

City of Collinsville



ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

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

**THE CITY OF COLLINSVILLE,
OKLAHOMA**

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

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

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

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Collinsville, Oklahoma

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Collinsville, Oklahoma, as of June 30, 2022, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinions

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

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Collinsville, Oklahoma's basic financial statements. The management's discussion and analysis (pages 9-14), the budgetary comparison information (pages 45-46), the combining fund financial statements—modified cash basis (pages 47-51), the schedule of expenditures of federal and state awards (pages 52-53) and debt service coverage (page 54) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The combining and non-major fund financial statements—modified cash basis and the schedule of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional and certain additional procedures, including comparing and reconciling such information or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements—modified cash basis, and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The management's discussion and analysis and the budgetary comparison information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2023, on our consideration of the City of Collinsville, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Collinsville, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Collinsville, Oklahoma's internal control over financial reporting and compliance.

HBC CPAs & Advisors

Oklahoma City, Oklahoma
January 24, 2023

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

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CITY OF COLLINSVILLE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

The management of the City of Collinsville is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the year ended June 30, 2022. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City's total net position increased by \$1,421,905 and the assets of the City exceed its liabilities at June 30, 2022, by \$10,154,796 (net position). \$2,458,683 of this amount is restricted for various purposes. The remaining \$7,696,113 is available to meet the government's ongoing needs.
- At June 30, 2022, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$5,021,757.
- The City's business-type activities reported a decrease in net position of \$826.

ABOUT THE CITY

The City of Collinsville is an incorporated municipality with a population of approximately 7,000 located in Tulsa County in northeastern Oklahoma. The City is a Commission/Manager form of government and operates under the charter that provides for three branches of government.

- Legislative – the City Commission is a five-member governing body elected by respective wards and the mayor is elected at large
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Commission
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Commission

The City provides typical municipal services such as public safety, street and alley maintenance, parks and recreation, and through its Municipal Authority, certain utility services including electric, water, wastewater, and sanitation.

The City's Financial Reporting Entity

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity", as amended by GASB Statement 61, that requires the primary government and all component units of which the primary government is financially accountable be included in the financial report. The City's financial reporting entity includes two separate legal entities reported as the primary government.

The City of Collinsville – an incorporated City that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the City – *reported as part of the primary government*

The Collinsville Municipal Authority (CMA) – public trust created pursuant to 60 O.S. § 176 that operates the electric, water, wastewater, and sanitation services of the City, governed by trustees comprised of the entire City Commissioners – *considered part of the primary government for reporting purposes*

In addition, as required by state law, all debt obligations incurred by the trust must be approved by two-thirds vote of the City Commissioners. This is considered sufficient imposition of will to include the trust within the City's financial reporting entity. The public trust does not issue separate annual financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Collinsville (the "City") and the Collinsville Municipal Authority (the "Municipal Authority"). Included in this report are government-wide statements for each of the two categories of activities - governmental and business-type.

The government-wide financial statements present the complete financial picture of the City from the modified cash basis of accounting. They present the government's activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions to ask about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. You will need to consider other non-financial factors, however, such as changes in the City's sales tax base, the condition of the City's roads, and quality of service to assess the overall health of the City. You will also need to keep in mind that these government-wide statements are prepared in accordance with the modified cash basis of accounting and include only those City assets and liabilities resulting from cash transactions.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities: *Governmental activities* - Most of the City's basic services are reported here, including the police, fire, administration, and streets. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities; and *Business-type activities* – Activities where the City charges a fee to customers to help cover all or most of the cost of certain services it provides are reported here. The City's electric, water, sewer, and sanitation utilities are reported as business-type activities.

Reporting the City's Most Significant Funds - Fund Financial Statements

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant (major) funds -- not the City as a whole. Some funds are required to be established by State law and by debt covenants. However, the City Commissioners may also establish certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds – *governmental and proprietary* – account for different types of activities.

Governmental funds - All of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds report their activities on a modified cash basis of accounting. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Proprietary funds - When the City, through the Municipal Authority, charges customers for the services it provides, these services are generally reported in proprietary funds. In this report, proprietary funds are also reported on the modified cash basis of accounting with these funds reporting the acquisition of capital assets and payments for debt principal as expenses and not as changes to asset and debt balances. The City's proprietary fund is the Collinsville Municipal Authority that accounts for the operation of the electric, water, sewer, and sanitation activities.

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 25-43 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents Budgetary Comparison Schedules for the General Fund and the 1999 Sales Tax Fund, combining and individual fund financial statements and schedules, schedules of federal and state awards, and a debt service coverage schedule.

THE CITY AS A WHOLE

For the year ended June 30, 2022, net position on a modified cash basis for the governmental and business-type activities increased \$1,421,905.

CITY OF COLLINSVILLE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

Net Position (Modified Cash Basis)
June 30, 2022

	Governmental Activities	Business-type Activities	Total
Beginning net position	\$ 3,599,026	\$ 5,133,865	\$ 8,732,891
Increase (decrease) in net position	1,422,731	(826)	1,421,905
Ending net position	\$ 5,021,757	\$ 5,133,039	\$ 10,154,796

Following is a summary of net position reported on a modified cash basis for the City of Collinsville:

	Governmental Activities		% Inc. (Dec.)	Business-type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2022	2021		2022	2021		2022	2021	
Assets:									
Current and other assets	\$ 5,026,081	\$ 3,606,197	39%	\$ 5,877,978	\$ 5,788,954	2%	\$ 10,904,059	\$ 9,395,151	16%
Total assets	5,026,081	3,606,197	39%	5,877,978	5,788,954	2%	10,904,059	9,395,151	16%
Liabilities:									
Current and other liabilities	4,324	7,171	-40%	23,318	13,735	70%	27,642	20,906	32%
Utility deposit liabilities	-	-		721,621	641,354	13%	721,621	641,354	13%
Total liabilities	4,324	7,171	-40%	744,939	655,089	14%	749,263	662,260	13%
Net position:									
Restricted	1,758,298	1,057,041	66%	700,385	682,720	3%	2,458,683	1,739,761	41%
Unrestricted	3,263,459	2,541,985	28%	4,432,654	4,451,145	0%	7,696,113	6,993,130	10%
Total net position	\$ 5,021,757	\$ 3,599,026	40%	\$ 5,133,039	\$ 5,133,865	0%	\$ 10,154,796	\$ 8,732,891	16%

The City's governmental activities had an increase in net position of \$1,422,731. The business-type activities had a decrease in net position of \$826.

Revenues, Expenses and Changes in Net Position (Modified Cash Basis)
Year Ended June 30, 2022

	Governmental Activities		% Inc. (Dec.)	Business-type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2022	2021		2021	2021		2022	2021	
Revenues:									
Program revenues:									
Charges for Services	\$ 1,732,399	\$ 1,567,974	10%	\$ 10,789,217	\$ 9,594,538	12%	\$ 12,521,616	\$ 11,162,512	12%
Grants & Contributions	82,717	683,121	-88%	-	-	-	82,717	683,121	-88%
Capital Grants, Contributions & Debt Proceeds	169,337	366,825	-54%	2,690,311	4,156,739	-35%	2,859,648	4,523,564	-37%
General Revenues:									
Sales Tax	4,347,337	3,743,148	16%	-	-	-	4,347,337	3,743,148	16%
Other Taxes	226,043	183,860	23%	-	-	-	226,043	183,860	23%
Other General Revenues	327,236	272,563	20%	680,545	87,768	675%	1,007,781	360,331	180%
Total Revenues	6,885,069	6,817,491	1%	14,160,073	13,839,045	2%	21,045,142	20,656,536	2%
Program Expenses:									
General Government	117,020	105,844	11%	-	-	-	117,020	105,844	11%
Public Safety	3,891,129	3,806,085	2%	-	-	-	3,891,129	3,806,085	2%
Highways and Streets	516,747	342,961	51%	-	-	-	516,747	342,961	51%
Culture and Recreation	251,087	295,979	-15%	-	-	-	251,087	295,979	-15%
Electric	-	-		7,899,390	5,625,854	40%	7,899,390	5,625,854	40%
Sanitation	-	-		842,188	758,825	11%	842,188	758,825	11%
Water	-	-		3,762,792	5,338,199	-30%	3,762,792	5,338,199	-30%
Sewer	-	-		1,462,778	1,198,631	22%	1,462,778	1,198,631	22%
Principal & Interest on Long-term debt	880,106	865,172	2%	-	-	-	880,106	865,172	2%
Total Expenses	5,656,089	5,416,041	4%	13,967,148	12,921,509	8%	19,623,237	18,337,550	7%
Excess (Deficiency)	1,228,980	1,401,450	-12%	192,925	917,536	-79%	1,421,905	2,318,986	-39%
Net Transfers	193,751	(26,764)	-824%	(193,751)	26,764	-824%	-	-	-
Increase (Decrease) in Net Position	\$ 1,422,731	\$ 1,374,686	3%	\$ (826)	\$ 944,300	-100%	\$ 1,421,905	\$ 2,318,986	-39%
Beginning Net Position	3,599,026	2,224,340	62%	5,133,865	4,189,565	23%	8,732,891	6,413,905	36%
Ending Net Position	\$ 5,021,757	\$ 3,599,026	40%	\$ 5,133,039	\$ 5,133,865	0%	\$ 10,154,796	\$ 8,732,891	16%

