

A grayscale photograph of the City of Collinsville City Hall building, a two-story brick structure with a prominent arched entrance and several windows. A tree is in the foreground, and the words "CITY HALL" are faintly visible on the brickwork.

# City of Collinsville

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

**THE CITY OF COLLINSVILLE,  
OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**CITY OF COLLINSVILLE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2023**

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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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2023, 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 47-49), 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 15, 2024, 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 15, 2024



**CITY OF COLLINSVILLE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2023**

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**CITY OF COLLINSVILLE, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2023**

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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, 2023. 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 \$4,514,122 and the assets of the City exceed its liabilities at June 30, 2023, by \$14,668,918 (net position). \$7,499,149 of this amount is restricted for various purposes. The remaining \$7,169,769 is available to meet the government's ongoing needs.
- At June 30, 2023, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$9,217,516.
- The City's business-type activities reported an increase in net position of \$318,363.

### **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, 1999 Sales Tax Fund, and Public Safety 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, 2023, net position on a modified cash basis for the governmental and business-type activities increased \$4,514,122.

**CITY OF COLLINSVILLE, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2023**

**Net Position (Modified Cash Basis)**  
**June 30, 2023**

	Governmental Activities	Business-type Activities	Total
Beginning net position	\$ 5,021,757	\$ 5,133,039	\$ 10,154,796
Increase in net position	4,195,759	318,363	4,514,122
<b>Ending net position</b>	<b>\$ 9,217,516</b>	<b>\$ 5,451,402</b>	<b>\$ 14,668,918</b>

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.)
	2023	2022		2023	2022		2023	2022	
<b>Assets:</b>									
Current and other assets	\$ 9,222,678	\$ 5,026,081	83%	\$ 6,238,962	\$ 5,877,978	6%	\$ 15,461,640	\$ 10,904,059	42%
<b>Total assets</b>	9,222,678	5,026,081	83%	6,238,962	5,877,978	6%	15,461,640	10,904,059	42%
<b>Liabilities:</b>									
Current and other liabilities	5,162	4,324	19%	19,191	23,318	-18%	24,353	27,642	-12%
Utility deposit liabilities	-	-		768,369	721,621	6%	768,369	721,621	6%
<b>Total liabilities</b>	5,162	4,324	19%	787,560	744,939	6%	792,722	749,263	6%
<b>Net position:</b>									
Restricted	6,838,010	1,758,298	289%	661,139	700,385	-6%	7,499,149	2,458,683	205%
Unrestricted	2,379,506	3,263,459	-27%	4,790,263	4,432,654	8%	7,169,769	7,696,113	-7%
<b>Total net position</b>	<b>\$ 9,217,516</b>	<b>\$ 5,021,757</b>	<b>84%</b>	<b>\$ 5,451,402</b>	<b>\$ 5,133,039</b>	<b>6%</b>	<b>\$ 14,668,918</b>	<b>\$ 10,154,796</b>	<b>44%</b>

The City's governmental activities had an increase in net position of \$4,195,759. The business-type activities had an increase in net position of \$318,363.

**Revenues, Expenses and Changes in Net Position (Modified Cash Basis)**  
**Year Ended June 30, 2023**

	Governmental Activities		% Inc. (Dec.)	Business-type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2023	2022		2023	2022		2023	2022	
<b>Revenues:</b>									
<b>Program revenues:</b>									
Charges for Services	\$ 1,586,537	\$ 1,732,399	-8%	\$ 12,850,525	\$ 10,789,217	19%	\$ 14,437,062	\$ 12,521,616	15%
Grants & Contributions	92,033	82,717	11%	-	-	-	92,033	82,717	11%
Capital Grants, Contributions & Debt Proceeds	4,605,741	169,337	2620%	1,002,106	2,690,311	-63%	5,607,847	2,859,648	96%
<b>General Revenues:</b>									
Sales Tax	4,468,401	4,347,337	3%	-	-	-	4,468,401	4,347,337	3%
Other Taxes	276,251	226,043	22%	-	-	-	276,251	226,043	22%
Other General Revenues	627,085	327,236	92%	750,089	680,545	10%	1,377,174	1,007,781	37%
<b>Total Revenues</b>	<b>11,656,048</b>	<b>6,885,069</b>	<b>69%</b>	<b>14,602,720</b>	<b>14,160,073</b>	<b>3%</b>	<b>26,258,768</b>	<b>21,045,142</b>	<b>25%</b>
<b>Program Expenses:</b>									
General Government	369,835	117,020	216%	-	-	-	369,835	117,020	216%
Public Safety	4,658,410	3,891,129	20%	-	-	-	4,658,410	3,891,129	20%
Highways and Streets	1,220,142	516,747	136%	-	-	-	1,220,142	516,747	136%
Culture and Recreation	538,551	251,087	114%	-	-	-	538,551	251,087	114%
Electric	-	-		8,742,649	7,899,390	11%	8,742,649	7,899,390	11%
Sanitation	-	-		913,586	842,188	8%	913,586	842,188	8%
Water	-	-		2,742,421	3,762,792	-27%	2,742,421	3,762,792	-27%
Sewer	-	-		1,642,594	1,462,778	12%	1,642,594	1,462,778	12%
Principal & Interest on Long-term debt	916,458	880,106	4%	-	-	-	916,458	880,106	4%
<b>Total Expenses</b>	<b>7,703,396</b>	<b>5,656,089</b>	<b>36%</b>	<b>14,041,250</b>	<b>13,967,148</b>	<b>1%</b>	<b>21,744,646</b>	<b>19,623,237</b>	<b>11%</b>
Excess (Deficiency)	3,952,652	1,228,980	222%	561,470	192,925	191%	4,514,122	1,421,905	217%
Net Transfers	243,107	193,751	25%	(243,107)	(193,751)	25%	-	-	-
<b>Increase (Decrease) in Net Position</b>	<b>\$ 4,195,759</b>	<b>\$ 1,422,731</b>	<b>195%</b>	<b>\$ 318,363</b>	<b>\$ (826)</b>	<b>-38643%</b>	<b>\$ 4,514,122</b>	<b>\$ 1,421,905</b>	<b>217%</b>
Beginning Net Position	5,021,757	3,599,026	40%	5,133,039	5,133,865	0%	10,154,796	8,732,891	16%
<b>Ending Net Position</b>	<b>\$ 9,217,516</b>	<b>\$ 5,021,757</b>	<b>84%</b>	<b>\$ 5,451,402</b>	<b>\$ 5,133,039</b>	<b>6%</b>	<b>\$ 14,668,918</b>	<b>\$ 10,154,796</b>	<b>44%</b>

