

TOWN OF
FORT GIBSON



OLDEST TOWN IN OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

THE TOWN OF FORT GIBSON, OKLAHOMA

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INDEPENDENT AUDITOR'S REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

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ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Town Trustees
Town of Fort Gibson, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fort Gibson, Oklahoma (the "Town") as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matter

As discussed in Note 6 to the financial statements, the Town made material prior period adjustments to the beginning net positions of the government-wide financial statements, the beginning net position of the proprietary fund, and the beginning fund balances of the governmental funds due to the understatement and overstatement of certain balances. The prior period adjustments resulted in a net increase in the governmental activities of the government-wide beginning net position of \$1,254,200, a net decrease in the business-type activities of the government-wide and proprietary funds beginning net position of \$(2,580,303), and a net increase in the governmental funds beginning net position of \$295,141. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis, budgetary comparison information, the schedule of Town's proportionate share of net pension liability—Oklahoma Firefighters Pension and Retirement System, the schedule of Town contributions—Oklahoma Firefighters Pension and Retirement System, the schedule of Town's proportionate share of net pension liability (asset)—Oklahoma Police Pension and Retirement System, and the schedule of Town contributions—Oklahoma Police Pension and Retirement System as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Other Matters, Continued

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town's basic financial statements. The combining schedules of general fund accounts, the combining statements of nonmajor governmental funds, the schedule of expenditures of federal awards, and the schedule of expenditures of state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of general fund accounts, the combining statements of nonmajor governmental funds, the schedule of expenditures of federal awards, and the schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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

Shawnee, Oklahoma
September 14, 2023

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As management of the Town of Fort Gibson, we offer readers this narrative overview and analysis of the financial activities of the Town of Fort Gibson for the fiscal year ended June 30, 2021. We encourage readers to use this information in conjunction with the Town's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Town's overall net position improved during the year ended June 30, 2021. Total net position increased by \$1,288,055 with the Town's total government-wide assets and deferred outflows continuing to exceed its total liabilities and deferred inflows at June 30, 2021, by \$22,198,572 which represents its total government-wide net position.
- During the year, the City's expenses for governmental activities were \$3,076,093 and were funded by program revenues of \$998,817 and further funded with taxes and other general revenues that totaled \$2,734,915 excluding net transfers.
- In the City's business-type activities, such as utilities, total program revenues exceeded expenses by \$529,079.
- At June 30, 2021, unassigned fund balance for the General Fund was \$322,272, or 13.1% of General Fund revenues.
- For budgetary purposes, the General Fund reported revenues over estimates by \$466,689 or 11.5%, while expenditures were under final appropriations by \$1,609,411 or 39.6%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Reporting the Town as a Whole

The Statement of Net Position and Statement of Activities

This discussion and analysis is intended to serve as an introduction to the Town of Fort Gibson's basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 13 & 14, respectively) report information about the Town as a whole and about its activities in a way that helps answer questions. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues, expenses and deferrals are taken into account regardless of when cash is received or paid.

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

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

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

Reporting the Town's Most Significant Funds

Fund Financial Statements

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

Governmental funds -- Most of the Town's basic services are reported in governmental funds, which focus on near-term inflows and outflows of spendable resources, as well as spendable resources available at the end of the fiscal year. These funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic service it provides. Governmental fund information helps determine

whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary funds -- When the Town charges customers for the services it provides – whether to outside customers or to other units of the Town – these services are generally reported in proprietary funds. Enterprise funds are one type of proprietary funds and are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer operations and solid waste collection. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

A FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

For the year ended June 30, 2021, net position for the governmental activities and business-type activities totaled \$22,198,572, which was an increase of \$1,288,055. The results indicate the Town, as a whole, improved its financial position from the prior year.