CITY OF COLLINSVILLE, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

In governmental activities, grants and contributions decreased \$600,404 from the prior year mainly due to the CARES Act grants received in the prior year. Capital grants, contributions and debt proceeds decreased \$197,488 from the prior year due to the issuance of the Fire capital lease financing in prior year.

In business-type activities, capital grants, contributions & debt proceeds decreased \$1,466,428 due primarily to the issuance of the 2019 OWRB note in prior year. The OWRB note also contributed to a decrease in expenses from prior year. Other general revenues increased \$592,777 from the prior year due mainly to the ARPA grant received in current year.

Governmental Activities

Net Revenue (Expense) of Governmental Activities
(In Thousands)

	<u>Total Expense of Services</u>		<u>% Inc. (Dec.)</u>	<u>Net Revenue (Expense) of Services</u>		<u>% Inc. (Dec.)</u>
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
	General government	\$ 117		\$ 106	10%	
Public safety	3,891	3,806	2%	(2,528)	(1,702)	49%
Streets	517	343	51%	(229)	(76)	201%
Culture, parks and recreation	251	296	-15%	(251)	(296)	-15%
Principal & Interest on long-term debt	880	865	2%	(880)	(865)	2%
Total	<u>\$ 5,656</u>	<u>\$ 5,416</u>	4%	<u>\$(3,672)</u>	<u>\$ (2,798)</u>	31%

Business-type Activities

Net Revenue (Expense) of Business-Type Activities
(In Thousands)

	<u>Total Expense of Services</u>		<u>% Inc. Dec.</u>	<u>Net Revenue (Expense) of Services</u>		<u>% Inc. Dec.</u>
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
	Electric	\$ 7,899		\$ 5,626	40%	
Sanitation	842	759	11%	22	61	-64%
Water	3,763	5,338	-30%	(187)	(335)	-44%
Sewer	1,463	1,199	22%	(530)	(251)	111%
Total	<u>\$ 13,967</u>	<u>\$ 12,922</u>	8%	<u>\$(487)</u>	<u>\$ 829</u>	-159%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2022 fiscal year, the governmental funds reported a combined fund balance of \$5,021,757.

Other fund highlights include:

- For the year ended June 30, 2022, the General Fund's total fund balance increased by \$721,234.

Budgetary Highlights

For the year ended June 30, 2022, the General Fund reported actual budgetary basis revenues over final estimates by \$735,422 or a 15.5% positive variance. General Fund actual expenditures were under final appropriations by \$1,018,644 or a 17.6% positive variance.

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

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

- The FY 2023 budget will see an increase as the city is growing quickly and this requires additional staff in several departments.
- Sales and Use tax remain steady. Use tax increase is due in part to the housing boom that shows no signs of slowing.
- Utility revenues remain steady.
- In the next couple of years, the City will need a mechanical wastewater treatment plant. Discussion has started on how to accomplish this costly but needed addition.
- The City also continues the effort to replace the aging infrastructure. The City is working on funding solutions.
- The 1.75 cent sales tax is currently scheduled to sunset in 2029. The City is working toward renewal and making this a permanent sales tax to offset costs of several needed projects.
- Approved ½ cent sales tax for public safety begins April 2023.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office at P.O. Box 730, Collinsville, Oklahoma 74021 or telephone at 918-371-1010.

**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
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BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND ACTIVITIES

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

Statement of Net Position (Modified Cash Basis) – June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,437,557	\$ 4,818,414	\$ 10,255,971
Investments	317,550	330,538	648,088
Internal Balances	(729,026)	729,026	-
Total Assets	5,026,081	5,877,978	10,904,059
LIABILITIES			
Due to other governments	1,668	23,318	24,986
Due to depositors	2,656	-	2,656
Utility deposit liabilities:			
Due within one year	-	144,324	144,324
Due in more than one year	-	577,297	577,297
Total liabilities	4,324	744,939	749,263
NET POSITION			
Restricted for cemetery	211,926	-	211,926
Restricted for capital projects	1,546,372	304,118	1,850,490
Restricted for debt service	-	396,267	396,267
Unrestricted	3,263,459	4,432,654	7,696,113
Total net position	\$ 5,021,757	\$ 5,133,039	\$ 10,154,796

See accompanying notes to these financial statements.

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

Statement of Activities (Modified Cash Basis) – Year Ended June 30, 2022

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants, Contributions and Debt Proceeds	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General Government	\$ 117,020	\$ 333,249	\$ -	\$ -	\$ 216,229	\$ -	\$ 216,229
Public Safety	3,891,129	1,186,921	7,339	169,337	(2,527,532)	-	(2,527,532)
Highways and streets	516,747	212,229	75,378	-	(229,140)	-	(229,140)
Culture and Recreation	251,087	-	-	-	(251,087)	-	(251,087)
Principal & Interest on Long-term debt	880,106	-	-	-	(880,106)	-	(880,106)
Total governmental activities	<u>5,656,089</u>	<u>1,732,399</u>	<u>82,717</u>	<u>169,337</u>	<u>(3,671,636)</u>	<u>-</u>	<u>(3,671,636)</u>
Business-type activities:							
Electric	7,899,390	7,882,654	-	224,368	-	207,632	207,632
Water	3,762,792	1,110,089	-	2,465,943	-	(186,760)	(186,760)
Sewer	1,462,778	932,528	-	-	-	(530,250)	(530,250)
Sanitation	842,188	863,946	-	-	-	21,758	21,758
Total business-type activities	<u>13,967,148</u>	<u>10,789,217</u>	<u>-</u>	<u>2,690,311</u>	<u>-</u>	<u>(487,620)</u>	<u>(487,620)</u>
Total primary government	<u>19,623,237</u>	<u>12,521,616</u>	<u>82,717</u>	<u>2,859,648</u>	<u>(3,671,636)</u>	<u>(487,620)</u>	<u>(4,159,256)</u>
General revenues:							
Taxes:							
Sales and use tax					\$ 4,347,337	\$ -	\$ 4,347,337
Franchise taxes and public service taxes					168,613	-	168,613
E-911 taxes					57,430	-	57,430
Intergovernmental revenue not restricted to specific programs					49,043	631,903	680,946
Unrestricted investment earnings					4,276	8,101	12,377
Miscellaneous					273,917	40,541	314,458
Transfers					193,751	(193,751)	-
Total general revenues and transfers					<u>5,094,367</u>	<u>486,794</u>	<u>5,581,161</u>
Change in net position					<u>1,422,731</u>	<u>(826)</u>	<u>1,421,905</u>
Net position - beginning					<u>3,599,026</u>	<u>5,133,865</u>	<u>8,732,891</u>
Net position - ending					<u>\$ 5,021,757</u>	<u>\$ 5,133,039</u>	<u>\$ 10,154,796</u>

See accompanying notes to these financial statements.