**CITY OF COLLINSVILLE, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2023**

In governmental activities, capital grants, contributions and debt proceeds increased \$4,436,404 from the prior year mainly due to the issuance of the 2023 Sales Tax Revenue Notes in the current year. Other general revenues increased \$299,849 due to an increase in donations of approximately \$131,000, an increase in interest income of approximately \$75,000 and an increase in Miscellaneous revenue of approximately \$120,000. Highways and Streets expenses increased \$703,395 due mainly to an increase in stormwater maintenance costs. Culture and Recreation expenses increased \$287,464 due mainly to an increase in salaries of approximately \$48,000 and capital improvement expenses of approximately \$195,000.

In business-type activities, capital grants, contributions & debt proceeds decreased \$1,688,205 due primarily to a decrease in the issuance of 2019 OWRB note proceeds from the prior year. The OWRB note also contributed to a decrease in expenses from prior year.

**Governmental Activities**

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

	<b>Total Expense</b>		<b>% Inc.</b>	<b>Net Revenue</b>		<b>% Inc.</b>
	<b>of Services</b>			<b>(Expense)</b>		
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
General government	\$ 370	\$ 117	216%	(\$187)	\$216	-187%
Public safety	4,658	3,891	20%	1,071	(2,528)	-142%
Streets	1,220	517	136%	(922)	(229)	303%
Culture, parks and recreation	539	251	115%	(465)	(251)	85%
Principal & Interest on long-term debt	916	880	4%	(916)	(880)	4%
<b>Total</b>	<u>\$ 7,703</u>	<u>\$ 5,656</u>	36%	<u>\$(1,419)</u>	<u>\$ (3,672)</u>	-61%

**Business-type Activities**

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

	<b>Total Expense</b>		<b>% Inc.</b>	<b>Net Revenue</b>		<b>% Inc.</b>
	<b>of Services</b>			<b>(Expense)</b>		
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Electric	\$ 8,743	\$ 7,899	11%	\$ 947	\$ 208	355%
Sanitation	914	842	9%	29	22	32%
Water	2,742	3,763	-27%	(575)	(187)	207%
Sewer	1,643	1,463	12%	(589)	(530)	11%
<b>Total</b>	<u>\$ 14,042</u>	<u>\$ 13,967</u>	1%	<u>\$ (188)</u>	<u>\$ (487)</u>	-61%

## **A FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As the City completed its 2023 fiscal year, the governmental funds reported a combined fund balance of \$9,217,516.

### **Other fund highlights include:**

- For the year ended June 30, 2023, the General Fund's total fund balance decreased by \$884,065.

### **Budgetary Highlights**

For the year ended June 30, 2023, the General Fund reported actual budgetary basis revenues over final estimates by \$16,537 or a 0.3% positive variance. General Fund actual expenditures were under final appropriations by \$408,430 or a 5.7% positive variance.

## **ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES**

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

- The FY 2024 budget will see an increase as the city is growing quickly which requires additional staff and materials and supplies.
- Sales and Use tax remain steady.
- 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 improvement.
- The City also continues the effort to replace the aging infrastructure. The City is working on funding solutions and also receiving several grants and ARPA funding.
- 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 needed projects and debt service.

### **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  
As of and for the Year Ended June 30, 2023**

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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, 2023**

**Statement of Net Position (Modified Cash Basis) – June 30, 2023**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,695,443	\$ 5,094,868	\$ 14,790,311
Investments	335,959	335,370	671,329
Internal Balances	(808,724)	808,724	-
Total Assets	<u>9,222,678</u>	<u>6,238,962</u>	<u>15,461,640</u>
<b>LIABILITIES</b>			
Due to other governments	2,506	19,191	21,697
Due to depositors	2,656	-	2,656
Utility deposit liabilities:			
Due within one year	-	153,674	153,674
Due in more than one year	-	614,695	614,695
Total liabilities	<u>5,162</u>	<u>787,560</u>	<u>792,722</u>
<b>NET POSITION</b>			
Restricted for cemetery	229,322	-	229,322
Restricted for capital projects	6,608,688	258,003	6,866,691
Restricted for debt service	-	403,136	403,136
Unrestricted	2,379,506	4,790,263	7,169,769
Total net position	<u>\$ 9,217,516</u>	<u>\$ 5,451,402</u>	<u>\$ 14,668,918</u>

See accompanying notes to these financial statements.

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**Statement of Activities (Modified Cash Basis) – Year Ended June 30, 2023**

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
<b>Primary government</b>							
Governmental Activities							
General Government	\$ 369,835	\$ 182,625	\$ -	\$ -	\$ (187,210)	\$ -	\$ (187,210)
Public Safety	4,658,410	1,179,801	17,453	4,531,818	1,070,662	-	1,070,662
Highways and streets	1,220,142	224,111	74,580	-	(921,451)	-	(921,451)
Culture and Recreation	538,551	-	-	73,923	(464,628)	-	(464,628)
Principal & Interest on Long-term debt	916,458	-	-	-	(916,458)	-	(916,458)
Total governmental activities	<u>7,703,396</u>	<u>1,586,537</u>	<u>92,033</u>	<u>4,605,741</u>	<u>(1,419,085)</u>	<u>-</u>	<u>(1,419,085)</u>
Business-type activities:							
Electric	8,742,649	9,689,414	-	-	-	946,765	946,765
Water	2,742,421	1,215,434	-	952,106	-	(574,881)	(574,881)
Sewer	1,642,594	1,003,239	-	50,000	-	(589,355)	(589,355)
Sanitation	913,586	942,438	-	-	-	28,852	28,852
Total business-type activities	<u>14,041,250</u>	<u>12,850,525</u>	<u>-</u>	<u>1,002,106</u>	<u>-</u>	<u>(188,619)</u>	<u>(188,619)</u>
Total primary government	<u>21,744,646</u>	<u>14,437,062</u>	<u>92,033</u>	<u>5,607,847</u>	<u>(1,419,085)</u>	<u>(188,619)</u>	<u>(1,607,704)</u>
<b>General revenues:</b>							
Taxes:							
Sales and use tax					\$ 4,468,401	\$ -	\$ 4,468,401
Franchise taxes and public service taxes					214,779	-	214,779
E-911 taxes					61,472	-	61,472
Intergovernmental revenue not restricted to specific programs					48,237	637,894	686,131
Unrestricted investment earnings					79,525	94,411	173,936
Miscellaneous					499,323	17,784	517,107
Transfers					243,107	(243,107)	-
Total general revenues and transfers					<u>5,614,844</u>	<u>506,982</u>	<u>6,121,826</u>
Change in net position					4,195,759	318,363	4,514,122
Net position - beginning					5,021,757	5,133,039	10,154,796
Net position - ending					<u>\$ 9,217,516</u>	<u>\$ 5,451,402</u>	<u>\$ 14,668,918</u>

