEDA	\$ 1,616,402	\$ 797,747	\$ 1,639,670	\$ 774,479	\$ 36,534

Payment requirements to maturity:

Year Ending June 30,	Business Type Activities		Component Unit (CIEDA)	
	Bonds and Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2024	6,827,516	990,623	36,534	41,685
2025	6,981,969	849,170	38,595	39,624
2026	6,757,606	699,540	40,772	37,447
2027	5,249,467	571,848	43,072	35,147
2028	5,402,594	453,870	45,502	32,717
2029-2033	17,910,695	980,493	269,030	122,065
2034-2038	3,330,000	50,862	300,974	37,946
Total	\$ 52,459,847	\$ 4,596,406	\$ 774,479	\$ 346,631

NOTES TO BASIC FINANCIAL STATEMENTS

3.G. INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2023 were as follows:

Transfer from	Transfer to	Amount	Nature of Interfund Transfer
* General Fund	* CCDA	\$ 200,811	General operations
* General Fund	* CCDA	278,812	Hotel room tax agreement
* General Fund	* CPWA, CCDA, Sales Tax Street	203,200	Workers compensation subsidy
Capital Improvement Sales Tax	* General Fund	97,000	Fixed asset acquisitions
Capital Improvement Sales Tax	* CCDA	203,272	Fixed asset acquisitions
Capital Improvement Sales Tax	* CPWA	465,725	Fixed asset acquisitions
* Expo/Rec Sales Tax Fund	* CCDA	418,830	General operations
* Expo/Rec Sales Tax Fund	* CCDA	103,376	Fixed asset acquisitions
* Expo/Rec Sales Tax Fund	* CPWA	4,450,000	Debt service
* Expo/Rec Sales Tax Fund	* CPWA	142,952	Fixed asset acquisitions
* CPWA	CDBG	58,701	Fixed asset acquisitions
* CPWA	* General Fund	9,950,000	General operations
* CPWA	* General Fund	349,331	Shared overhead reimbursement
Sale Tax Fire	* General Fund	391,393	Shared overhead reimbursement
Sale Tax Park	* General Fund	102,206	Shared overhead reimbursement
Sales Tax Police	* General Fund	387,266	Shared overhead reimbursement
* Sales Tax Street	* General Fund	471,694	Shared overhead reimbursement
Various	Fleet Management	840,000	Shared overhead reimbursement
* General Fund	Animal Control	25,000	General operations
* General Fund	Airport Fund	19,292	Hangar assistance
* General Fund	Sales Tax Park	155,000	Park improvements
* General Fund	Local Seizure Fund	159	Reimbursement
* General Fund	Emergency Management	15,000	Reimbursement
* General Fund	CIEDA (Component unit)	400,000	Airport management, economic incentives
* General Fund	CIEDA (Component unit)	28,410	Incremental hotel and sales tax (TIF3)
* CPWA	CIEDA (Component unit)	182,388	Incremental utility revenue (TIF1)
Airport Fund	CIEDA (Component unit)	51,271	Hangar assistance
CIEDA (Component Unit)	* CPWA	516,877	TIF Baker Hughes - Hospital Trust payment
* CPWA	* Sales Tax Street	26,531	Fixed asset acquisitions
* CPWA	CCDA	38,146	Fixed asset acquisitions
* CPWA	Governmental activities	3,086,718	Fixed asset transfer (non-cash), net
		<u>\$ 23,659,361</u>	

* Represents major fund

Reconciliation to Fund Financial Statements:

	Transfers in	Transfers out	Total
Governmental Funds	\$ 13,176,449	\$ 9,206,364	\$ 3,970,085
Proprietary Funds	6,734,125	13,936,120	(7,201,995)
Total funds	19,910,574	23,142,484	(3,231,910)
Fixed asset transfer to governmental from business-type activities, net	3,086,718	-	3,086,718
Total primary government	22,997,292	23,142,484	(145,192)
Component unit (CIEDA)	662,069	516,877	145,192
Total government wide	<u>\$ 23,659,361</u>	<u>\$ 23,659,361</u>	<u>\$ -</u>

NOTES TO BASIC FINANCIAL STATEMENTS

3.H. FUND BALANCES AND RESTRICTIONS

Government-Wide Financial Statements

Net position restrictions at June 30, 2023 were as follows:

Fund	Restricted By	Amount
Cemetery Care Fund	State statute	\$ 234,677
CPWA	Debt covenants - external	2,768,582
CPWA	Hospital Trust Agreement	9,473,616
		<u>\$12,476,875</u>

Fund Level Financial Statements

	General Fund	Sales Tax Street Fund	EXPO/WWTP Sales Tax Fund	Other Governmental Fund	Total
Fund Balance:					
Nonspendable:					
Inventory	\$ 14,969	\$ 89,893	\$ -	\$ -	\$ 104,862
Restricted For:					
Cemetery	-	-	-	234,677	234,677
Committed For:					
Street improvements - city ordinance	-	10,859,660	-	-	10,859,660
Debt service - city ordinance	-	-	3,603,252	-	3,603,252
Park improvements -city ordinance	-	-	-	1,593,425	1,593,425
Police operations - city ordinance	-	-	-	707,270	707,270
Fire service - city ordinance	-	-	-	699,935	699,935
Capital improvement - city ordinance	-	-	-	2,457,452	2,457,452
Accrued leave - state constitution	1,489,548	-	-	-	1,489,548
Sub-total committed	<u>1,489,548</u>	<u>10,859,660</u>	<u>3,603,252</u>	<u>5,458,082</u>	<u>21,410,542</u>
Assigned for:					
Budgetary - council resolution	1,667,083	-	-	-	1,667,083
Police and judiciary -council resolution	-	-	-	237,856	237,856
Emergency management -council resolution	-	-	-	252,389	252,389
Fleet management -council resolution	-	-	-	106,915	106,915
Library operations-council resolution	-	-	-	89,762	89,762
Capital improvements -council resolution	-	-	-	513,962	513,962
Sub-total assigned	<u>1,667,083</u>	<u>-</u>	<u>-</u>	<u>1,200,884</u>	<u>2,867,967</u>
Unassigned:	<u>1,192,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,192,340</u>
TOTAL FUND BALANCE	<u>\$ 4,363,940</u>	<u>\$ 10,949,553</u>	<u>\$ 3,603,252</u>	<u>\$ 6,893,643</u>	<u>\$ 25,810,388</u>

NOTE 4. OTHER NOTES

4.A. DEFINED BENEFIT PENSION PLANS

The City participates in three employee pension systems as follows:

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

NOTES TO BASIC FINANCIAL STATEMENTS

Plan Descriptions

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

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

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

The overall operations of the OMRF are supervised by a nine-member Board of Trustees elected by the participating municipalities. JPMorgan Chase Bank ("JPMorgan") acts as securities custodian. The Fund utilizes mutual funds, collective trust funds of banks and trust companies, or separate accounts specifically tailored for the Fund by investment advisors. At July 1, 2022, the City's OMRF plan had 147 active participants, 50 retired participants in payment status, 3 survivors in payment status, 9 disabled participants, and 18 deferred vested former employees.