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

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

CITY OF COLLINSVILLE, OKLAHOMA
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Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2022

	General Fund	1999 Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,891,185	\$ 1,546,372	\$ -	\$ 5,437,557
Investments	94,373	-	223,177	317,550
Total assets	\$ 3,985,558	\$ 1,546,372	\$ 223,177	\$ 5,755,107
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other governments	\$ 1,668	\$ -	\$ -	\$ 1,668
Due to other funds	729,026	-	-	729,026
Due to depositors	2,656	-	-	2,656
Total liabilities	733,350	-	-	733,350
Fund balances:				
Restricted	-	1,546,372	211,926	1,758,298
Assigned	735,375	-	11,251	746,626
Unassigned	2,516,833	-	-	2,516,833
Total fund balances	3,252,208	1,546,372	223,177	5,021,757
Total liabilities and fund balances	\$ 3,985,558	\$ 1,546,372	\$ 223,177	\$ 5,755,107

See accompanying notes to these financial statements.

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

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance
(Modified Cash Basis) – Year Ended June 30, 2022

	General Fund	1999 Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,028,406	\$ 1,773,770	\$ 771,204	\$ 4,573,380
Intergovernmental	141,422	-	-	141,422
Charges for services	1,341,325	-	22,692	1,364,017
Fines and forfeitures	183,663	-	-	183,663
Licenses and permits	184,719	-	-	184,719
Investment income	4,036	-	240	4,276
Miscellaneous	273,917	-	-	273,917
Total revenues	<u>4,157,488</u>	<u>1,773,770</u>	<u>794,136</u>	<u>6,725,394</u>
EXPENDITURES				
Current:				
General government	117,020	-	-	117,020
Public safety	3,732,920	-	-	3,732,920
Highways and streets	485,997	-	-	485,997
Culture and recreation	237,134	-	-	237,134
Cemetery	-	-	-	-
Capital Outlay	202,912	-	-	202,912
Debt Service:				
Principal	126,088	-	-	126,088
Interest and other charges	15,472	-	-	15,472
Total Expenditures	<u>4,917,543</u>	<u>-</u>	<u>-</u>	<u>4,917,543</u>
Excess (deficiency) of revenues over expenditures	<u>(760,055)</u>	<u>1,773,770</u>	<u>794,136</u>	<u>1,807,851</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	159,675	-	-	159,675
Transfers in	1,321,614	-	-	1,321,614
Transfers out	-	(1,095,205)	(771,204)	(1,866,409)
Total other financing sources and uses	<u>1,481,289</u>	<u>(1,095,205)</u>	<u>(771,204)</u>	<u>(385,120)</u>
Net change in fund balances	721,234	678,565	22,932	1,422,731
Fund balances - beginning	2,530,974	867,807	200,245	3,599,026
Fund balances - ending	<u>\$ 3,252,208</u>	<u>\$ 1,546,372</u>	<u>\$ 223,177</u>	<u>\$ 5,021,757</u>

See accompanying notes to these financial statements.

**CITY OF COLLINSVILLE, OKLAHOMA
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BASIC FINANCIAL STATEMENTS – PROPRIETARY FUND

CITY OF COLLINSVILLE, OKLAHOMA
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Proprietary Fund Statement of Net Position (Modified Cash Basis) – June 30, 2022

	Collinsville Municipal Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,624,408
Restricted cash and cash equivalents	844,709
Investments	102,538
Due from other funds	729,026
Total current assets	5,300,681
Non-current assets:	
Restricted cash and cash equivalents	349,297
Restricted investments	228,000
Total non-current assets	577,297
Total assets	5,877,978
 LIABILITIES	
Current liabilities:	
Due to other governments	23,318
Deposits subject to refund	144,324
Total current liabilities	167,642
Non-current liabilities:	
Deposits subject to refund	577,297
Total non-current liabilities	577,297
Total liabilities	744,939
 NET POSITION	
Restricted for capital projects	304,118
Restricted for debt service	396,267
Unrestricted	4,432,654
Total net position	\$ 5,133,039

See accompanying notes to these financial statements

CITY OF COLLINSVILLE, OKLAHOMA
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Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis) – Year Ended June 30, 2022

	Collinsville Municipal Authority
Operating Revenues:	
Electric	\$ 7,394,619
Water	1,041,361
Sewer	874,793
Sanitation	810,457
Penalties	160,924
Planning fees	11,935
Administration fees	464,457
Miscellaneous	30,671
Total operating revenues	10,789,217
Operating Expenses:	
General government	1,868,103
Electric	5,938,402
Water and sewer distribution	520,717
Water and sewer treatment	665,990
Sanitation	494,851
Total Operating Expenses	9,488,063
Operating income	1,301,154
Non-Operating Revenues (Expenses):	
Investment income	8,101
Miscellaneous	40,541
Grant revenue - ARPA	631,903
Proceeds from long-term debt	2,690,311
Capital outlay	(3,361,118)
Debt service:	
Principal retirement	(1,456,919)
Interest expense and fees	(399,594)
Total non-operating revenue (expenses)	(1,846,775)
Income (Loss) before transfers	(545,621)
Transfers:	
Transfers in	1,866,409
Transfers out	(1,321,614)
Change in net position	(826)
Total net position - beginning	5,133,865
Total net position - ending	\$ 5,133,039

See accompanying notes to these financial statements.

CITY OF COLLINSVILLE, OKLAHOMA
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Proprietary Funds Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2022

	Collinsville Municipal Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 10,829,758
Payments to suppliers	(6,971,999)
Payments to employees	(2,506,481)
Interfund receipts/payments	(153,397)
Receipts of customer meter deposits	167,715
Refunds of customer meter deposits	(87,448)
Net cash provided by operating activities	1,278,148
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds of grant	631,903
Transfers from other funds	1,866,409
Transfers to other funds	(1,321,614)
Net cash provided by noncapital financing activities	1,176,698
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(3,361,118)
Proceeds of long-term debt	2,690,311
Principal paid on debt	(1,456,919)
Interest and fiscal agent fees paid on debt	(399,594)
Net cash provided by (used in) capital and related financing activities	(2,527,320)
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale (Purchase) of investments	(1,758)
Interest and dividends	8,101
Net cash provided by investing activities	6,343
Net increase (decrease) in cash and cash equivalents	(66,131)
Balances - beginning of year	4,884,545
Balances - end of year	\$ 4,818,414
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	3,624,408
Restricted cash and cash equivalents - Current	844,709
Restricted cash and cash equivalents - Non-current	349,297
Total cash and cash equivalents, end of year	4,818,414
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,301,154
Adjustments to reconcile operating income to net cash provided by operating activities:	
Miscellaneous revenue	40,541
Change in assets and liabilities:	
Due to other governments	9,583
Due from other funds	(153,397)
Deposits subject to refund	80,267
Net cash provided by operating activities	\$ 1,278,148

See accompanying notes to these financial statements.

**CITY OF COLLINSVILLE, OKLAHOMA
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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, “*The Financial Reporting Entity*”, as amended by GASB Statement 61, that requires the primary government and all component units of which the primary government is financially accountable be included in the financial report. The City’s financial reporting entity includes two separate legal entities reported as the primary government

- **The City of Collinsville** – an incorporated City that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the City – *reported as the primary government*
- **The Collinsville Municipal Authority (CMA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater, electric and sanitation services of the City, with the City Commissioners serving as the governing body of the trust – *considered part of the primary government for reporting purposes*

For the above public trust, the City of Collinsville is the beneficiary of the trust and the City Commissioners either serves as the governing body of the trust or appoints the trustees. In addition, as required by state law, all debt obligations incurred by the trust must be approved by two-thirds vote of the City Commissioners. This is considered sufficient imposition of will to include the trust within the City’s financial reporting entity. The public trust does not issue separate annual financial statements.

B. Basis of Accounting and Presentation

Government-Wide Financial Statements:

The Statements of Net Position and Activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles.