See accompanying notes to these financial statements.

**CITY OF COLLINSVILLE, OKLAHOMA  
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**BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS**

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**Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2023**

	<b>General Fund</b>	<b>1999 Sales Tax Fund</b>	<b>Public Safety Sales Tax Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,086,755	\$ 2,176,558	\$ 4,432,130	\$ -	\$ 9,695,443
Investments	95,274	-	-	240,685	335,959
Total assets	<u>\$ 3,182,029</u>	<u>\$ 2,176,558</u>	<u>\$ 4,432,130</u>	<u>\$ 240,685</u>	<u>\$ 10,031,402</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to other governments	\$ 2,506	\$ -	\$ -	\$ -	\$ 2,506
Due to other funds	808,724	-	-	-	808,724
Due to depositors	2,656	-	-	-	2,656
Total liabilities	<u>813,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>813,886</u>
Fund balances:					
Restricted	-	2,176,558	4,432,130	229,322	6,838,010
Assigned	1,035,059	-	-	11,363	1,046,422
Unassigned	1,333,084	-	-	-	1,333,084
Total fund balances	<u>2,368,143</u>	<u>2,176,558</u>	<u>4,432,130</u>	<u>240,685</u>	<u>9,217,516</u>
Total liabilities and fund balances	<u>\$ 3,182,029</u>	<u>\$ 2,176,558</u>	<u>\$ 4,432,130</u>	<u>\$ 240,685</u>	<u>\$ 10,031,402</u>

See accompanying notes to these financial statements.

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**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance**  
**(Modified Cash Basis) – Year Ended June 30, 2023**

	<u>General Fund</u>	<u>1999 Sales Tax Fund</u>	<u>Public Safety Sales Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Taxes	\$ 2,152,069	\$ 1,765,079	\$ 60,078	\$ 767,426	\$ 4,744,652
Intergovernmental	221,011	-	-	-	221,011
Charges for services	1,382,053	-	-	17,396	1,399,449
Fines and forfeitures	121,038	-	-	-	121,038
Licenses and permits	66,050	-	-	-	66,050
Investment income	41,508	-	37,905	112	79,525
Miscellaneous	499,323	-	-	-	499,323
Total revenues	<u>4,483,052</u>	<u>1,765,079</u>	<u>97,983</u>	<u>784,934</u>	<u>7,131,048</u>
<b>EXPENDITURES</b>					
Current:					
General government	369,835	-	-	-	369,835
Public safety	4,191,078	-	-	-	4,191,078
Highways and streets	1,027,746	-	-	-	1,027,746
Culture and recreation	313,851	-	-	-	313,851
Debt Issuance Costs	-	-	112,813	-	112,813
Capital Outlay	679,081	-	39,000	-	718,081
Debt Service:					
Principal	128,716	-	-	-	128,716
Interest and other charges	13,276	-	-	-	13,276
Total Expenditures	<u>6,723,583</u>	<u>-</u>	<u>151,813</u>	<u>-</u>	<u>6,875,396</u>
Excess (deficiency) of revenues over expenditures	<u>(2,240,531)</u>	<u>1,765,079</u>	<u>(53,830)</u>	<u>784,934</u>	<u>255,652</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from long-term debt	-	-	4,525,000	-	4,525,000
Transfers in	1,357,466	-	1,000	-	1,358,466
Transfers out	(1,000)	(1,134,893)	(40,040)	(767,426)	(1,943,359)
Total other financing sources and uses	<u>1,356,466</u>	<u>(1,134,893)</u>	<u>4,485,960</u>	<u>(767,426)</u>	<u>3,940,107</u>
Net change in fund balances	(884,065)	630,186	4,432,130	17,508	4,195,759
Fund balances - beginning	3,252,208	1,546,372	-	223,177	5,021,757
Fund balances - ending	<u>\$ 2,368,143</u>	<u>\$ 2,176,558</u>	<u>\$ 4,432,130</u>	<u>\$ 240,685</u>	<u>\$ 9,217,516</u>

See accompanying notes to these financial statements.

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**BASIC FINANCIAL STATEMENTS – PROPRIETARY FUND**

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**Proprietary Fund Statement of Net Position (Modified Cash Basis) – June 30, 2023**

	<b>Collinsville Municipal Authority</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 3,893,360
Restricted cash and cash equivalents	814,813
Investments	107,370
Due from other funds	808,724
Total current assets	5,624,267
Non-current assets:	
Restricted cash and cash equivalents	386,695
Restricted investments	228,000
Total non-current assets	614,695
Total assets	6,238,962
 <b>LIABILITIES</b>	
Current liabilities:	
Due to other governments	19,191
Deposits subject to refund	153,674
Total current liabilities	172,865
Non-current liabilities:	
Deposits subject to refund	614,695
Total non-current liabilities	614,695
Total liabilities	787,560
 <b>NET POSITION</b>	
Restricted for capital projects	258,003
Restricted for debt service	403,136
Unrestricted	4,790,263
Total net position	\$ 5,451,402