Plan Benefits

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

OPPRS

The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable,

NOTES TO BASIC FINANCIAL STATEMENTS

without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

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

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

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

OFPRS

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

OMRF

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

Member and Employer Contributions

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

OPPRS

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

OFPRS

Required employer contribution levels are 14% of applicable earnings and firefighters contribute 9%, however, the City contributes the firefighters' contribution as well, bringing the total City employer contribution to 23% of covered payroll. In addition, member cities contribute \$60 for each volunteer firefighter. The Oklahoma Legislature has the authority to establish and amend contribution amounts. The State of Oklahoma, a non-employer contributing entity, presently allocates 36% of the insurance premium tax collected from various types of insurance policies to the Plan. The State of Oklahoma may also appropriate additional funds annually as needed to pay current costs and to amortize the unfunded actuarial present value of accumulated plan benefits.

OMRF

Employee contribution rates are set by ordinance by the City Council at 6% for employees hired before 7/1/2010 and 3.75% for employees hired after 7/1/2010. Since employee contributions are set by ordinance, the employer contributions are determined to be the amount to meet the Plan's actuarial requirements. The actuarial report prepared 7/1/2022 set the employer contribution rate a 6.44% and 7.46% of covered payroll for the fiscal year ended June 30, 2022 and 2023, respectively. OMRF participating employees include employees of the City's governmental activities, business-type activities, and CIEDA, a discretely presented component unit. Total employee contributions in the fiscal year ended June 30, 2023 from all sources totaled \$818,113 which equals the actuarially determined amount.

NOTES TO BASIC FINANCIAL STATEMENTS

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

At June 30, 2023, the City of Claremore reported a liability for its proportionate share of the net pension liability for the OFPRS, OPPRS, and OMRF. The net pension liability (asset) for all three plans was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of July 1, 2022. The City's proportionate share of the net pension liability was based on the City's share of contributions in the respective pension plan relative to the total contributions of all participating OPPRS or OFPRS Plan employers since the plans are cost sharing-multiple employer type plans. At June 30, 2022, the City's proportionate share was 0.6728 percent of the total OPPRS plan and 1.001484 percent of the total OFPRS plan. Since the OMRF is an agent multiple employer plan, the net pension liability (asset) is determined for the City's plan alone.

For the year ended June 30, 2023, the City recognized pension expense of \$173,836 and \$1,881,024 for the OPPRS and OFPRS plans, respectively, and a \$365,812 expense for the OMRF plan. At June 30, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to the three defined benefit pension plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPPRS		
Difference between expected and actual plan experience	\$ 264,638	\$ 58,767
Net difference between projected and actual earnings on pension plan investments	2,856,978	2,330,524
Changes in assumptions	18,783	-
Contributions subsequent to the measurement date	405,277	-
OFPRS		
Difference between expected and actual plan experience	1,681,269	66,116
Net difference between projected and actual earnings on pension plan investments	5,783,081	4,261,096
Changes in assumptions	-	83,503
Contributions subsequent to the measurement date	742,283	-
OMRF		
Difference between expected and actual plan experience	156,130	633,729
Changes in assumptions	159,055	384,419
Net difference between projected and actual earnings on pension plan investments	3,968,890	2,223,163
Contributions subsequent to the measurement date	818,113	-
	<u>\$ 16,854,497</u>	<u>\$ 10,041,317</u>
 Reconciliation to the Statement of Net Position:		
Governmental activities	\$ 14,773,003	\$ 9,694,548
Business-type activities	2,212,511	1,349,032
Discretely presented component unit (CIEDA)	165,149	109,845
Subtract OPEB (to reconcile, see Note 4C)	(296,166)	(1,112,108)
Total pension related	<u>\$ 16,854,497</u>	<u>\$ 10,041,317</u>

NOTES TO BASIC FINANCIAL STATEMENTS

Amounts reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension expense in the year ending June 30, 2024.

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

Year ended June 30:	
2024	\$ 1,262,630
2025	809,099
2026	5,937
2027	2,783,104
2028	<u>(13,263)</u>
Total	<u>\$ 4,847,507</u>

Actuarial Assumptions

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

The total pension liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

The most recent experience study for OPPRS and OFPRS considered actual System experience for the period July 2012 through June 30, 2017. The last Analysis of Demographic Experience of the OMRF considered Fund experience for the years 2017-2022. Total Pension Liability for both Plans as of June 30, 2022 is based on the results of an actuarial valuation date of July 1, 2022.

The long-term expected rate of return on pension plan investments for all plans was determined using the building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major class included in each pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

Asset Class	OPPRS	OFPRS	OMRF		
	LT Expected Real Return	LT Expected Real Return	Target	LT Expected Real Return	Weighted Return
Domestic equity	5.16%	7.72%	35%	5.8%-6.4%	1.45%-0.64%
International equity	8.61%	9.70%	20%	6.20%	1.24%
Other equity	8.23%		10%	5.00%	0.50%
Domestic fixed income	3.27%	4.38%	30%	2.30%	0.69%
Global fixed income	3.27%				
Real estate	4.97%	6.96%	5%	4.60%	0.23%
Other assets	2.42%	5.75%			
				Total	4.75%
				Inflation	2.75%
					<u>7.50%</u>
Target weighting by class:					
Total fixed income target	25%	10%-30%	30%		
Total equity target	60%	45% - 65%	65%		
Total other assets target	15%	5%-28%	5%		

Discount Rate

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2022 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2022 and the City's report ending date of June 30, 2023 that would have had a significant impact on the net pension asset. The following table reports the components of changes in net pension asset for the OMRF plan:

CHANGES IN NET PENSION LIABILITY (OMRF PLAN)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at 7/1/2021	\$ 20,964,690	\$ 23,149,381	\$ (2,184,691)
Changes for the Year:			
Service cost	564,339		564,339
Interest cost	1,531,746		1,531,746
Difference between expected and actual experience	(384,690)		(384,690)
Assumption changes	(474,027)		(474,027)
Contributions - Employer		721,700	(721,700)
Contributions - Employee		309,554	(309,554)
Net investment income		(2,882,849)	2,882,849
Benefit payments, including refunds of employee contributions	(1,102,766)	(1,102,766)	-
Administrative expense		(39,766)	39,766
Net changes	134,602	(2,994,127)	3,128,729
Balance at 7/1/2022	\$ 21,099,292	\$ 20,155,254	\$ 944,038

NOTES TO BASIC FINANCIAL STATEMENTS

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

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

City of Claremore's Net Pension Liability (Asset)			
	1% Decrease	Current	1% Increase
Discount rate used >	6.50%	Discount	8.50%
		Rate 7.50%	
Cost sharing plans - proportionate share			
OPPRS	\$ (1,563,184)	\$ (539,514)	\$ (2,316,841)
OFPRS	10,306,738	13,096,745	3,488,321
Total net pension liability - cost sharing	8,743,554	12,557,231	1,171,480
Agent plan - "stand alone" determination:			
OMRF	3,600,159	944,038	(1,230,015)
Total - All City of Claremore's Plans	\$ 12,343,713	\$ 13,501,269	\$ (58,535)
Reconciliation to the Statement of Net Position:			
Governmental activities		\$ 12,901,863	
Business-type activities		574,556	
Discretely presented component unit (CIEDA)		24,850	
Total net pension liability		\$ 13,501,269	

Pension plan fiduciary net position

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

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

Payables to the pension plans

At June 30, 2023 the City reported no payables to the defined benefit pension plans for legally required employer contributions.

4.B. DEFINED CONTRIBUTION PLAN

The City offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457 ("the Plan"). The Plan, available to all City employees, permits them to defer a portion of their current salary to future years. Each

NOTES TO BASIC FINANCIAL STATEMENTS

participant may direct the Plan to invest his or her account balance in one or more of several investment funds. The Plan offers a variety of investment options that will provide participants with a reasonable opportunity to build diversified portfolios.

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

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

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

4.C. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Postemployment Health Insurance Implicit Rate Subsidy Plan

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

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

The amount of benefit payments during fiscal year June 30, 2023 were \$80,272.

Employees Covered by Benefit Terms

Active Employees	228
Retirees in Coverage Status	9
Spouses in Coverage Status	<u>3</u>
Total	<u>240</u>

NOTES TO BASIC FINANCIAL STATEMENTS

Total OPEB Liability- The total OPEB liability was determined based on an alternative measurement method valuation performed as of June 30, 2022 which is also the measurement date.

Actuarial Assumptions- The total OPEB liability in the June 30, 2022 valuation, was determined using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal Cost Method
- Discount Rate – 4.09% based on the 20 year municipal bond yield
- Retirement Age – Civilians - 55 with 7 years of service, Police and Fire 20 years of service
- Medical Trend Rates

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

Changes in Total OPEB Liability-

	Total OPEB Liability
Balances at Beginning of Year	\$ 3,156,387
Changes for the Year:	
Service cost	223,807
Interest expense	73,012
Differences between expected and actual experience	(282,072)
Change in assumptions	(642,706)
Benefits paid	(45,028)
Net Changes	(672,987)
Balances End of Year	\$ 2,483,400

NOTES TO BASIC FINANCIAL STATEMENTS

OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2023, the City recognized OPEB expense of \$82,880. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,172	\$ 381,596
Changes of assumptions	183,114	730,512
City Contributions subsequent to the measurement date	82,880	-
Total	\$ 296,166	\$ 1,112,108

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

Year Ended June 30:

2024	\$ (162,524)
2025	(158,557)
2026	(138,891)
2027	(87,482)
2028	(70,414)
Thereafter	(280,954)
	\$ (898,822)

Sensitivity of the City's total OPEB liability to changes in the discount rate- The following presents the City's net OPEB liability, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09 percent) or 1-percentage-point higher (5.09 percent) than the current discount rate:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
Employers' total OPEB liability	\$ 2,773,333	\$ 2,483,400	\$ 2,229,194

NOTES TO BASIC FINANCIAL STATEMENTS

Sensitivity of the City's OPEB liability to changes in the healthcare cost trend rates - The following presents the City's net OPEB liability, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.94 percent decreasing to 3.87 percent) or 1-percentage-point higher (6.94 percent decreasing to 5.87 percent) than the current healthcare cost trend rates:

	1% Decrease (4.94% decreasing to 3.87%)		Current Discount Rate (5.94 % decreasing to 4.87%)		1% Increase (6.94% decreasing to 5.87%)
Employers' total OPEB liability	\$ 2,196,788	\$	2,483,400	\$	2,825,364

4.D. TAX ABATEMENTS

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

RC Hospitality, LLC (the Developer) received rebated sales and hotel tax credits during 2023 that offset a portion of the payments due related to a development financing note issued to CIEDA on December 29, 2014. The agreement is for a maximum of 10 years from the effective date of the establishment of the Promise Hotel Increment District (TIF District #3). As part of the agreement, the Developer has constructed an 80-room hotel and conference center. The credit offsets are calculated as the amount of additional incremental sales and hotel tax revenue, over the established base, that is generated within the Promise Hotel Increment District. In the event that credits exceed the amount necessary to amortize the note, CIEDA retains the excess to be applied against the subsequent note payment.

4.E. CONDUIT DEBT OBLIGATIONS

Component Unit (CIEDA)

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

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

At June 30, 2023 the only remaining outstanding note was one that was issued on behalf of the Northeast Technology Center with a balance of \$5.6 million, maturing June 2027.