These modifications include adjustments for the following balances arising from cash transactions:

- cash-based interfund receivables and payables
- other cash-based receivables/payables
- investments
- utility deposit liabilities

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As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

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

- General government: License and permits
- Public safety: Fine revenue and operating grants
- Streets and highways: Gas excise and commercial vehicle taxes
- Cemetery: Cemetery lot sales and openings/closings

Governmental Funds:

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

Major Funds:

- General Fund - accounts for all activities not accounted for in other special-purpose funds
- 1999 Sales Tax Fund – accounts for contributions and specific revenues and expenditures for various capital projects

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

- Sales Tax Reserve Fund – accounts for the dedicated sales tax to be used for capital improvements and water operations
- Cemetery Care Fund – accounts for 15% of cemetery revenue of which 12.5% is restricted by State law for cemetery capital improvements.

The governmental funds are reported on a modified cash basis of accounting. Only current financial assets and liabilities arising from cash transactions are generally included on the fund balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period.

Proprietary Fund:

The City's proprietary fund is comprised of the following:

- Collinsville Municipal Authority (CMA) Enterprise Fund – accounts for activities as set forth in the trust indentures and other operations as assigned by trustee members

The enterprise fund is reported on a modified cash basis.

For purposes of the Statement of Revenues, Expenses and Changes in Fund Net Position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers.

C. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less, and money market accounts.

Investments consist of long-term certificates of deposits, reported at cost, and shares of a government obligation mutual fund reported at the current fund share price, which also represents its fair value.

D. Capital Assets and Depreciation

Due to the use of the modified cash basis accounting, as described in Note B., capital assets and related depreciation are not reported in the financial statements.

E. Long-Term Debt

Due to the use of the modified cash basis accounting, as described in Note B., long term debt obligations are not reported in the financial statements. However, the amount of long term debt issued and outstanding at the end of the fiscal year is reported as a commitment in Note 10.

F. Compensated Absences

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid compensatory time that would be due employees upon termination is reported as a commitment in Note 10.

G. Fund Balances and Net Position

Government-Wide Statements:

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

- a. *Restricted Net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- b. *Unrestricted Net position* - All other net position that does not meet the definition of "restricted."

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

Fund Financial Statements:

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

- a. Nonspendable – includes amounts that cannot be spent because they are either 1) not in spendable form or 2) 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) law through constitutional provisions or enabling legislation.
- c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the 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 commission has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

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

Proprietary fund equity is classified the same as in the government-wide statements.

H. Internal and Interfund Balances and Transfers

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

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2. Deposits and Investments

For the year ended June 30, 2022, the City recognized \$12,377 of investment income. At June 30, 2022, the primary government held the following deposits and investments:

Type	Carrying Value
Deposits:	
Demand deposits	\$ 9,555,586
Time deposit	648,088
	<u>\$ 10,203,674</u>
Investments:	
Federated Government Obligations	AAA m 700,385
	<u>700,385</u>
Total deposits and investments	<u><u>\$ 10,904,059</u></u>
 Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 10,255,971
Investments	648,088
	<u><u>\$ 10,904,059</u></u>

Custodial Credit Risk

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

The City's policy as it relates to custodial credit risk is to comply with state law and secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. Acceptable collateral is defined in state statutes and includes U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee. At June 30, 2022, the City had collateral to cover all bank balances.

Investment Credit Risk

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

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investments at June 30, 2022 consisted of \$700,385 in money market funds invested in U.S. Treasury securities with a credit rating of AAAM by Standard and Poors.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's has no investment policy that limits based on maturity. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. As noted in the schedule of deposits and investments above, at June 30, 2022, the investments were limited to time deposits and shares of money market funds invested in U.S. Treasury securities not exposed to interest rate risk.

Concentration of Investment Credit Risk

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City has no investment policy regarding concentration of credit risk. At June 30, 2022, the City had no concentration of credit risk as defined above.

Restricted Cash and Investments – The amounts reported as restricted assets on the Statement of Net Position are comprised of amounts restricted for utility deposits, debt service, debt reserve, or construction purposes. The restricted assets as of June 30, 2022 are as follows:

	Current	Noncurrent	
	Cash and cash equivalents	Cash and cash equivalents	Investments
Utility Deposits	\$ 144,324	\$ 349,297	\$ 228,000
Bond Trustee Accounts	700,385	-	-
Total	\$ 844,709	\$ 349,297	\$ 228,000

3. Sales Tax Revenue

Sales tax revenue represents a 4.30 cent local tax on each dollar of taxable sales within the City, of which 2.30 cents is restricted for debt service and recorded in the 1999 Sales Tax Fund per voter approval of Ordinance #826 effective on and after July 2009 (1.75 cents) and also voter approval of Ordinance #898 on and after January 2017 (.55 cents); and 1 cent is restricted for capital outlay and/or water operations and recorded in the Sales Tax Reserve Fund per voter approval of Ordinance #442 effective on and after July 1977. The remaining 1 cent is received and recorded in the General Fund.

4. Property Tax Levy

The City presently levies no property tax. In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City.

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5. Fund Balances and Net Position

The following table shows the fund balance and net position classifications as shown in the Governmental and Proprietary Fund Statement of Net Position:

	<u>General Fund</u>	<u>1999 Sales Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund Balances:				
Restricted for:				
Cemetery care	\$ -	\$ -	\$ 211,926	\$ 211,926
Capital improvements	-	1,546,372	-	1,546,372
Assigned for:				
Next year's budget	501,217	-	-	501,217
Capital improvements	234,158	-	-	234,158
Cemetery care	-	-	11,251	11,251
Unassigned	2,516,833	-	-	2,516,833
Total Fund Balance	<u>\$ 3,252,208</u>	<u>\$ 1,546,372</u>	<u>\$ 223,177</u>	<u>\$ 5,021,757</u>

Enterprise Fund:	
Restricted for:	
Capital projects	\$ 304,118
Debt service	396,267
Unrestricted	4,432,654
	<u>\$ 5,133,039</u>

6. Internal and Interfund Balances and Transfers

Interfund receivable and payables at June 30, 2022 were comprised of the following:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
General Fund	CMA	\$ 729,026	expenses paid out of wrong fund
Total		<u>\$ 729,026</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ -	\$ (729,026)	\$ (729,026)
Proprietary Funds	729,026	-	729,026
Total	<u>\$ 729,026</u>	<u>\$ (729,026)</u>	<u>\$ -</u>

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Transfers between legal entities and funds totaled \$3,188,023 and are comprised of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
CMA	General Fund	\$ 550,410	Operational purposes
CMA	General Fund	771,204	Sales tax transfer
Sales Tax Reserve Fund	CMA	771,204	Sales tax transfer
1999 Sales Tax Fund	CMA	1,095,205	Debt service payments
Total		<u>\$ 3,188,023</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 1,321,614	\$ (1,866,409)	\$ (544,795)
Proprietary Funds	1,866,409	(1,321,614)	544,795
	<u>\$ 3,188,023</u>	<u>\$ (3,188,023)</u>	<u>-</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ (544,795)
Transfer of governmental activities out of business-type fund	738,546
Total Transfers - Internal Activity	<u>\$ 193,751</u>

7. Risk Management

The City and its public trusts are exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. These risks are managed by securing commercial insurance for all risks. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

8. Employee Retirement Plan Participation

The City of Collinsville participates in four pension or retirement plans:

- Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust (OkMRF) – an agent multiple-employer defined benefit plan
- OkMRF Defined Contribution City Manager Plan – an agent multiple-employer defined contribution plan

Firefighter Pension System:

Plan Summary Information. The City of Collinsville, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter’s Pension and Retirement System (OFPRS). The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan

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members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ full-time or volunteer firefighters.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414.

Funding Policy. OFPRS plan members are required to contribute 9% to the plan. The City is required by state law to contribute 14% per year of covered payroll per paid firefighter. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OFPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2020	\$139,995	\$139,995
2021	\$143,603	\$143,603
2022	\$157,439	\$157,439

Police Pension System:

Plan Summary Information. The City of Collinsville, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Police Pension and Retirement System (OPPRS). The OPPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ a certain number of full-time police officers.

The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OPPRS, 1001 N.W. 63rd St., Suite 605, Oklahoma City, OK 73116-7335.