See accompanying notes to these financial statements

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**Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis) – Year Ended June 30, 2023**

	<b>Collinsville Municipal Authority</b>
<b>Operating Revenues:</b>	
Electric	\$ 8,875,766
Water	1,113,371
Sewer	918,994
Sanitation	863,299
Penalties	164,281
Planning fees	11,404
Administration fees	478,400
Miscellaneous	425,010
Total operating revenues	12,850,525
<b>Operating Expenses:</b>	
General government	2,111,377
Electric	6,589,679
Water and sewer distribution	684,073
Water and sewer treatment	642,114
Sanitation	572,369
Total Operating Expenses	10,599,612
Operating income	2,250,913
<b>Non-Operating Revenues (Expenses):</b>	
Investment income	94,411
Miscellaneous	17,784
Grant revenue - ARPA	832,872
Proceeds from long-term debt	807,128
Capital outlay	(2,369,279)
Debt service:	
Principal retirement	(1,484,607)
Interest expense and fees	(415,752)
Total non-operating revenue (expenses)	(2,517,443)
Income (Loss) before transfers	(266,530)
<b>Transfers:</b>	
Transfers in	1,902,319
Transfers out	(1,317,426)
Change in net position	318,363
Total net position - beginning	5,133,039
Total net position - ending	\$ 5,451,402

See accompanying notes to these financial statements.



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**Proprietary Funds Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2023**

	<b>Collinsville Municipal Authority</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 12,868,309
Payments to suppliers	(7,981,989)
Payments to employees	(2,621,750)
Interfund receipts/payments	(79,698)
Receipts of customer meter deposits	138,800
Refunds of customer meter deposits	(92,052)
<b>Net cash provided by operating activities</b>	<b>2,231,620</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Proceeds of grant	832,872
Transfers from other funds	1,902,319
Transfers to other funds	(1,317,426)
<b>Net cash provided by noncapital financing activities</b>	<b>1,417,765</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	(2,369,279)
Proceeds of long-term debt	807,128
Principal paid on debt	(1,484,607)
Interest and fiscal agent fees paid on debt	(415,752)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(3,462,510)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Sale (Purchase) of investments	(4,832)
Interest and dividends	94,411
<b>Net cash provided by investing activities</b>	<b>89,579</b>
<b>Net increase in cash and cash equivalents</b>	276,454
<b>Balances - beginning of year</b>	<b>4,818,414</b>
<b>Balances - end of year</b>	<b>\$ 5,094,868</b>
<b>Reconciliation to Statement of Net Position:</b>	
Cash and cash equivalents	3,893,360
Restricted cash and cash equivalents - Current	814,813
Restricted cash and cash equivalents - Non-current	386,695
Total cash and cash equivalents, end of year	<b>5,094,868</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 2,250,913
Adjustments to reconcile operating income to net cash provided by operating activities:	
Miscellaneous revenue	17,784
Change in assets and liabilities:	
Due to other governments	(4,127)
Due from other funds	(79,698)
Deposits subject to refund	46,748
<b>Net cash provided by operating activities</b>	<b>\$ 2,231,620</b>

See accompanying notes to these financial statements.

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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
- Public Safety Sales Tax Fund – accounts for the dedicated sales tax to be used for public safety expenditures.

**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, 2023, the City recognized \$173,936 of investment income. At June 30, 2023, the primary government held the following deposits and investments:

<u>Type</u>	<u>Carrying Value</u>
<b>Deposits:</b>	
Demand deposits	\$ 9,717,870
Time deposit	671,329
	<u>\$ 10,389,199</u>
<b>Investments:</b>	
Federated Government Obligations	AAA m 5,072,441
	<u>5,072,441</u>
<b>Total deposits and investments</b>	<u>\$ 15,461,640</u>
 <b>Reconciliation to Statement of Net Position:</b>	
Cash and cash equivalents	\$ 14,790,311
Investments	671,329
	<u>\$ 15,461,640</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, 2023, 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, 2023 consisted of \$5,072,441 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, 2023, 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, 2023, 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, 2023 are as follows:

	Current	Noncurrent	
	Cash and cash equivalents	Cash and cash equivalents	Investments
Utility Deposits	\$ 153,674	\$ 386,695	\$ 228,000
Bond Trustee Accounts	661,139	-	-
Total	\$ 814,813	\$ 386,695	\$ 228,000

**3. Sales Tax Revenue**

Sales tax revenue represents a 4.80 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); 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; and 0.5 cent is restricted for public safety expenditures and recorded in the Public Safety Sales Tax Fund per voter approval of Ordinance #1003 effective on and after April 2023. 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:

	General Fund	1999 Sales Tax Fund	Public Safety Sales Tax Fund	Other Governmental Funds	Total
Fund Balances:					
Restricted for:					
Cemetery care	\$ -	\$ -	\$ -	\$ 229,322	\$ 229,322
Capital improvements	-	2,176,558	-	-	2,176,558
Public safety	-	-	4,432,130	-	4,432,130
Assigned for:					
Next year's budget	800,000	-	-	-	800,000
Capital improvements	235,059	-	-	-	235,059
Cemetery care	-	-	-	11,363	11,363
Unassigned	1,333,084	-	-	-	1,333,084
Total Fund Balance	<u>\$ 2,368,143</u>	<u>\$ 2,176,558</u>	<u>\$ 4,432,130</u>	<u>\$ 240,685</u>	<u>\$ 9,217,516</u>
Enterprise Fund:					
Restricted for:					
Capital projects	\$ 258,003				
Debt service	403,136				
Unrestricted	<u>4,790,263</u>				
	<u>\$ 5,451,402</u>				

**6. Internal and Interfund Balances and Transfers**

Interfund receivable and payables at June 30, 2023 were comprised of the following:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
General Fund	CMA	\$ 808,724	expenses paid out of wrong fund
Total		<u>\$ 808,724</u>	

**Reconciliation to Fund Financial Statements:**

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ -	\$ (808,724)	\$ (808,724)
Proprietary Funds	808,724	-	808,724
Total	<u>\$ 808,724</u>	<u>\$ (808,724)</u>	<u>\$ -</u>