NOTES TO BASIC FINANCIAL STATEMENTS

4.F. RISK MANAGEMENT

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

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

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirement of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. For the self-insured worker's compensation program, changes in the claims liability for the City from July 1, 2020 through June 30, 2023 are as follows:

Claims liability analysis:

Claims liability, June 30, 2021	\$ 379,599
Claims and changes in estimates	70,503
Claim payments	(206,597)
Claims liability, June 30, 2022	243,505
Claims and changes in estimates	303,477
Claim payments	(294,164)
Claim liability, June 30, 2023	\$ 252,818

Assets available to pay claims at June 30, 2023 **\$ 239,153**

Because the year ended June 30, 2023 is the seventh year for the City to assume the risk of loss for workers compensation, the claims incurred but not reported has been estimated as the amount necessary to bring the total expense to the level the City previously incurred for insured coverage. This has resulted in the establishment of a reserve for incurred but not reported claims of \$1,017,521, or total claims reserve of \$1,270,339 including reported claims. The City has purchased reinsurance for individual claims more than \$750,000 for electric utility workers and \$500,000 for all others.

NOTES TO BASIC FINANCIAL STATEMENTS

Medical Self Insurance

Effective July 1, 2021, the City implemented a self-insurance program for employee medical insurance, administered by BlueCross BlueShield of Oklahoma (BCBS). Also effective July 1, 2021, the City has purchased a Stop Loss Coverage Policy from BCBS with a minimum Aggregate Point of Attachment of \$2,029,600 and with an Employer's Run-Off Claim Liability equal to 15% of the annualized Employer Claim Liability based on the participation of the two calendar months immediately preceding termination.

Claims liability analysis:

Claims liability, June 30, 2021	\$	--
Claims and changes in estimates		2,962,228
Claim payments		(2,602,146)
Claims liability, June 30, 2022		360,082
Claims and changes in estimates		2,670,073
Claim payments		(2,798,146)
Claim liability, June 30, 2023	\$	232,009

Assets available to pay claims at June 30, 2023 **\$ 189,830**

4.G. COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

Contingencies

Grant Program Involvement

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

Litigation

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

Subsequent Events

On August 10, 2023 The Claremore Public Works Authority issued the Series 2023 Promissory Note to the Oklahoma Water Resources Board in the amount of \$27,430,000 to finance improvements to the water and wastewater systems. The note bears interest ranging from 5.2% initially to 4.2% after 17 years, with a final payment made September 15, 2053.

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION

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

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

**CITY OF CLAREMORE
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to final Favorable (unfav)</u>
Beginning budgetary fund balance	\$ 3,575,179	\$ 3,575,179	\$ 5,162,130	\$ 1,586,951
Resources (inflows)				
Taxes				
Use tax	1,500,000	1,500,000	1,922,385	422,385
Franchise tax	656,000	656,000	731,493	75,493
Total taxes	<u>2,156,000</u>	<u>2,156,000</u>	<u>2,653,878</u>	<u>497,878</u>
Intergovernmental				
Alcoholic beverage tax	193,000	193,000	225,314	32,314
Tobacco tax	121,500	121,500	106,409	(15,091)
Grants and contributions	30,000	1,682,300	803,338	(878,962)
Total intergovernmental	<u>344,500</u>	<u>1,996,800</u>	<u>1,135,061</u>	<u>(861,739)</u>
Licenses and permits				
Occupational licenses	111,700	111,700	129,306	17,606
Construction Permits	13,230	13,230	21,035	7,805
Animal license	6,000	6,000	6,520	520
Inspection fees	20,000	20,000	30,491	10,491
Miscellaneous licenses and permits	57,000	57,000	54,222	(2,778)
Total licenses and permits	<u>207,930</u>	<u>207,930</u>	<u>241,574</u>	<u>33,644</u>
Charges for services				
Ambulance	400	400	565	165
Plots and interment	40,500	40,500	53,298	12,798
Miscellaneous fees	3,700	3,700	3,628	(72)
Total charges for services	<u>44,600</u>	<u>44,600</u>	<u>57,491</u>	<u>12,891</u>
Fines and forfeitures	<u>253,200</u>	<u>253,200</u>	<u>194,573</u>	<u>(58,627)</u>
Other income				
Investment income	15,000	15,000	118,133	103,133
Miscellaneous income	91,400	91,400	131,563	40,163
Total other income	<u>106,400</u>	<u>106,400</u>	<u>249,696</u>	<u>143,296</u>
Other financing sources				
Overhead transfers	1,701,890	1,701,890	1,701,890	-
Transfers in	9,950,000	10,047,000	10,047,000	-
	<u>11,651,890</u>	<u>11,748,890</u>	<u>11,748,890</u>	<u>-</u>
Amounts available for appropriation	<u>18,339,699</u>	<u>20,088,999</u>	<u>21,443,293</u>	<u>1,354,294</u>

(CONTINUED)

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CLAREMORE
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

(CONTINUED)	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to final Favorable (unfav)</u>
Charges to appropriations (outflows)				
General government:				
Information technology	620,013	625,305	571,594	53,711
Human resources	290,119	293,648	274,059	19,589
City clerk	164,330	167,859	163,422	4,437
Managerial	432,898	434,662	436,767	(2,105)
Finance	444,650	453,470	426,554	26,916
General government	999,547	999,547	343,721	655,826
Development services	772,447	784,795	697,959	86,836
Custodial	96,409	98,174	82,093	16,081
Non departmental	40,000	1,294,262	58,663	1,235,599
Total general government	<u>3,860,413</u>	<u>5,151,722</u>	<u>3,054,832</u>	<u>2,096,890</u>
Public safety and judiciary				
Police and court	5,904,411	5,981,500	5,387,558	593,942
Fire	5,342,803	5,430,895	5,379,823	51,072
Total public safety and judiciary	<u>11,247,214</u>	<u>11,412,395</u>	<u>10,767,381</u>	<u>645,014</u>
Cultural, parks, recreation, and promotion				
Library	463,395	473,980	447,995	25,985
Cemetery	179,760	183,289	167,161	16,128
Recreation	734,432	753,836	778,305	(24,469)
Senior Citizens	469,313	476,369	484,043	(7,674)
Total cultural, parks, recreation, and promotion	<u>1,846,900</u>	<u>1,887,474</u>	<u>1,877,504</u>	<u>9,970</u>
Capital outlay	<u>150,000</u>	<u>247,000</u>	<u>53,952</u>	<u>193,048</u>
Other financing uses				
Transfers to other funds	576,620	731,856	618,463	113,393
Hotel room tax agreement	160,000	160,000	278,811	(118,811)
Contributions to CIEDA	498,552	498,552	428,410	70,142
Total other financing uses	<u>1,235,172</u>	<u>1,390,408</u>	<u>1,325,684</u>	<u>64,724</u>
Total charges to appropriations	<u>18,339,699</u>	<u>20,088,999</u>	<u>17,079,353</u>	<u>3,009,646</u>
Ending budgetary fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,363,940</u>	<u>\$ 4,363,940</u>