The Town of Fort Gibson's Change in Net Position

| | Governmental Activities | Business-type Activities | Total |
|----------------------------------|----------------------------|-----------------------------|----------------------|
| Beginning net position, restated | \$ 9,883,148 | \$ 11,027,369 | \$ 20,910,517 |
| Change in net position | 479,636 | 808,419 | 1,288,055 |
| Ending net position | \$ 10,362,784 | \$ 11,835,788 | \$ 22,198,572 |

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

The Town of Fort Gibson's Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|---------------------|-----------------------------|----------------------|----------------------|----------------------|
| | Restated | | Restated | | Restated | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Assets: | | | | | | |
| Current and other assets | \$ 6,260,689 | \$ 6,331,016 | \$ 6,482,948 | \$ 6,557,027 | \$ 12,743,637 | \$ 12,888,043 |
| Capital assets | 4,717,064 | 4,104,222 | 13,917,604 | 13,338,318 | 18,634,668 | 17,442,540 |
| Total assets | 10,977,753 | 10,435,238 | 20,400,552 | 19,895,345 | 31,378,305 | 30,330,583 |
| Deferred Outflows of Resources: | | | | | | |
| Deferred amounts related to pensions | 471,944 | 317,556 | - | - | 471,944 | 317,556 |
| Liabilities: | | | | | | |
| Long-term liabilities | 855,527 | 588,611 | 8,423,872 | 8,430,425 | 9,279,399 | 9,019,036 |
| Other liabilities | 157,056 | 113,784 | 140,892 | 437,551 | 297,948 | 551,335 |
| Total liabilities | 1,012,583 | 702,395 | 8,564,764 | 8,867,976 | 9,577,347 | 9,570,371 |
| Deferred Inflows of Resources: | | | | | | |
| Deferred amounts related to pensions | 74,330 | 167,251 | - | - | 74,330 | 167,251 |
| Net position: | | | | | | |
| Net investment in capital assets | 4,673,324 | 3,988,766 | 7,300,476 | 7,468,553 | 11,973,800 | 11,457,319 |
| Restricted | 3,389,433 | 3,350,460 | - | 884,064 | 3,389,433 | 4,234,524 |
| Unrestricted | 2,300,027 | 2,543,922 | 4,535,312 | 2,674,752 | 6,835,339 | 5,218,674 |
| Total net position | \$ 10,362,784 | \$ 9,883,148 | \$ 11,835,788 | \$ 11,027,369 | \$ 22,198,572 | \$ 20,910,517 |

The largest portion of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. This year the net investment in capital assets

MANAGEMENT'S DISCUSSION & ANALYSIS
TOWN OF FORT GIBSON, OKLAHOMA
JUNE 30, 2021

amounted to approximately \$12 million. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the Town's net position, approximately \$3.4 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is generally considered to be available to be used to meet the government's ongoing obligations to citizens and creditors. For the current year, this unrestricted net position amounted to \$6,835,339.

The Town of Fort Gibson's Statement of Activities

| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|-------------------|-----------------------------|-------------------|---------------------|---------------------|
| | 2021 | Restated 2020 | 2021 | Restated 2020 | 2021 | Restated 2020 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for Services | \$ 419,560 | \$ 388,059 | \$ 3,540,790 | \$ 3,395,383 | \$ 3,960,350 | \$ 3,783,442 |
| Grants & Contributions | 546,260 | 41,557 | 62,200 | - | 608,460 | 41,557 |
| Capital Grants & Contributions | 32,997 | - | - | 837,177 | 32,997 | 837,177 |
| General Revenues: | | | | | | |
| Sales & Use Tax | 2,442,892 | 2,378,549 | - | - | 2,442,892 | 2,378,549 |
| Other Taxes | 145,452 | 144,769 | - | - | 145,452 | 144,769 |
| Other General Revenues | 146,571 | 11,213 | 101,337 | 64,942 | 247,908 | 76,155 |
| Total Revenues | 3,733,732 | 2,964,147 | 3,704,327 | 4,297,502 | 7,438,059 | 7,261,649 |
| Program Expenses: | | | | | | |
| General government | 635,819 | 424,745 | - | - | 635,819 | 424,745 |
| Public safety | 1,959,781 | 1,459,498 | - | - | 1,959,781 | 1,459,498 |
| Culture and recreation | 197,051 | 440,036 | - | - | 197,051 | 440,036 |
| Streets | 179,314 | - | - | - | 179,314 | - |
| Cemetery | 100,689 | - | - | - | 100,689 | - |
| Interest on long-term debt | 3,439 | - | - | - | 3,439 | - |
| Water | - | - | 1,538,526 | 3,444,207 * | 1,538,526 | 3,444,207 |
| Sewer | - | - | 977,290 | - | 977,290 | - |
| Sanitation | - | - | 558,095 | - | 558,095 | - |
| Total Expenses | 3,076,093 | 2,324,279 | 3,073,911 | 3,444,207 | 6,150,004 | 5,768,486 |
| Revenues in excess of expenses | 657,639 | 639,868 | 630,416 | 853,295 | 1,288,055 | 1,493,163 |
| Net Transfers | (178,003) | (173,545) | 178,003 | - | - | (173,545) |
| Change in Net Position | \$ 479,636 | \$ 466,323 | \$ 808,419 | \$ 853,295 | \$ 1,288,055 | \$ 1,319,618 |
| Net Position - beginning, restated | 9,883,148 | 9,416,825 | 11,027,369 | 10,174,074 | 20,910,517 | 19,590,899 |
| Net Position - Ending | 10,362,784 | 9,883,148 | 11,835,788 | 11,027,369 | 22,198,572 | 20,910,517 |