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Transfers between legal entities and funds totaled \$3,260,785 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	\$ 550,000	Operational purposes
CMA	General Fund	767,426	Sales tax transfer
General Fund	Public Safety Sales Tax Fund	1,000	Debt service payments
Sales Tax Reserve Fund	CMA	767,426	Sales tax transfer
1999 Sales Tax Fund	CMA	1,134,893	Debt service payments
Public Safety Sales Tax Fund	General Fund	40,040	Reimbursement of expenses
Total		<u>\$ 3,260,785</u>	

**Reconciliation to Fund Financial Statements:**

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 1,358,466	\$ (1,943,359)	\$ (584,893)
Proprietary Funds	1,902,319	(1,317,426)	584,893
	<u>\$ 3,260,785</u>	<u>\$ (3,260,785)</u>	<u>-</u>

**Reconciliation to Statement of Activities:**

Net Transfers	\$ (584,893)
Transfer of governmental activities out of business-type fund	828,000
Total Transfers - Internal Activity	<u>\$ 243,107</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

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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 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>
2021	\$143,603	\$143,603
2022	\$157,439	\$157,439
2023	\$184,068	\$184,068

*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>
2021	\$73,854	\$73,854
2022	\$83,976	\$83,976
2023	\$96,304	\$96,304

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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

<b>Provision</b>	<b>OkMRF Plan</b>
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	7.88% 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>
2021	\$189,828	\$189,828
2022	\$215,890	\$215,890
2023	\$193,547	\$193,547

*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 \$28,786 for the year ended June 30, 2023.

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, 2023, the City had no retirees participating in the plan’s insurance coverage. For fiscal year 2023, 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, 2023, the reporting entity's long-term debt changed as follows:

Type of Debt:	Balance due June 30, 2022	Additions	Deductions	Balance due June 30, 2023	Amount Due Within One Year
<i>Governmental Activities:</i>					
Notes Payable - direct borrowing	\$ 616,684	\$ 4,525,000	\$ 128,715	\$ 5,012,969	\$ 215,135
Total Governmental Activities	<u>\$ 616,684</u>	<u>\$ 4,525,000</u>	<u>\$ 128,715</u>	<u>\$ 5,012,969</u>	<u>\$ 215,135</u>
<i>Business-type Activities:</i>					
Revenue Bonds	\$ 7,080,000	\$ -	\$ 740,000	\$ 6,340,000	\$ 760,000
Water Rights Obligation- direct borrowing	72,434	-	6,253	66,181	6,455
Notes Payable- direct borrowings	<u>10,569,752</u>	<u>807,128</u>	<u>738,354</u>	<u>10,638,526</u>	<u>628,173</u>
Total Business-type Activities	<u>\$ 17,722,186</u>	<u>\$ 807,128</u>	<u>\$ 1,484,607</u>	<u>\$ 17,044,707</u>	<u>\$ 1,394,628</u>

*Governmental activities* had the following long-term debt payable from taxes and other general revenues for June 30, 2023:

*Notes Payable- direct borrowing:*

2023 Series Sales Tax Revenue note payable for public safety, original amount of \$4,525,000, payable in 33 semi-annual installments with an annual interest rate of 4.70%, final payment due September 2039. \$ 4,525,000

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. 111,080

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. 84,512

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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.

744

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.

291,633

Total Notes Payable      \$      5,012,969

*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.

6,340,000

Total Revenue Bonds Payable      \$      6,340,000

*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, 2023 is \$66,181. 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>\$ 372,445</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>28,975</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>24,296</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>152,517</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>160,000</p>
<p>2016 Series Sales Tax Revenue note payable for streets, parks &amp; 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>1,762,000</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>7,786,339</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. 2,696

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. 84,111

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. 40,505

\$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. 162,883

\$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. 61,759

Total Notes Payable \$ 10,638,526

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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>		
	Principal	Interest	Total
2024	215,135	210,198	425,333
2025	293,717	214,056	507,773
2026	295,595	202,292	497,887
2027	249,620	170,864	420,484
2028	258,202	179,674	437,876
2029-2033	1,464,700	711,485	2,176,185
2034-2038	1,659,000	357,482	2,016,482
2039-2040	577,000	27,330	604,330
Total	\$ 5,012,969	\$ 2,073,381	\$ 7,086,350

Business-type Activities

Year Ended June 30,	<u>Notes Payable- direct borrowings</u>		
	Principal	Interest	Total
2024	628,173	244,145	872,318
2025	396,008	230,759	626,767
2026	376,011	221,834	597,845
2027	346,590	213,516	560,106
2028	297,779	206,389	504,168
2029-2033	1,710,626	920,473	2,631,099
2034-2038	1,560,000	737,745	2,297,745
2039-2043	1,780,000	555,790	2,335,790
2044-2048	2,045,000	346,849	2,391,849
2049-2053	2,002,000	107,733	2,109,733
Total	\$ 11,142,187	\$ 3,785,233	\$ 14,927,420
Less: Amt not yet drawn	(503,661)		
	\$ 10,638,526		

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	<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>
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	1,015,000	61,070	1,076,070	7,329	1,260	8,589
2029-2032	1,700,000	42,408	1,742,408	31,756	2,601	34,357
Total	<u>\$ 6,340,000</u>	<u>\$ 584,970</u>	<u>\$ 6,924,970</u>	<u>\$ 66,181</u>	<u>\$ 11,122</u>	<u>\$ 77,303</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 \$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 2027, 2030 and 2052. Pledged sales taxes received in the current year were \$1,765,079 and net utility revenues were \$2,992,265, for a total of net pledged revenues of \$4,757,344. Debt service payments of \$1,186,525, related to the above debt issues, for the current fiscal year are 24.9% of total pledged sales taxes and net utility revenues. Net revenues available to pay debt service are 323% of annual average debt service of \$1,471,348.

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 \$1,941,388. Pledged sales taxes received in the current year were \$771,752. Debt service payments of \$226,931 for the current fiscal year were 29.4% 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 \$162,952. Pledged sales taxes received in the current year were \$735,002. Debt service payments of \$163,327 for the current fiscal year were 22.2% of the pledged sales taxes.