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CLAREMORE
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
SALES TAX STREET FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to final Favorable (unfav)</u>
Beginning budgetary fund balance	\$ 3,791,389	\$ 4,151,389	\$ 11,244,396	\$ 7,093,007
Resources (inflows)				
Taxes				
Sales tax	4,083,333	4,083,333	5,197,246	1,113,913
Intergovernmental				
Gasoline excise tax	34,000	34,000	27,441	(6,559)
Commercial vehicle fee	140,000	140,000	154,139	14,139
Miscellaneous	9,000	9,000	252,597	243,597
Total intergovernmental	183,000	183,000	434,177	251,177
Other income				
Investment income	21,000	21,000	37,206	16,206
Transfer in	-	38,809	119,306	80,497
Total other income	21,000	59,809	156,512	96,703
Amounts available for appropriation	8,078,722	8,477,531	17,032,331	8,554,800
Charges to appropriations (outflows)				
Personal services	1,992,389	2,031,198	1,871,129	160,069
Material and supplies	1,054,640	1,234,640	937,908	296,732
Capital outlay	4,434,735	4,614,735	2,663,718	1,951,017
Transfer to other funds	-	-	9,065	(9,065)
Overhead transfers	600,958	600,958	600,958	-
Total charges to appropriations	8,082,722	8,481,531	6,082,778	2,398,753
Ending budgetary fund balance	\$ (4,000)	\$ (4,000)	\$ 10,949,553	\$ 10,953,553

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CLAREMORE
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
EXPO/WWTP SALES TAX FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to final Favorable (unfav)</u>
Beginning budgetary fund balance	\$ 2,941,677	\$ 2,941,667	\$ 4,261,242	\$ 1,319,575
Resources (inflows)				
Taxes				
Sales tax	4,083,333	4,083,333	5,197,246	1,113,913
Other income				
Investment income	15,000	15,000	18,392	3,392
Amounts available for appropriation	<u>7,040,010</u>	<u>7,040,000</u>	<u>9,476,880</u>	<u>2,436,880</u>
Charges to appropriations (outflows)				
Material and supplies	-	-	758,469	(758,469)
Capital outlay	1,811,180	1,811,180	-	1,811,180
Transfers out	4,868,830	4,868,830	5,115,158	(246,328)
Total charges to appropriations	<u>6,680,010</u>	<u>6,680,010</u>	<u>5,873,627</u>	<u>806,383</u>
Ending budgetary fund balance	<u>\$ 360,000</u>	<u>\$ 359,990</u>	<u>\$ 3,603,253</u>	<u>\$ 3,243,263</u>

**CITY OF CLAREMORE, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

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

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

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

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

Budgetary Accounting

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

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

CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORT
For the fiscal year ended June 30, 2023

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Oklahoma Police Pension and Retirement Plan</u>									
City's portion of net pension liability	0.6728%	0.6328%	0.6768%	0.6230%	0.6495%	0.6660%	0.6799%	0.7120%	0.6911%
City's proportionate share of the net pension liability (asset)	\$ (539,514)	\$ (3,035,808)	\$ 777,304	\$ (39,770)	\$ (300,409)	\$ 51,225	\$ 1,041,153	\$ 29,030	\$ (232,695)
City's covered-employee payroll	\$ 2,409,842	\$ 2,189,926	\$ 2,266,817	\$ 2,025,826	\$ 1,981,294	\$ 1,985,885	\$ 2,004,941	\$ 2,012,431	\$ 1,933,492
City's proportional share of the net pension liability as a percentage of its covered employee payroll	-22.388%	-138.626%	34.291%	-1.963%	-15.162%	2.579%	51.929%	1.443%	-12.035%
Plan fiduciary net position as a percentage of the total pension liability	102.74%	117.07%	95.80%	100.24%	101.89%	99.68%	93.50%	99.82%	101.53%
<u>Oklahoma Firefighters Pension and Retirement Plan</u>									
City's portion of net pension liability	1.0015%	1.0205%	0.9850%	0.9782%	1.0249%	0.9962%	1.0032%	1.0257%	0.9876%
City's proportionate share of the net pension liability	\$ 13,096,745	\$ 6,720,943	\$ 12,133,753	\$ 10,335,850	\$ 11,536,306	\$ 12,529,415	\$ 12,256,138	\$ 10,887,371	\$ 10,155,561
City's covered-employee payroll	\$ 3,227,316	\$ 3,037,053	\$ 3,161,621	\$ 3,024,864	\$ 3,048,129	\$ 2,638,707	\$ 2,806,136	\$ 2,802,586	\$ 2,636,429
City's proportional share of the net pension liability as a percentage of its covered employee payroll	405.81%	221.30%	383.78%	341.70%	378.47%	474.83%	436.76%	388.48%	385.20%
Plan fiduciary net position as a percentage of the total pension liability	69.49%	84.24%	69.98%	72.85%	70.73%	66.61%	64.87%	68.27%	68.12%
<u>Employee Retirement System of Claremore, Oklahoma (OMRF)</u>									
City's portion of net pension liability	100%	100%	100%	100%	100%	100%	100%	100%	100%
City's net pension liability (asset)	\$ 944,038	\$ (2,184,691)	\$ 1,786,092	\$ 1,709,145	\$ 370,488	\$ (169,460)	\$ 700,958	\$ (152,767)	\$ (650,127)
City's covered-employee payroll	\$ 7,170,955	\$ 6,783,215	\$ 6,555,590	\$ 6,789,906	\$ 6,095,827	\$ 5,927,200	\$ 5,600,491	\$ 5,452,954	\$ 5,230,443
City's proportional share of the net pension liability as a percentage of its covered employee payroll	13.16%	-32.21%	27.25%	25.17%	6.08%	-2.86%	12.52%	-2.80%	-12.43%
Plan fiduciary net position as a percentage of the total pension liability	110.42%	110.42%	91.22%	91.43%	97.99%	100.99%	95.77%	100.97%	104.32%