Funding Policy. OPPRS plan members are required to contribute 8% to the plan. The City is required by state law to contribute 13% per year of covered payroll for each police officer. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OPPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2020	\$71,828	\$71,828
2021	\$73,854	\$73,854
2022	\$83,976	\$83,976

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OkMRF Defined Benefit Plan

The City contributes to the City of Collinsville Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust, an agent multiple employer - defined benefit plan, for all eligible employees except for those covered by the Police and Firefighter Pension Systems. Administration of the City's individual plan rests with the City Commissioners. The overall operations of OkMRF are supervised by a nine-member Board of Trustees elected by the participating municipalities. JPMorgan Chase of Oklahoma City acts as administrator and securities custodian.

Eligibility Factors, Contribution Methods and Benefit Provisions

Provision	OkMRF Plan
a. Eligible to Participate	Full-time, non-uniformed employees of the City upon hire.
b. Contribution Requirements:	
-Authorization	By City ordinance
-Actuarially Determined	Yes
-Employer Rate	9.85% of covered payroll
-Employee Rate	4% of earnings
c. Period Required to Vest	7 years of credited service
d. Eligibility for Distribution	-Normal retirement at age 65 with 7 years of service -Early retirement at age 55 with 7 years of service -Disability retirement with 7 years of service -Marital death benefit with 7 years of service
e. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	
-Normal Retirement	2.625% of final average salary multiplied by credited years of service
-Early Retirement	Actuarially reduced benefit based upon age and years of service at termination
-Disability Retirement	Same as normal retirement
-Death Benefit	50% of employee's accrued benefit, but terminates upon spouse remarriage
-Prior to 10 Years Service	Return of employee contributions with accrued interest
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent.

The OkMRF contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2020	\$163,543	\$163,543
2021	\$189,828	\$189,828
2022	\$215,890	\$215,890

OkMRF Defined Contribution Plan – CMO

The City has also provided a defined contribution plan and trust known as the City of Collinsville Plan and Trust (the “Plan”) in the form of the Oklahoma Municipal Retirement System Master Defined Contribution Plan. OkMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The Plan is administered by Bank One Trust Company of Oklahoma City. The defined contribution plan is available to the City Manager. Benefits depend solely on the amounts contributed to the plan plus investment earnings. The City Manager is eligible to participate upon employment and is required to make contributions to the plan at 4%. The City’s contributions are vested at a rate of 100% upon participation. The City contributed 21% for a total contribution of \$27,397 for the year ended June 30, 2022.

OkMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 100 N. Broadway Oklahoma City, Oklahoma, 73102.

9. Postemployment Healthcare Plan

Plan Description:

The City of Collinsville Employees Healthcare Plan (CCEHP) is a single-employer defined benefit healthcare plan administered by the City’s health insurance carrier. The obligation for payment of benefits has been effectively transferred from the City to the insurance company, and the City has not guaranteed benefits in the event of the insurance company’s insolvency. CCEHP provides medical and dental insurance benefits to eligible retirees and their spouses through the plan. Article IX, Section 6 of the City Code assigns the authority to establish and amend benefit provisions to the City Council. The CCEHP does not issue a separate publicly available financial report.

Funding Policy and Contributions Made:

The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, in the form of insurance premiums paid to the insurance company. The City does not provide any additional amount to prefund benefits nor does the plan have an actuarial valuation. The City requires plan members to contribute 100% of a premium amount established by the insurance company and approved by the City Council for all employees and retirees. While, in regards to retirees, this amount contains an implied rate subsidy by the City through a reduced blended premium covering all current employees and retirees, there is no actuarial valuation performed to determine the amount of such subsidy. Because, the retiree insurance premium established is paid entirely by retiree contributions, there is no net cash outflow by the City related to these benefits. Therefore, there are no cash-basis expenditures reported for the City in regards to the plan benefits. For the year ended June 30, 2022, the City had no retirees participating in the plan’s insurance coverage. For fiscal year 2022, the plan members contributed \$0 in the form of insurance premium payments.

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10. Commitments and Contingencies

Long-term Debt and Debt Service Requirements:

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

Type of Debt:	Balance due June 30, 2021	Additions	Deductions	Balance due June 30, 2022	Amount Due Within One Year
<i>Governmental Activities:</i>					
Notes Payable - direct borrowing	\$ 583,097	\$ 159,675	\$ 126,088	\$ 616,684	\$ 127,530
Total Governmental Activities	<u>\$ 583,097</u>	<u>\$ 159,675</u>	<u>\$ 126,088</u>	<u>\$ 616,684</u>	<u>\$ 127,530</u>
<i>Business-type Activities:</i>					
Revenue Bonds	\$ 7,745,000	\$ -	\$ 665,000	\$ 7,080,000	\$ 740,000
Water Rights Obligation- direct borrowing	78,492	-	6,058	72,434	6,253
Notes Payable- direct borrowings	<u>8,665,302</u>	<u>2,690,311</u>	<u>785,861</u>	<u>10,569,752</u>	<u>733,221</u>
Total Business-type Activities	<u>\$16,488,794</u>	<u>\$ 2,690,311</u>	<u>\$ 1,456,919</u>	<u>\$ 17,722,186</u>	<u>\$ 1,479,474</u>

Governmental activities had the following long-term debt payable from taxes and other general revenues for June 30, 2022:

Notes Payable- direct borrowing:

2002 note payable to Hoover/Kirkhart for a building for police department, original amount of \$150,900, payable in monthly installments of \$996 with an annual interest rate of 5%, final payment due August 2022. The note is secured with the building as collateral. \$ 992

Note payable with Armstrong Bank for police vehicles, original amount of \$159,675, payable in monthly installments of \$3,465, with an annual interest rate of 1.979%, final payment due March 2026. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) take possession of equipment; 3) terminate agreement; 4) legal action if necessary. The note is secured with the vehicles as collateral. 150,034

Note payable with American Bank for Ambulance, original amount of \$135,630, payable in monthly installments of \$2,394, with an annual interest rate of 2.25%, final payment due June 2023. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) take possession of equipment; 3) terminate agreement; 4) legal action if necessary. The note is secured with the ambulance as collateral. 26,059

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Note payable with American Bank for Ambulance, original amount of \$182,214, payable in monthly installments of \$2,386, with an annual interest rate of 2.7%, final payment due July 2026. In the event of default, the lender may: 1) Recover all lease consideration and other payments; 2) take possession of equipment; 3) terminate agreement; 4) legal action if necessary. The note is secured with the ambulance as collateral. 110,463

Note payable with American Bank for Police car, original amount of \$35,157, payable in monthly installments of \$788, with an annual interest rate of 2.55%, final payment due July 2023. In the event of default, the lender may: 1) Recover all lease consideration and other payments; 2) take possession of equipment; 3) terminate agreement; 4) legal action if necessary. The note is secured with the car as collateral. 10,050

Note payable with RCB Bank for Fire pumper truck, original amount of \$355,071, payable in monthly installments of \$2,906, with an annual interest rate of 2.8%, final payment due March 2033. In the event of default, the lender may: 1) accelerate payment of principal and interest; 2) take possession of equipment; 3) terminate agreement; 4) legal action if necessary. The note is secured with the pumper truck as collateral. 319,086

Total Notes Payable \$ 616,684

Business-type activities long-term debt payable from net revenues generated by the utility resources or pledged to the debt include the following:

Revenue Bonds Payable:

2015 Sales Tax and Utility Revenue Note, original amount of \$10,000,000, payable in semi-annual installments, interest rate of 2.48%, final payment due September 1, 2029. 7,080,000

Total Revenue Bonds Payable \$ 7,080,000

Water Rights Contract – direct borrowing:

The Collinsville Municipal Authority (CMA) entered into an agreement with the United States of America for water storage space in Oologah Lake. In consideration of the right to utilize the aforesaid storage space in the Project for municipal and industrial supply purposes, the CMA agreed to pay costs in the amount of \$229,232, along with maintenance and operations costs on an annual basis. This agreement was activated in April 1985, payable in annual installments of \$9,159. The total water right obligation balance at June 30, 2022 is \$72,434. Due to the long-term nature of this agreement and infinite economic life of the water rights and the use of modified cash basis accounting, the CMA's investment in the water rights contract is not being amortized. In the event the user fails to make any of the payments when due, the overdue payments shall bear interest determined by the Department of Treasury Manual, compounded annually, until paid.