Sales Tax Pledge - The City has pledged one-half cent (or 10.417%) of future sales tax revenues to repay \$4,525,000 of Series 2023 Sales Tax Revenue Note. Proceeds from the note provided financing for public safety expenditures. The bonds are payable from pledged sales tax revenues and are payable through 2040. The total principal and interest payable for the remainder of the life of these bonds is \$6,550,106. Pledged sales taxes received in the current year were \$60,078. Debt service payments for the current fiscal year were \$0.

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*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, 2023, is summarized as follows:

CMA – accrued compensated absences	\$83,852
City – accrued compensated absences	<u>196,150</u>
Total	<u>\$280,002</u>

*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. 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.

**CITY OF COLLINSVILLE, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2023**

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**SUPPLEMENTARY AND OTHER INFORMATION**

**CITY OF COLLINSVILLE, OKLAHOMA  
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**Budgetary Comparison Schedules (Modified Cash Basis) – Year Ended June 30, 2023**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts.	Variance with
	Original	Final	Budgetary Basis	Final Budget - Positive (Negative)
<b>Beginning Budgetary Fund Balance:</b>	\$ 501,217	\$ 1,309,933	\$ 3,018,050	\$ 1,708,117
<b>Resources (Inflows):</b>				
Taxes	2,027,300	2,027,300	2,152,069	124,769
Intergovernmental	124,305	417,062	221,011	(196,051)
Charges for services	1,301,629	1,301,629	1,382,053	80,424
Fines and forfeitures	202,469	202,469	121,038	(81,431)
Licenses and permits	196,790	196,790	66,050	(130,740)
Investment income	3,534	3,534	40,607	37,073
Miscellaneous	125,091	327,029	499,323	172,294
Transfers In	1,307,227	1,347,267	1,357,466	10,199
<b>Total Resources (Inflows)</b>	<u>5,288,345</u>	<u>5,823,080</u>	<u>5,839,617</u>	<u>16,537</u>
<b>Charges to Appropriations (Outflows):</b>				
Non-departmental	52,504	193,303	193,299	4
Municipal Court	138,272	116,869	102,539	14,330
Police	1,973,731	1,980,019	1,979,834	185
Animal warden	77,744	77,922	71,409	6,513
Fire	2,167,816	2,494,809	2,494,807	2
Street	799,644	1,551,956	1,166,608	385,348
Community Outreach	104,254	133,436	133,436	-
Park/Cemetery	413,929	538,618	538,551	67
Buildings	61,668	45,081	43,100	1,981
Transfers out	-	1,000	1,000	-
<b>Total Charges to Appropriations</b>	<u>5,789,562</u>	<u>7,133,013</u>	<u>6,724,583</u>	<u>408,430</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,133,084</u>	<u>\$ 2,133,084</u>
	<b>1999 SALES TAX FUND</b>			
	Budgeted Amounts		Actual Amounts.	Variance with
	Original	Final	Budgetary Basis	Final Budget - Positive (Negative)
<b>Beginning Budgetary Fund Balance:</b>	\$ -	\$ -	\$ 1,546,372	\$ 1,546,372
<b>Resources (Inflows):</b>				
Taxes	1,741,622	1,741,622	1,765,079	23,457
<b>Total Resources (Inflows)</b>	<u>1,741,622</u>	<u>1,741,622</u>	<u>1,765,079</u>	<u>23,457</u>
<b>Amounts available for appropriation</b>	<u>\$ 1,741,622</u>	<u>\$ 1,741,622</u>	<u>\$ 3,311,451</u>	<u>\$ 1,569,829</u>
<b>Charges to Appropriations (Outflows):</b>				
Transfers out	1,137,039	1,137,039	1,134,893	2,146
<b>Total Charges to Appropriations</b>	<u>1,137,039</u>	<u>1,137,039</u>	<u>1,134,893</u>	<u>2,146</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 604,583</u>	<u>\$ 604,583</u>	<u>\$ 2,176,558</u>	<u>\$ 1,571,975</u>

**CITY OF COLLINSVILLE, OKLAHOMA  
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<b>PUBLIC SAFETY SALES TAX FUND</b>				
	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - Positive (Negative)</u>
<b>Beginning Budgetary Fund Balance</b>	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows)</b>				
Taxes	-	-	60,078	60,078
Investment Income	-	-	37,905	37,905
Proceeds from Long-Term Debt	-	4,525,000	4,525,000	-
Transfers In	-	-	1,000	1,000
Amounts Available for Appropriation	<u>-</u>	<u>4,525,000</u>	<u>4,623,983</u>	<u>98,983</u>
<b>Charges to Appropriations (Outflows)</b>				
Departmental:				
Public Safety	-	4,484,960	151,813	4,333,147
Transfers Out	-	40,040	40,040	-
Total Charges to Appropriations	<u>-</u>	<u>4,525,000</u>	<u>191,853</u>	<u>4,333,147</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,432,130</u>	<u>\$ 4,432,130</u>

**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)	\$5,839,617
Add: Capital Improvement Account interest income	901
Less: Transfer In	<u>(1,357,466)</u>
Total revenues as recorded on statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$4,483,052</u>
Total charges to appropriations (outflows)	\$6,724,583
Less: Transfers out	<u>(1,000)</u>
Total expenditures as recorded on statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$6,723,583</u>
	<u>Public Safety Sales Tax Fund</u>
Total budgetary resources (inflows)	\$4,623,983
Less: Proceeds from long-term debt	(4,525,000)
Less: Transfer In	<u>(1,000)</u>
Total revenues as recorded on statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$97,983</u>
Total charges to appropriations (outflows)	\$191,853
Less: Transfers out	<u>(40,040)</u>
Total expenditures as recorded on statement of revenues, expenditures, and changes in fund balances – governmental funds	<u>\$151,813</u>

**CITY OF COLLINSVILLE, OKLAHOMA**  
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**General Fund Combining Balance Sheet Accounts (Modified Cash Basis) – June 30, 2023**