*Prior year expenses were reported as one function rather than being split among water, sewer, and sanitation.

For the year ended June 30, 2021, on a government-wide basis, the Town experienced an improvement in its financial condition resulting in an increase in total net position of \$1,288,055. The decrease in the size from the prior year change in net position can be attributable to an increase in operating grants and contributions of \$566,903, a decrease in capital grants and contributions of \$804,180, and an increase in expenses of \$381,518.

The Town's current year governmental activities change in net position of \$479,636 represents an increase from the change in net position of \$466,323 experienced in the prior year. This year's increase in the change in net position from the prior year change can be attributable in large part to an increase in grants and contributions of \$504,703 from the prior year.

The business-type activities experienced a current year change in net position of \$808,419, which represents a decrease from the change in net position of \$853,295 experienced in the prior year. This

year's decrease in the change in net position from the prior year change can be attributable in large part to a decrease in capital grants and contributions of \$837,177 from the prior year.

In reviewing the activity net (expense)/revenue, all business-type functions with the exception of sanitation charges for services were sufficient to cover all related expenses.

A FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed its 2021 fiscal year, the governmental funds reported a combined fund balance of \$5,455,601. However, that net amount is the result of \$3,389,433 of restricted fund balance, \$1,743,896 of assigned fund balance, and \$322,272 of unassigned fund balance.

For the reasons discussed previously in regards to business-type activities, the enterprise funds reported combined net position of approximately \$11.8 million.

The General Fund's total fund balance decreased by \$19,504, or 0.9%, which is an improvement from the decrease in total fund balance of the prior year. This is due in a large part to an increase in intergovernmental revenues from the prior year.

The Fort Gibson Utilities Authority enterprise fund reported an increase in net position, after transfers and capital contributions of \$808,419 for the year.

General Fund Budgetary Highlights

For the year ended June 30, 2021, the General Fund reported actual budgetary basis amounts available for appropriations below final estimates by \$466,689 or an 11.5% positive variance. General Fund actual expenditures were under final appropriations by \$1,609,411 or a 39.6% positive variance.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the Town had approximately \$18.6 million invested in capital assets including land, buildings, machinery and equipment, park facilities, water, sewer systems, roads and bridges. This represents a net increase of \$1,192,128 from last year.

Below are details regarding the Town's capital assets for the years ended June 30, 2021 and 2020.¹

¹ For more detailed information on capital asset activity please refer to page 31-32, Note 4. Capital Assets and Depreciation