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Notes Payable-Direct Borrowings:

<p>2007 OWRB note payable for wastewater improvements, original amount of \$1,370,000, payable in 40 semi-annual installments with an annual interest rate of 2.60%, final payment due July 2027, secured and payable from water, sewer and electric system revenues and pledged sales tax. In the event of default on the OWRB loans, the lender may: 1) file suit to require any or all of the borrower covenants to be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis; 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement; 5) increase the interest rate to 14% on the defaulted payments.</p>	<p>\$ 449,954</p>
<p>2007 note payable to ODOC for a CDBG loan, original amount of \$136,354, payable in quarterly installments of \$1,704, final payment due September 2027. The note is secured by and payable from CMA utility revenues. In the event of default, the lender may demand that all obligations to the lender would be immediately due and payable. Also at the discretion of the lender, the note interest rate may be increased to 6% in the event of default.</p>	<p>35,793</p>
<p>2009 note payable to RCB Bank for land purchase, original amount of \$79,914, payable in monthly installments of \$601 with an annual interest rate of 5.5%, final payment due February 2027.</p>	<p>29,906</p>
<p>2009 OWRB note payable for wastewater improvements, original amount of \$550,000, payable in 40 semi-annual installments with an annual interest rate of 2.74%, final payment due March 2030. The note is secured and payable from utility revenues and pledged sales tax. In the event of default the lender may, at its discretion, require the debtor to assemble the collateral and make available to the lender. Also, the interest rate of defaulted payments will increase to 14%.</p>	<p>172,001</p>
<p>2014 Series Sales Tax Revenue note payable for utility improvements, original amount of \$1,415,000, payable in 20 semi-annual installments with an annual interest rate of 2.46%, final payment due June 2024.</p>	<p>315,000</p>
<p>2016 Series Sales Tax Revenue note payable for streets, parks & recreation, and animal control improvements, original amount of \$2,800,000, payable in 30 semi-annual installments with an annual interest rate of 2.18%, final payment due September 2031.</p>	<p>1,946,000</p>
<p>2020 OWRB note payable for wastewater improvements, original amount of \$8,291,000, payable in semi-annual installments with an annual interest rate of 2.2%, final payment due September 2052. The note is secured and payable from utility revenues and pledged sales tax. In the event of default the lender may, at its discretion, require the debtor to assemble the collateral and make available to the lender, and may appoint a temporary trustees to take over, operate and maintain the system on a profitable basis.</p>	<p>6,980,211</p>

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2019 note payable to American Bank, original amount of \$124,548, secured by Caterpillar Backhoe purchase payable in monthly installments of \$2,734 with an annual interest rate of 2.55%, final payment due July 2023. In the event of default, the lender may: 1) accelerate payment of principal and interest; 2) take legal action if necessary; 3) make a claim for any and all insurance benefits or refunds that may be available; 4) assemble collateral; 5) repossess collateral. 34,994

2019 note payable to American Bank, original amount of \$30,365, secured by Ford F250, payable in monthly installments of \$877 with an annual interest rate of 2.5%, final payment due November 2022. In the event of default, the lender may: 1) accelerate payment of principal and interest; 2) take legal action if necessary; 3) make a claim for any and all insurance benefits or refunds that may be available; 4) assemble collateral; 5) repossess collateral. 4,399

2020 note payable to American Bank, original amount of \$163,665, secured by Ford F550, payable in monthly installments of \$2,887 with an annual interest rate of 2.23%, final payment due December 2025. In the event of default, the lender may: 1) accelerate payment of principal and interest; 2) take legal action if necessary; 3) make a claim for any and all insurance benefits or refunds that may be available; 4) assemble collateral; 5) repossess collateral. 116,311

2020 note payable to RCB Bank, original amount of \$109,225, secured by dump truck payable in monthly installments of \$2,444 with an annual interest rate of 3.49%, final payment due November 2024. In the event of default, the lender may: 1) accelerate payment of principal and interest; 2) take legal action if necessary; 3) make a claim for any and all insurance benefits or refunds that may be available; 4) assemble collateral; 5) repossess collateral. 67,900

\$224,368 note payable to Armstrong Bank for a tractor, payable in monthly installments of \$3,933, with an annual interest rate of 1.979%, final payment due January 2027. In the event of default, the lender may: 1) accelerate payment of principal and interest; 2) take possession of equipment; 3) terminate agreement; 4) legal action if necessary. The note is secured with the tractor as collateral. 206,417

\$570,675 note payable to RCB Bank for a Trash truck, payable in monthly installments of \$12,418, with an annual interest rate of 2.15%, final payment due November 2023. In the event of default, the lender may: 1) accelerate payment of principal and interest; 2) take possession of equipment; 3) terminate agreement; 4) legal action if necessary. The note is secured with the trash truck as collateral. 207,719

\$107,597 note payable to RCB Bank for a Pole truck, payable in monthly installments of \$3,105, with an annual interest rate of 2.5%, final payment due August 2022. In the event of default, the lender may: 1) accelerate payment of principal and interest; 2) take possession of equipment; 3) terminate agreement; 4) legal action if necessary. The note is secured with the Pole truck as collateral. 3,147

Total Notes Payable \$ 10,569,752

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Long-term debt service requirements to maturity are as follows:

Governmental Activities

Year Ended June 30,	<u>Notes Payable - direct borrowing</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	127,530	14,265	141,795
2024	94,136	11,698	105,834
2025	95,717	9,371	105,088
2026	87,625	7,030	94,655
2027	31,593	5,496	37,089
2028-2032	159,872	14,489	174,361
2033	20,211	191	20,402
Total	<u><u>\$ 616,684</u></u>	<u><u>\$ 62,540</u></u>	<u><u>\$ 679,224</u></u>

Business-type Activities

Year Ended June 30,	<u>Notes Payable- direct borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	733,221	260,174	993,395
2024	628,154	244,145	872,299
2025	396,010	230,759	626,769
2026	375,833	221,834	597,667
2027	346,709	213,516	560,225
2028-2032	1,728,614	959,605	2,688,219
2033-2037	1,515,000	771,348	2,286,348
2038-2042	1,730,000	594,123	2,324,123
2043-2047	1,995,000	390,878	2,385,878
2048-2052	2,290,000	157,450	2,447,450
2053	142,000	1,575	143,575
Total	<u><u>\$ 11,880,541</u></u>	<u><u>\$ 4,045,407</u></u>	<u><u>\$ 15,925,948</u></u>

Less: Amt not
yet drawn (1,310,789)
\$ 10,569,752

	<u>Revenue Bonds Payable</u>			<u>Water Rights Contract Obligations- direct borrowing</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	740,000	171,058	911,058	6,253	2,336	8,589
2024	760,000	152,582	912,582	6,455	2,134	8,589
2025	905,000	133,052	1,038,052	6,663	1,926	8,589
2026	965,000	109,988	1,074,988	6,878	1,711	8,589
2027	995,000	85,870	1,080,870	7,100	1,490	8,590
2028-2032	2,715,000	103,478	2,818,478	39,085	3,861	42,946
Total	<u><u>\$ 7,080,000</u></u>	<u><u>\$ 756,028</u></u>	<u><u>\$ 7,836,028</u></u>	<u><u>\$ 72,434</u></u>	<u><u>\$ 13,458</u></u>	<u><u>\$ 85,892</u></u>

Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge - The City has pledged two and three-tenths cents (or 53.488%) of future sales tax revenues and net utility revenues to repay the \$10,000,000 Series 2015 Sales Tax and Utility Revenue Bonds, the \$897,424 Series 2001 OWRB Promissory Notes, the \$1,370,000 2007 CWSRF OWRB Promissory Note, the \$550,000 2009 OWRB CWSRF Promissory Note, and the \$8,291,000 2020 OWRB Promissory Note. Proceeds from the bonds provided refunding of bonds issued for capital assets while proceeds from the notes provided for the purchase or construction of capital assets. The bonds and notes are payable from pledged sales tax revenues and net utility revenues. The bonds are payable through 2029, while the notes are payable through 2021, 2027, 2030 and 2052. Pledged sales taxes received in the current year were \$1,773,770 and net utility revenues were \$2,185,664, for a total of net pledged revenues of \$3,959,434. Debt service payments of \$1,139,207, related to the above debt issues, for the current fiscal year are 28.8% of total pledged sales taxes and net utility revenues. Net revenues available to pay debt service are 290% of annual average debt service of \$1,365,907.