	<u>General Fund</u>	<u>Capital Improvement Account</u>	<u>Total General Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,946,970	\$ 139,785	\$ 3,086,755
Investments	-	95,274	95,274
Total assets	<u>2,946,970</u>	<u>235,059</u>	<u>3,182,029</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Due to other funds	808,724	-	808,724
Due to other governments	2,506	-	2,506
Due to depositors	2,656	-	2,656
Total liabilities	<u>813,886</u>	<u>-</u>	<u>813,886</u>
Fund balances:			
Assigned	800,000	235,059	1,035,059
Unassigned	1,333,084	-	1,333,084
Total fund balances	<u>2,133,084</u>	<u>235,059</u>	<u>2,368,143</u>
Total liabilities and fund balances	<u>\$ 2,946,970</u>	<u>\$ 235,059</u>	<u>\$ 3,182,029</u>



**CITY OF COLLINSVILLE, OKLAHOMA**  
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**General Fund Accounts Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Year Ended June 30, 2023**

	<b>General Fund</b>	<b>Capital Improvement Account</b>	<b>Total General Fund</b>
<b>REVENUES</b>			
Taxes	\$ 2,152,069	\$ -	\$ 2,152,069
Intergovernmental	221,011	-	221,011
Charges for services	1,382,053	-	1,382,053
Fines and forfeitures	121,038	-	121,038
Licenses and permits	66,050	-	66,050
Investment income	40,607	901	41,508
Miscellaneous	499,323	-	499,323
Total revenues	<u>4,482,151</u>	<u>901</u>	<u>4,483,052</u>
<b>EXPENDITURES</b>			
Current:			
General government	369,835	-	369,835
Public safety	4,191,078	-	4,191,078
Highways and streets	1,027,746	-	1,027,746
Culture and recreation	313,851	-	313,851
Capital Outlay	679,081	-	679,081
Debt Service:			
Principal	128,716	-	128,716
Interest and other charges	13,276	-	13,276
Total Expenditures	<u>6,723,583</u>	<u>-</u>	<u>6,723,583</u>
Excess (deficiency) of revenues over expenditures	<u>(2,241,432)</u>	<u>901</u>	<u>(2,240,531)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,357,466	-	1,357,466
Transfers out	(1,000)	-	(1,000)
Total other financing sources and uses	<u>1,356,466</u>	<u>-</u>	<u>1,356,466</u>
Net change in fund balances	(884,966)	901	(884,065)
Fund balances - beginning	3,018,050	234,158	3,252,208
Fund balances - ending	<u>\$ 2,133,084</u>	<u>\$ 235,059</u>	<u>\$ 2,368,143</u>

**CITY OF COLLINSVILLE, OKLAHOMA**  
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**NonMajor Governmental Funds Combining Balance Sheet (Modified Cash Basis) – June 30, 2023**

	<b>Sales Tax Reserve Fund</b>	<b>Cemetery Care Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Investments	\$ -	\$ 240,685	\$ 240,685
Total assets	\$ -	\$ 240,685	\$ 240,685
 Fund balances:			
Restricted	-	229,322	229,322
Assigned	-	11,363	11,363
Total fund balances	-	240,685	240,685
Total fund balances	\$ -	\$ 240,685	\$ 240,685

**NonMajor Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Year Ended June 30, 2023**

	<b>Sales Tax Reserve Fund</b>	<b>Cemetery Care Fund</b>	<b>Total-Other Governmental Funds</b>
<b>REVENUES</b>			
Taxes	\$ 767,426	\$ -	\$ 767,426
Charges for services	-	17,396	17,396
Investment earnings	-	112	112
Total revenues	767,426	17,508	784,934
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(767,426)	-	(767,426)
	(767,426)	-	(767,426)
 Net change in fund balances	-	17,508	17,508
Fund balances - beginning	-	223,177	223,177
Fund balances - ending	\$ -	\$ 240,685	\$ 240,685

**CITY OF COLLINSVILLE, OKLAHOMA**  
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**Combining Schedule of Net Position – Collinsville Municipal Authority Accounts (Modified Cash Basis) – June 30, 2023**

	<b>Collinsville Municipal Authority Accounts</b>			<b>Total</b>
	<b>CMA Operating Account</b>	<b>Meter Deposit Account</b>	<b>Debt Service Account</b>	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 3,893,360	\$ -	\$ -	\$ 3,893,360
Restricted cash and cash equivalents	6,688	153,674	654,451	814,813
Investments	107,370	-	-	107,370
Due from other funds	808,724	-	-	808,724
Total current assets	<u>4,816,142</u>	<u>153,674</u>	<u>654,451</u>	<u>5,624,267</u>
Non-current assets:				
Restricted cash and cash equivalents	-	386,695	-	386,695
Restricted investments	-	228,000	-	228,000
Total non-current assets	<u>-</u>	<u>614,695</u>	<u>-</u>	<u>614,695</u>
Total assets	<u>4,816,142</u>	<u>768,369</u>	<u>654,451</u>	<u>6,238,962</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Due to other governments	19,191	-	-	19,191
Deposits subject to refund	-	153,674	-	153,674
Total current liabilities	<u>19,191</u>	<u>153,674</u>	<u>-</u>	<u>172,865</u>
Non-current liabilities:				
Deposits subject to refund	-	614,695	-	614,695
Total non-current liabilities	<u>-</u>	<u>614,695</u>	<u>-</u>	<u>614,695</u>
Total liabilities	<u>19,191</u>	<u>768,369</u>	<u>-</u>	<u>787,560</u>
<b>NET POSITION</b>				
Restricted for capital projects	-	-	258,003	258,003
Restricted for debt service	6,688	-	396,448	403,136
Unrestricted	4,790,263	-	-	4,790,263
Total net position	<u>\$ 4,796,951</u>	<u>\$ -</u>	<u>\$ 654,451</u>	<u>\$ 5,451,402</u>

**CITY OF COLLINSVILLE, OKLAHOMA**  
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**Combining Schedule of Revenues, Expenses and Changes in Net Position – Collinsville Municipal Authority Accounts (Modified Cash Basis) – Year Ended June 30, 2023**