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Oklahoma Police Pension and Retirement Plan</u>									
Statutorily required contribution	\$ 405,277	\$ 405,143	\$ 372,273	\$ 385,359	\$ 341,104	\$ 338,030	\$ 356,470	\$ 340,840	\$ 342,113
Contributions related to the statutorily required contributions (does not include State contributions)	405,277	405,143	372,273	385,359	341,104	338,030	356,470	340,840	342,113
Contribution (deficiency) excess	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 2,383,982	\$ 2,383,194	\$ 2,189,841	\$ 2,266,817	\$ 2,025,826	\$ 1,981,294	\$ 1,985,885	\$ 2,012,431	\$ 1,933,492
Contributions as a percentage of covered-employee payroll	17%	17%	17%	17%	17%	17%	18%	17%	18%
<u>Oklahoma Firefighters Pension and Retirement Plan</u>									
Statutorily required contribution	\$ 742,283	\$ 698,522	\$ 696,458	\$ 727,173	\$ 636,090	\$ 617,110	\$ 617,625	\$ 645,411	\$ 644,595
Contributions related to the statutorily required contributions (does not include State contributions)	742,283	698,522	696,458	727,173	636,090	617,110	617,625	645,411	644,595
Contribution (deficiency) excess	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 3,227,317	\$ 3,037,052	\$ 3,028,078	\$ 3,161,621	\$ 3,024,864	\$ 3,048,129	\$ 2,638,707	\$ 2,802,586	\$ 2,636,429
Contributions as a percentage of covered-employee payroll	23%	23%	23%	23%	21%	20%	23%	23%	24%
<u>Employee Retirement System of Claremore, Oklahoma (OMRF)</u>									
Statutorily required contribution	\$ 818,113	\$ 705,345	\$ 505,390	\$ 487,174	\$ 307,385	\$ 254,129	\$ 281,445	\$ 268,264	\$ 277,010
Contributions related to the statutorily required contributions	818,113	705,345	505,390	487,174	307,385	254,129	281,445	268,264	277,010
Contribution (deficiency) excess	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 8,778,036	\$ 10,952,562	\$ 7,775,231	\$ 6,555,590	\$ 6,789,906	\$ 6,095,827	\$ 5,927,200	\$ 5,600,491	\$ 5,452,954
Contributions as a percentage of covered-employee payroll	9.32%	6.44%	6.50%	7.43%	4.53%	4.17%	4.75%	4.79%	5.08%

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 223,807	\$ 199,012	\$ 159,587	\$ 157,279	\$ 168,230	\$ 183,075
Interest	73,012	70,017	92,998	101,586	102,946	80,015
Differences between expected and actual experience	(282,072)	(25,751)	46,813	(101,292)	(162,476)	-
Changes in assumptions (discount rate)	(642,706)	24,189	255,184	(46,817)	(259,971)	(172,326)
Expected net benefit payments	(45,028)	(80,272)	(82,880)	(80,942)	(88,401)	(82,790)
Net change in total OPEB liability	<u>(672,987)</u>	<u>187,195</u>	<u>471,702</u>	<u>29,814</u>	<u>(239,672)</u>	<u>7,974</u>
Balances at Beginning of Year	<u>3,156,387</u>	<u>2,969,192</u>	<u>2,497,490</u>	<u>2,467,676</u>	<u>2,707,348</u>	<u>2,699,374</u>
Balances End of Year	<u>\$ 2,483,400</u>	<u>\$ 3,156,387</u>	<u>\$ 2,969,192</u>	<u>\$ 2,497,490</u>	<u>\$ 2,467,676</u>	<u>\$ 2,707,348</u>
Covered employee payroll	\$13,040,000	\$11,315,000	\$10,851,000	\$11,290,000	\$10,580,000	\$11,332,000
Net OPEB liability as a percentage of covered- employee payroll	19.04%	27.90%	27.36%	22.12%	23.32%	23.89%

Notes to Schedule:

Only 6 fiscal years are presented because 10-year data is not yet available

THIS PAGE INTENTIONALLY LEFT BLANK

OTHER INFORMATION

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

Such statements and schedules include:

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

**CITY OF CLAREMORE, OKLAHOMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

SPECIAL REVENUE FUNDS

	Police Juvenile Fund	Drug Seizure Fund	Sales Tax Park	IRS Seizures Fund	Local Seizures Fund	Sales Tax Police	Sales Tax Fire	Animal Control Fund	Emergency Taxes	Cemetery Care Fund
ASSETS										
Cash	\$ 71,973	\$ 113	\$ 1,258,208	\$ 40,260	\$ 53,353	\$ 475,447	\$ 494,730	\$ 78,632	\$ 69,152	\$ 20,329
Prepaid Expenses	1,200	-	-	-	-	7,506	818	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-
Investments	-	-	212,922	-	-	51,775	56,632	-	113,696	217,415
Receivables:										
Due from other governments	-	-	178,549	-	-	178,549	178,549	-	-	-
Grants	-	-	-	-	-	7,800	2,599	-	-	-
Accrued interest	-	-	124	-	-	30	33	-	66	126
Total assets	\$ 73,173	\$ 113	\$ 1,649,803	\$ 40,260	\$ 53,353	\$ 721,107	\$ 733,361	\$ 78,632	\$ 182,914	\$ 237,870
LIABILITIES										
Accounts payable and accrued liabilities	\$ 3,608	\$ -	\$ 56,378	\$ -	\$ -	\$ 13,837	\$ 33,426	\$ 4,067	\$ 2,063	\$ 3,193
Total liabilities	3,608	-	56,378	-	-	13,837	33,426	4,067	2,063	3,193
FUND BALANCES										
Restricted	-	-	-	-	-	-	-	-	-	234,677
Committed	-	-	1,593,425	-	-	707,270	699,935	-	-	-
Assigned	69,565	113	-	40,260	53,353	-	-	74,565	180,851	-
Total fund balances	69,565	113	1,593,425	40,260	53,353	707,270	699,935	74,565	180,851	234,677
Total liabilities and fund balances	\$ 73,173	\$ 113	\$ 1,649,803	\$ 40,260	\$ 53,353	\$ 721,107	\$ 733,361	\$ 78,632	\$ 182,914	\$ 237,870

(CONTINUED)