Sales Tax Pledge - The City has pledged one and five-hundredths cents (or 24.419%) of future sales tax revenues to repay \$2,800,000 of Series 2016 Sales Tax Revenue Note Payable. Proceeds from the note provide financing for streets, park and recreation and animal control improvements. The bonds are payable from pledged sales tax revenues and are payable through 2032. The total principal and interest payable for the remainder of the life of these notes is \$2,167,008. Pledged sales taxes received in the current year were \$809,765. Debt service payments of \$225,855 for the current fiscal year were 27.9% of the pledged sales taxes.

Sales Tax Pledge - The City has pledged one cent (or 23.256%) of future sales tax revenues to repay \$1,415,000 of Series 2014 Sales Tax Revenue Note. Proceeds from the note provided financing for capital assets. The bonds are payable from pledged sales tax revenues and are payable through 2024. The total principal and interest payable for the remainder of the life of these bonds is \$324,779. Pledged sales taxes received in the current year were \$771,204. Debt service payments of \$162,017 for the current fiscal year were 21% of the pledged sales taxes.

Compensated Absences:

As a result of the City’s use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and comp leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2022, is summarized as follows:

CMA – accrued compensated absences	\$88,658
City – accrued compensated absences	<u>228,805</u>
Total	<u>\$317,463</u>

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Litigation:

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

Federal and State Award Programs:

The City of Collinsville participates in various federal or state grant/loan programs from year to year. In 2022, the City's involvement in federal and state award programs was not significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

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SUPPLEMENTARY AND OTHER INFORMATION

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

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 435,170	\$ 1,033,208	\$ 2,297,192	\$ 1,263,984
Resources (Inflows):				
Taxes	1,731,967	1,731,967	2,028,406	296,439
Intergovernmental	110,135	190,451	141,422	(49,029)
Charges for services	1,136,395	1,136,395	1,341,325	204,930
Fines and forfeitures	153,956	153,956	183,663	29,707
Licenses and permits	101,959	101,959	184,719	82,760
Investment income	2,674	2,674	3,660	986
Miscellaneous	129,167	204,453	273,917	69,464
Transfers In	1,221,449	1,221,449	1,321,614	100,165
Total Resources (Inflows)	4,587,702	4,743,304	5,478,726	735,422
Charges to Appropriations (Outflows):				
Non-departmental	62,004	100,993	90,985	10,008
Municipal Court	129,871	132,835	103,927	28,908
Police	1,722,644	1,750,873	1,704,165	46,708
Animal warden	63,672	66,751	66,722	29
Fire	1,988,473	2,073,800	1,998,200	75,600
Street	659,937	1,239,060	516,747	722,313
Park/Cemetery	373,847	377,657	251,087	126,570
Buildings	22,424	34,543	26,035	8,508
Total Charges to Appropriations	5,022,872	5,776,512	4,757,868	1,018,644
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 3,018,050	\$ 3,018,050

	1999 SALES TAX FUND			
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 867,807	\$ 867,807
Resources (Inflows):				
Taxes	1,543,421	1,543,421	1,773,770	230,349
Total Resources (Inflows)	1,543,421	1,543,421	1,773,770	230,349
Amounts available for appropriation	\$ 1,543,421	\$ 1,543,421	\$ 2,641,577	\$ 1,098,156
Charges to Appropriations (Outflows):				
Transfers out	1,095,175	1,095,175	1,095,205	(30)
Total Charges to Appropriations	1,095,175	1,095,175	1,095,205	(30)
Ending Budgetary Fund Balance	\$ 448,246	\$ 448,246	\$ 1,546,372	\$ 1,098,126

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Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriations within a fund require City Manager’s approval, while supplemental appropriations require City Commission approval.

	<u>General Fund</u>
Total budgetary resources (inflows)	\$5,478,726
Loan proceeds not budgeted	<u>159,675</u>
Total revenues as recorded on statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$5,638,401</u>
Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances:	
Total revenues	\$4,157,112
Proceeds from long-term debt	159,675
Transfers in	<u>1,321,614</u>
Total resources	<u>\$5,638,401</u>
Total charges to appropriations (outflows)	\$4,757,868
Add: Capital purchases from long-term debt issuance	<u>159,675</u>
Total expenditures as recorded on statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$4,917,543</u>

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General Fund Combining Balance Sheet Accounts (Modified Cash Basis) – June 30, 2022

	General Fund	Capital Improvement Account	Total General Fund
ASSETS			
Cash and cash equivalents	\$ 3,751,400	\$ 139,785	\$ 3,891,185
Investments	-	94,373	94,373
Total assets	3,751,400	234,158	3,985,558
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	729,026	-	729,026
Due to other governments	1,668	-	1,668
Due to depositors	2,656	-	2,656
Total liabilities	733,350	-	733,350
Fund balances:			
Assigned	501,217	234,158	735,375
Unassigned	2,516,833	-	2,516,833
Total fund balances	3,018,050	234,158	3,252,208
Total liabilities and fund balances	\$ 3,751,400	\$ 234,158	\$ 3,985,558

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

General Fund Accounts Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Year Ended June 30, 2022

	General Fund	Capital Improvement Account	Total General Fund
REVENUES			
Taxes	\$ 2,028,406	\$ -	\$ 2,028,406
Intergovernmental	141,422	-	141,422
Charges for services	1,341,325	-	1,341,325
Fines and forfeitures	183,663	-	183,663
Licenses and permits	184,719	-	184,719
Investment income	3,660	376	4,036
Miscellaneous	273,917	-	273,917
Total revenues	<u>4,157,112</u>	<u>376</u>	<u>4,157,488</u>
EXPENDITURES			
Current:			
General government	117,020	-	117,020
Public safety	3,732,920	-	3,732,920
Highways and streets	485,997	-	485,997
Culture and recreation	237,134	-	237,134
Capital Outlay	202,912	-	202,912
Debt Service:			
Principal	126,088	-	126,088
Interest and other charges	15,472	-	15,472
Total Expenditures	<u>4,917,543</u>	<u>-</u>	<u>4,917,543</u>
Excess (deficiency) of revenues over expenditures	<u>(760,431)</u>	<u>376</u>	<u>(760,055)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt	159,675	-	159,675
Transfers in	1,321,614	-	1,321,614
Total other financing sources and uses	<u>1,481,289</u>	<u>-</u>	<u>1,481,289</u>
Net change in fund balances	720,858	376	721,234
Fund balances - beginning	2,297,192	233,782	2,530,974
Fund balances - ending	<u>\$ 3,018,050</u>	<u>\$ 234,158</u>	<u>\$ 3,252,208</u>

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

NonMajor Governmental Funds Combining Balance Sheet (Modified Cash Basis) – June 30, 2022

	Sales Tax Reserve Fund	Cemetery Care Fund	Total Governmental Funds
ASSETS			
Investments	\$ -	\$ 223,177	\$ 223,177
Total assets	\$ -	\$ 223,177	\$ 223,177
 Fund balances:			
Restricted	-	211,926	211,926
Assigned	-	11,251	11,251
Total fund balances	-	223,177	223,177
Total fund balances	\$ -	\$ 223,177	\$ 223,177

NonMajor Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Year Ended June 30, 2022

	Sales Tax Reserve Fund	Cemetery Care Fund	Total-Other Governmental Funds
REVENUES			
Taxes	\$ 771,204	\$ -	\$ 771,204
Charges for services	-	22,692	22,692
Investment earnings	-	240	240
Total revenues	771,204	22,932	794,136
 OTHER FINANCING SOURCES (USES)			
Transfers out	(771,204)	-	(771,204)
	(771,204)	-	(771,204)
 Net change in fund balances	-	22,932	22,932
Fund balances - beginning	-	200,245	200,245
Fund balances - ending	\$ -	\$ 223,177	\$ 223,177