	Collinsville Municipal Authority Accounts			Total
	CMA Operating Account	Meter Deposit Account	Debt Service Account	
<b>Operating Revenues:</b>				
Electric	\$ 8,875,766	\$ -	\$ -	\$ 8,875,766
Water	1,113,371	-	-	1,113,371
Sewer	918,994	-	-	918,994
Sanitation	863,299	-	-	863,299
Penalties	164,281	-	-	164,281
Planning fees	11,404	-	-	11,404
Administration fees	478,400	-	-	478,400
Miscellaneous	425,010	-	-	425,010
Total operating revenues	<u>12,850,525</u>	<u>-</u>	<u>-</u>	<u>12,850,525</u>
<b>Operating Expenses:</b>				
General government	2,111,377	-	-	2,111,377
Electric	6,589,679	-	-	6,589,679
Water and sewer distribution	684,073	-	-	684,073
Water and sewer treatment	642,114	-	-	642,114
Sanitation	572,369	-	-	572,369
Total Operating Expenses	<u>10,599,612</u>	<u>-</u>	<u>-</u>	<u>10,599,612</u>
Operating income	<u>2,250,913</u>	<u>-</u>	<u>-</u>	<u>2,250,913</u>
<b>Non-Operating Revenues (Expenses):</b>				
Investment income	78,822	-	15,589	94,411
Miscellaneous	17,784	-	-	17,784
Grant revenue	832,872	-	-	832,872
Proceeds from long-term debt	807,128	-	-	807,128
Capital outlay	(2,315,745)	-	(53,534)	(2,369,279)
Debt service:				
Principal retirement	(405,607)	-	(1,079,000)	(1,484,607)
Interest expense and fees	(191,936)	-	(223,816)	(415,752)
Total non-operating revenue (expenses)	<u>(1,176,682)</u>	<u>-</u>	<u>(1,340,761)</u>	<u>(2,517,443)</u>
Income (loss) before transfers	<u>1,074,231</u>	<u>-</u>	<u>(1,340,761)</u>	<u>(266,530)</u>
<b>Transfers:</b>				
Interaccount transfers in	-	-	166,306	166,306
Interaccount transfers out	(166,306)	-	-	(166,306)
Transfers in	767,426	-	1,134,893	1,902,319
Transfers out	(1,317,426)	-	-	(1,317,426)
Change in net position	<u>357,925</u>	<u>-</u>	<u>(39,562)</u>	<u>318,363</u>
Total net position - beginning	4,439,026	-	694,013	5,133,039
Total net position - ending	<u>\$ 4,796,951</u>	<u>\$ -</u>	<u>\$ 654,451</u>	<u>\$ 5,451,402</u>

**CITY OF COLLINSVILLE, OKLAHOMA  
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**Schedules of Expenditures of Federal and State Awards (Modified Cash Basis) – Year Ended June 30, 2023**

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

<b>Federal/State Grantor/Pass Through Agency Grantor/Program Title</b>	<b>Federal AL#</b>	<b>Grant #</b>	<b>Award Amount</b>	<b>Federal Expenditures</b>
<b><u>U.S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u></b>				
Passed through INCOG: Community Development Block Grant - 2022 Tulsa County Urban	14.218	B-22-UC-40-0001	\$ 144,978	\$ 144,978
<b>Total U.S Department of Housing and Urban Development</b>			<u>144,978</u>	<u>144,978</u>
<b><u>U. S. DEPARTMENT OF HOMELAND SECURITY:</u></b>				
Assistance to Firefighters Grant	97.052	EMW-2020-FG-18851	\$ 6,818	\$ 6,818
<b>Total Department of Homeland Security</b>			<u>6,818</u>	<u>6,818</u>
<b><u>U.S. DEPARTMENT OF TREASURY:</u></b>				
American Rescue Plan Act	21.027	FA-011932	\$ 1,269,797	\$ -
<b>Total Department of Treasury</b>			<u>1,269,797</u>	<u>-</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 1,421,593</u>	<u>\$ 151,796</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, 2023. 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  
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**CITY OF COLLINSVILLE, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>Federal/State Grantor/Pass Through Agency Grantor/Program Title</u>	<u>Grant #</u>	<u>Award Amount</u>	<u>State Expenditures</u>
 <b><u>OKLAHOMA DEPARTMENT OF AGRICULTURE</u></b>			
Forestry Services - Rural Fire Grant	N/A	\$ 10,053	\$ 10,053
Forestry Services - Collinsville Fire-May 2023	N/A	<u>\$ 7,400</u>	<u>\$ 7,400</u>
<b>Total Oklahoma Department of Agriculture</b>		<u>17,453</u>	<u>17,453</u>
 <b><u>INCOG</u></b>			
Federal Transit Admin Section 5310 FY 20 Funds	N/A	FTA Section 5310 <u>73,923</u>	<u>73,923</u>
<b>Total INCOG</b>		<u><b>73,923</b></u>	<u><b>73,923</b></u>
 <b>TOTAL STATE AWARDS</b>		 <u><b>\$ 91,376</b></u>	 <u><b>\$ 91,376</b></u>

**CITY OF COLLINSVILLE, OKLAHOMA**  
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**Debt Service Coverage Schedule – June 30, 2023**

Gross Revenue Available for Debt Service:

Operating revenues of leased systems	\$10,908,131
Sales tax revenue - restricted for debt service	<u>1,765,079</u>

Total Gross Revenues Available	12,673,210
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System Operating Expenses	<u>7,915,866</u>
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Net Revenues Available for Debt Service	<u><u>\$4,757,344</u></u>
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Debt Service Requirements:

Average annual debt service - 2001, 2007, 2009, and 2020 OWRB promissory note, 2015 Sales Tax and Utility Revenue Bonds and 2023 Sales Tax Revenue Note	<u><u>\$1,471,348</u></u>
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Coverage	<u><u>323%</u></u>
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Coverage Requirement	<u><u>125%</u></u>
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**CITY OF COLLINSVILLE, OKLAHOMA  
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**INTERNAL CONTROL AND COMPLIANCE INFORMATION**



**CITY OF COLLINSVILLE, OKLAHOMA  
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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, 2023, 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 15, 2024.

**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.

*HBC CPAs & Advisors*

Oklahoma City, Oklahoma  
January 15, 2024