**CITY OF CLAREMORE, OKLAHOMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	SPECIAL REVENUE FUNDS (CONT'D)			CAPITAL PROJECT FUNDS			Total Nonmajor Governmental Funds	
	(CONTINUED)			Capital Improvement				
	Emergency Management	Fleet Maintenance	Library Fund	Sales Tax	Airport Fund	CDBG Sewer Fund	Bicycle Trails Grant	
ASSETS								
Cash	\$ 84,523	\$ 99,886	\$ 91,547	\$ 1,072,507	\$ 56,862	\$ 201,529	\$ 208,140	\$ 4,377,191
Prepaid Expenses	-	-	-	750	-	-	-	10,274
Inventory	-	82,073	-	-	-	-	-	82,073
Investments	-	-	-	1,156,952	-	-	-	1,809,392
Receivables:								
Due from other governments	-	-	-	357,099	-	-	-	892,746
Grants	3,750	-	-	-	894,230	50,118	-	958,497
Accrued interest	-	-	-	672	-	-	-	1,051
Total assets	\$ 88,273	\$ 181,959	\$ 91,547	\$ 2,587,980	\$ 951,092	\$ 251,647	\$ 208,140	\$ 8,131,224
LIABILITIES								
Accounts payable and accrued liabilities	\$ 16,735	\$ 75,044	\$ 1,785	\$ 130,528	\$ 895,513	\$ 1,404	\$ -	\$ 1,237,581
Total liabilities	16,735	75,044	1,785	130,528	895,513	1,404	-	1,237,581
FUND BALANCES								
Restricted	-	-	-	-	-	-	-	234,677
Committed	-	-	-	2,457,452	-	-	-	5,458,082
Assigned	71,538	106,915	89,762	-	55,579	250,243	208,140	1,200,884
Total fund balances	71,538	106,915	89,762	2,457,452	55,579	250,243	208,140	6,893,643
Total liabilities and fund balances	\$ 88,273	\$ 181,959	\$ 91,547	\$ 2,587,980	\$ 951,092	\$ 251,647	\$ 208,140	\$ 8,131,224

CITY OF CLAREMORE, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SPECIAL REVENUE FUNDS

	Police Juvenile Fund	Drug Seizure Fund	Sales Tax Park	IRS Seizures Fund	Local Seizures Fund	Sales Tax Police	Sales Tax Fire	Animal Control Fund	Emergency Taxes	Cemetery Care Fund
REVENUES										
Taxes	\$ -	\$ -	\$ 1,039,449	\$ -	\$ -	\$ 1,039,449	\$ 1,039,449	\$ -	\$ 16,072	\$ -
Grants	-	-	-	-	-	6,600	-	-	-	-
Charges for services	-	-	-	-	-	-	-	26,219	-	51,306
Fines and forfeitures	12,228	-	-	-	-	-	-	-	-	-
Investment income	-	-	886	-	-	215	235	-	472	904
Miscellaneous	-	-	62,337	-	1,901	181,482	10,602	15,518	-	570
Total revenues	<u>12,228</u>	<u>-</u>	<u>1,102,672</u>	<u>-</u>	<u>1,901</u>	<u>1,227,746</u>	<u>1,050,286</u>	<u>41,737</u>	<u>16,544</u>	<u>52,780</u>
EXPENDITURES										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	9,281	-	-	-	-	442,074	323,476	50,175	23,989	-
Transportation	-	-	-	-	-	-	-	-	-	-
Cultural, Parks, Recreation	-	-	553,372	-	-	-	-	-	-	16,469
Fleet maintenance	-	-	-	-	-	-	-	-	-	-
Debt service										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	463,761	-	-	365,761	482,644	-	-	18,113
Total expenditures	<u>9,281</u>	<u>-</u>	<u>1,017,133</u>	<u>-</u>	<u>-</u>	<u>807,835</u>	<u>806,120</u>	<u>50,175</u>	<u>23,989</u>	<u>34,582</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	155,000	-	159	-	-	25,000	-	-
Transfers out	-	-	(161,462)	-	-	(491,248)	(491,875)	-	-	(9,794)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(6,462)</u>	<u>-</u>	<u>159</u>	<u>(491,248)</u>	<u>(491,875)</u>	<u>25,000</u>	<u>-</u>	<u>(9,794)</u>
NET CHANGE IN FUND BALANCES	<u>2,947</u>	<u>-</u>	<u>79,077</u>	<u>-</u>	<u>2,060</u>	<u>(71,337)</u>	<u>(247,709)</u>	<u>16,562</u>	<u>(7,445)</u>	<u>8,404</u>
FUND BALANCES - BEGINNING	66,618	113	1,514,348	40,260	51,293	778,607	947,644	58,003	188,296	226,273
FUND BALANCES - ENDING	<u>\$ 69,565</u>	<u>\$ 113</u>	<u>\$ 1,593,425</u>	<u>\$ 40,260</u>	<u>\$ 53,353</u>	<u>\$ 707,270</u>	<u>\$ 699,935</u>	<u>\$ 74,565</u>	<u>\$ 180,851</u>	<u>\$ 234,677</u>