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

Combining Schedule of Net Position – Collinsville Municipal Authority Accounts (Modified Cash Basis) – June 30, 2022

	Collinsville Municipal Authority Accounts			Total
	CMA Operating Account	Meter Deposit Account	Debt Service Account	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,624,408	\$ -	\$ -	\$ 3,624,408
Restricted cash and cash equivalents	6,372	144,324	694,013	844,709
Investments	102,538	-	-	102,538
Due from other funds	729,026	-	-	729,026
Total current assets	<u>4,462,344</u>	<u>144,324</u>	<u>694,013</u>	<u>5,300,681</u>
Non-current assets:				
Restricted cash and cash equivalents	-	349,297	-	349,297
Restricted investments	-	228,000	-	228,000
Total non-current assets	<u>-</u>	<u>577,297</u>	<u>-</u>	<u>577,297</u>
Total assets	<u>4,462,344</u>	<u>721,621</u>	<u>694,013</u>	<u>5,877,978</u>
LIABILITIES				
Current Liabilities:				
Due to other governments	23,318	-	-	23,318
Deposits subject to refund	-	144,324	-	144,324
Total current liabilities	<u>23,318</u>	<u>144,324</u>	<u>-</u>	<u>167,642</u>
Non-current liabilities:				
Deposits subject to refund	-	577,297	-	577,297
Total non-current liabilities	<u>-</u>	<u>577,297</u>	<u>-</u>	<u>577,297</u>
Total liabilities	<u>23,318</u>	<u>721,621</u>	<u>-</u>	<u>744,939</u>
NET POSITION				
Restricted for capital projects	-	-	304,118	304,118
Restricted for debt service	6,372	-	389,895	396,267
Unrestricted	4,432,654	-	-	4,432,654
Total net position	<u>\$ 4,439,026</u>	<u>\$ -</u>	<u>\$ 694,013</u>	<u>\$ 5,133,039</u>

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

Combining Schedule of Revenues, Expenses and Changes in Net Position – Collinsville Municipal Authority Accounts (Modified Cash Basis) – Year Ended June 30, 2022

	Collinsville Municipal Authority Accounts			Total
	CMA Operating Account	Meter Deposit Account	Debt Service Account	
Operating Revenues:				
Electric	\$ 7,394,619	\$ -	\$ -	\$ 7,394,619
Water	1,041,361	-	-	1,041,361
Sewer	874,793	-	-	874,793
Sanitation	810,457	-	-	810,457
Penalties	160,924	-	-	160,924
Planning fees	11,935	-	-	11,935
Administration fees	464,457	-	-	464,457
Miscellaneous	30,671	-	-	30,671
Total operating revenues	<u>10,789,217</u>	<u>-</u>	<u>-</u>	<u>10,789,217</u>
Operating Expenses:				
General government	1,868,103	-	-	1,868,103
Electric	5,938,402	-	-	5,938,402
Water and sewer distribution	520,717	-	-	520,717
Water and sewer treatment	665,990	-	-	665,990
Sanitation	494,851	-	-	494,851
Total Operating Expenses	<u>9,488,063</u>	<u>-</u>	<u>-</u>	<u>9,488,063</u>
Operating income	<u>1,301,154</u>	<u>-</u>	<u>-</u>	<u>1,301,154</u>
Non-Operating Revenues (Expenses):				
Investment income	7,991	-	110	8,101
Miscellaneous	40,541	-	-	40,541
Grant revenue	631,903	-	-	631,903
Proceeds from long-term debt	2,690,311	-	-	2,690,311
Capital outlay	(3,361,118)	-	-	(3,361,118)
Debt service:				
Principal retirement	(462,919)	-	(994,000)	(1,456,919)
Interest expense and fees	(151,238)	-	(248,356)	(399,594)
Total non-operating revenue (expenses)	<u>(604,529)</u>	<u>-</u>	<u>(1,242,246)</u>	<u>(1,846,775)</u>
Income (loss) before transfers	<u>696,625</u>	<u>-</u>	<u>(1,242,246)</u>	<u>(545,621)</u>
Transfers:				
Interaccount transfers in	-	-	164,705	164,705
Interaccount transfers out	(164,705)	-	-	(164,705)
Transfers in	771,204	-	1,095,205	1,866,409
Transfers out	(1,321,614)	-	-	(1,321,614)
Change in net position	<u>(18,490)</u>	<u>-</u>	<u>17,664</u>	<u>(826)</u>
Total net position - beginning	4,457,516	-	676,349	5,133,865
Total net position - ending	<u>\$ 4,439,026</u>	<u>\$ -</u>	<u>\$ 694,013</u>	<u>\$ 5,133,039</u>

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

Schedules of Expenditures of Federal and State Awards (Modified Cash Basis) – Year Ended June 30, 2022

**CITY OF COLLINSVILLE, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<u>Federal/State Grantor/Pass Through Agency Grantor/Program Title</u>	<u>Federal AL#</u>	<u>Grant #</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
<u>U. S. DEPARTMENT OF TRANSPORTATION:</u>				
Passed Through Oklahoma Department of Transportation: Oklahoma Highway Safety Office	20.616	PT-21-03-08-01	\$ 13,000	\$ 1,373
Total U. S. Department of Transportation			<u>13,000</u>	<u>1,373</u>
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Passed through District Attorney's Council: JAG LLE Grant	16.738	JAG-LLE-2021	\$ 9,054	\$ 9,054
Total U.S. Department of Justice			<u>9,054</u>	<u>9,054</u>
<u>U.S. DEPARTMENT OF TREASURY:</u>				
Passed Through Oklahoma Office of Management and Enterprise Services: American Rescue Plan Act	21.027	FA-011932	\$ 631,903	\$ -
Total Department of Treasury			<u>631,903</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>\$ 653,957</u>	<u>\$ 10,427</u>

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Collinsville, Oklahoma (the "City") under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The City has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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

**CITY OF COLLINSVILLE, OKLAHOMA
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<u>Federal/State Grantor/Pass Through Agency Grantor/Program Title</u>	<u>Grant #</u>	<u>Award Amount</u>	<u>State Expenditures</u>
<u>OKLAHOMA DEPARTMENT OF AGRICULTURE</u>			
Forestry Services - Rural Fire Grant	N/A	\$ 4,763	\$ 4,763
Total Oklahoma Department of Agriculture		<u>4,763</u>	<u>4,763</u>
<u>OKLAHOMA DEPARTMENT OF COMMERCE</u>			
Passed through INCOG: Rural Economic Action Plan Funds - Community Development	REAP 2022	\$ 50,000	\$ 50,000
Total Oklahoma Department of Commerce		<u>50,000</u>	<u>50,000</u>
TOTAL STATE AWARDS		<u>\$ 54,763</u>	<u>\$ 54,763</u>

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

Debt Service Coverage Schedule – June 30, 2022

Gross Revenue Available for Debt Service:

Operating revenues of leased systems	\$9,310,773
Sales tax revenue - restricted for debt service	<u>1,773,770</u>

Total Gross Revenues Available	11,084,543
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System Operating Expenses	<u>7,125,109</u>
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Net Revenues Available for Debt Service	<u><u>\$3,959,434</u></u>
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Debt Service Requirements:

Average annual debt service - 2001, 2007, 2009, and 2020 OWRB promissory note, and 2015 Sales Tax and Utility Revenue Bonds	<u><u>\$1,365,907</u></u>
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Coverage	<u><u>290%</u></u>
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Coverage Requirement	<u><u>125%</u></u>
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**CITY OF COLLINSVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

INTERNAL CONTROL AND COMPLIANCE INFORMATION

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

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

To the City Council
City of Collinsville, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Collinsville, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Collinsville, Oklahoma's basic modified cash basis financial statements, and have issued our report thereon dated January 24, 2023

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Collinsville, Oklahoma's modified cash basis 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.

Handwritten signature in black ink that reads "HBC CPAs & Advisors".

Oklahoma City, Oklahoma
January 24, 2023