CITY OF CLAREMORE, OKLAHOMA
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	SPECIAL REVENUE FUNDS (CONT'D)			CAPITAL PROJECT FUNDS				Total Nonmajor Governmental Funds
	(CONTINUED)			Capital Improvement Sales Tax	Airport Fund	CDBG Sewer Fund	Bicycle Trails Grant	
	Emergency Management	Fleet Maintenance	Library Fund					
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ 2,078,898	\$ -	\$ -	\$ -	\$ 5,213,317
Grants	7,043	-	16,331	-	908,910	117,896	-	1,056,780
Charges for services	-	-	16,088	-	-	-	-	93,613
Fines and forfeitures	-	-	-	-	-	-	-	12,228
Investment income	-	-	-	4,810	-	-	-	7,522
Miscellaneous	2,831	8,086	7,995	2,500	-	80,000	-	373,822
Total revenues	<u>9,874</u>	<u>8,086</u>	<u>40,414</u>	<u>2,086,208</u>	<u>908,910</u>	<u>197,896</u>	<u>-</u>	<u>6,757,282</u>
EXPENDITURES								
General government	-	-	-	167,121	-	117,390	-	284,511
Public safety	102,055	-	-	168,928	-	-	-	1,119,978
Transportation	-	-	-	-	944,928	-	-	944,928
Cultural, Parks, Recreation	-	-	44,664	49,139	-	-	-	663,644
Fleet maintenance	-	970,715	-	-	-	-	-	970,715
Debt service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	725,783	-	-	-	2,056,062
Total expenditures	<u>102,055</u>	<u>970,715</u>	<u>44,664</u>	<u>1,110,971</u>	<u>944,928</u>	<u>117,390</u>	<u>-</u>	<u>6,039,838</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	15,000	851,248	-	-	19,292	251,618	-	1,317,317
Transfers out	-	-	-	(765,997)	(51,271)	(192,917)	-	(2,164,564)
Total other financing sources (uses)	<u>15,000</u>	<u>851,248</u>	<u>-</u>	<u>(765,997)</u>	<u>(31,979)</u>	<u>58,701</u>	<u>-</u>	<u>(847,247)</u>
NET CHANGE IN FUND BALANCES	<u>(77,181)</u>	<u>(111,381)</u>	<u>(4,250)</u>	<u>209,240</u>	<u>(67,997)</u>	<u>139,207</u>	<u>-</u>	<u>(129,803)</u>
FUND BALANCES - BEGINNING	<u>148,719</u>	<u>218,296</u>	<u>94,012</u>	<u>2,248,212</u>	<u>123,576</u>	<u>111,036</u>	<u>208,140</u>	<u>7,023,446</u>
FUND BALANCES - ENDING	<u>\$ 71,538</u>	<u>\$ 106,915</u>	<u>\$ 89,762</u>	<u>\$ 2,457,452</u>	<u>\$ 55,579</u>	<u>\$ 250,243</u>	<u>\$ 208,140</u>	<u>\$ 6,893,643</u>

**CLAREMORE PUBLIC WORKS AUTHORITY
SCHEDULE OF REVENUE BOND AND NOTE COVERAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Electric	Water & Sewer
Gross Revenue Available for Debt Service:		
Electric system revenues (1)	\$ 37,108,282	\$ -
Water and sewer systems revenues (1)	-	7,255,377
Investment income (split evenly)	155,787	155,786
Sales tax revenues (2)	5,197,246	5,197,246
Total Gross Revenues Available	42,461,315	12,608,409
System operating expenses (3)	25,971,367	5,031,183
Net revenues available for debt service	\$ 16,489,948	\$ 7,577,226
Average Annual Debt Service Requirements for Term:		
CPWA Utility System and Sales Tax Revenue Note, Series 2015	\$ -	\$ 1,704,864
CPWA Utility System and Sales Tax Revenue Note, Series 2019	-	354,635
CPWA Utility System and Sales Tax Revenue Note, Series 2020	-	316,875
CPWA Electric System Revenue Refunding Note, Taxable, Series 2021	4,234,860	-
Total average annual debt service	\$ 4,234,860	\$ 2,376,374
Computed Coverage	3.89	3.19
Coverage Requirement - Revenue Bond and Note Indentures	1.25	1.25

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

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

(3) Excludes depreciation.



**HINKLE &
COMPANY**
Strategic PC
Business Advisors

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

City Council
City of Claremore
Claremore, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Claremore (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 1, 2024.

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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hick & Company, PC

Tulsa, Oklahoma
April 1, 2024





**HINKLE &
COMPANY**
Strategic PC
Business Advisors

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

City Council
City of Claremore
Claremore, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Claremore's (the City) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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



Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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

We have audited the financial statements of the City as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated April 1, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hick & Company, PC

Tulsa, Oklahoma
April 1, 2024



**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass Through Agency Grantor/Program Title	Federal CFDA# Number	Pass-through Identifying Number	Federal Expenditures
FEDERAL AWARDS:			
<u>U. S. DEPARTMENT OF JUSTICE:</u>			
Bulletproof Vest Partnership Program	16.607	Direct	\$6,600
Total US Department of Justice			<u>6,600</u>
<u>US DEPARTMENT OF TRANSPORTATION</u>			
Airport Improvement Program	20.106	GCM Apron Rehabilitation	850,436
Airport Improvement Program	20.106	Airport Box Hangar Construction	23,072
Airport Improvement Program	20.106	Airport AWOS Replacement	5,309
Total US Department of Transportation			<u>878,817</u>
<u>US DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed through the Oklahoma Department of Emergency Management</i>			
Emergency Management Performance Grant	97.042	EMPG 22	7,500
Emergency Management Performance Grant	97.042	EMPG 23	7,500
Total US Department of Homeland Security			<u>15,000</u>
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed through the Oklahoma Department of Commerce:</i>			
Community Development Block Grant	14.228	18262 CDBG SC 21	57,830
COVID 19 - Community Development Block Grant	14.228	18112 CDBG CR 20	50,118
Total US Department of Housing and Urban Development			<u>107,948</u>
<u>U. S. DEPARTMENT OF THE TREASURY</u>			
<i>Passed through the Oklahoma Department of Emergency Management</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	City allocation	670,870
<i>Passed through Rogers County, Oklahoma</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027		65,380
Total US Department of the Treasury			<u>736,250</u>
TOTAL FEDERAL AWARDS			<u>\$1,744,615</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

This schedule includes the federal grant activity of the City of Claremore, Oklahoma under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") Because the schedule presents only a selected portion of the operations of the City of Claremore, Oklahoma, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City of Claremore, Oklahoma.

Note 2. Summary of Significant Accounting Policies

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

Note 3. De Minimis Indirect Cost Rate

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

City of Claremore
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2023

Summary of Auditor's Results

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

2. The independent auditor's report on internal control over financial reporting described:
 Significant deficiencies Yes None reported
 Material weaknesses? Yes No

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

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:
 Significant deficiencies? Yes None reported
 Material weaknesses? Yes No

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

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

7. The City's major program was:

Cluster/Program	CFDA Number
Federal Aviation Administration	20.106
Oklahoma Coronavirus State and Local Fiscal Recovery Funds	21.027
Oklahoma ARPA Funds for Senior Citizens - Rogers County	21.027

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was \$750,000.

9. The City qualified as a low-risk auditee as that term is defined in Uniform Guidance. Yes No

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

None to report for the year ended June 30, 2023.

City of Claremore
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

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

None to report for the year ended June 30, 2023.

City of Claremore
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2023

No matters were reportable.