The Town of Fort Gibson's Capital Assets

| | Governmental Activities | | Business-type Activities | | Totals | |
|--------------------------|----------------------------|---------------------|-----------------------------|----------------------|----------------------|----------------------|
| | Restated | | Restated | | Restated | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land | \$ 306,021 | \$ 294,821 | \$ - | \$ - | \$ 306,021 | \$ 294,821 |
| Construction-in-progress | 174,286 | - | 63,864 | - | 238,150 | - |
| Buildings | 2,956,346 | 2,929,896 | 1,867,187 | 1,852,187 | 4,823,533 | 4,782,083 |
| Machinery and Equipment | 3,421,384 | 2,945,083 | 1,358,474 | 1,025,105 | 4,779,858 | 3,970,188 |
| Improvements | 2,178,277 | 2,047,224 | 583,591 | - | 2,761,868 | 2,047,224 |
| Infrastructure | 1,283,188 | 1,095,040 | 15,782,353 | 15,700,861 | 17,065,541 | 16,795,901 |
| Totals | 10,319,502 | 9,312,064 | 19,655,469 | 18,578,153 | 29,974,971 | 27,890,217 |
| Less Depreciation | (5,602,438) | (5,207,842) | (5,737,865) | (5,239,835) | (11,340,303) | (10,447,677) |
| Totals, Net | \$ 4,717,064 | \$ 4,104,222 | \$ 13,917,604 | \$ 13,338,318 | \$ 18,634,668 | \$ 17,442,540 |

This year's more significant capital asset additions include \$50,817 for a 2020 Ford F150, \$52,993 for a camera system upgrade, \$40,229 for a SeaArk RXJT 872 Boat, \$76,000 for a 2021 Ford F350 4x4, \$40,879 for a 2021 Chevy Silverado 1500, \$35,122 for a jaws of life kit, \$92,659 for (2) 2020 Ford Police Interceptor Utility Vehicles, \$63,149 for a 2021 Chevy Tahoe, \$68,362 for a 2020 Chevy Suburban, \$101,900 for animal control building remodel, \$185,400 for Willey Street sidewalk project, \$137,010 for water improvements project, 166,261 for wastewater treatment plant sludge removal project, \$191,388 for wastewater treatment plant lab remodel, and \$81,492 for master meter replacement project.

Debt Administration

At year-end, the Town had \$8.5 million in long-term debt outstanding, which represents a \$199,516 decrease from the prior year.²

The Town of Fort Gibson's Long-term Debt

| | Governmental Activities | | Business-type Activities | | Totals | |
|----------------------------|----------------------------|------------------|-----------------------------|---------------------|---------------------|---------------------|
| | Restated | | Restated | | Restated | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Capital leases payable | \$ 40,301 | \$ - | \$ - | \$ - | \$ 40,301 | \$ - |
| Accrued compensation | 55,586 | 30,668 | 28,612 | 30,113 | 84,198 | 60,781 |
| Notes Payable | - | - | 8,228,462 | 8,500,490 | 8,228,462 | 8,500,490 |
| Deposits subject to refund | - | - | 166,798 | 158,003 | 166,798 | 158,003 |
| Totals | \$ 95,887 | \$ 30,668 | \$ 8,423,872 | \$ 8,688,606 | \$ 8,519,759 | \$ 8,719,274 |

² For more detailed information on long-term debt activity please refer to page 32-35, Note 5. Long-Term Debt and Debt Service Requirements

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

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

In FY-2021, the Town's economic outlook remained strong despite the uncertainty caused by the ongoing global pandemic. Sales and use taxes which are the primary funding source of the general government experienced significant growth during FY-2021 of approximately 35%. As discussed below, the Town experienced economic growth via new development during FY-2021 which contributed in part to the increase in sales and use taxes; however, we are also aware other factors may contribute to the tax growth such as changes in consumer purchasing preferences (i.e. consumers purchasing goods locally or online, rather than traveling to larger markets), and excess disposable income due to State and Federal COVID-19 relief programs. As such, due to the uncertainty of future tax revenue increases, the Town will be projecting FY-2022 revenues conservatively.

The FY-2022 budget expects a continued increase in Town revenues due to an increased tax base as more families continue to relocate to the Fort Gibson area and due to new business start-ups. We are proud to have O'Reilly Auto Parts coming to Town, which should be opened late 2022 or early 2023. Additionally, we are actively and aggressively recruiting new restaurants and other businesses to join the growing success of our community.

With the new growth, the Town has some major street resurfacing and flood mitigation projects on the calendar for FY-2022 and beyond. The estimated costs for the planned projects exceed \$1,000,000 and will be funded through tax revenues and program fees as well as federal grants.

Although the economic outlook is strong, there are potential negative factors we must consider in the upcoming fiscal year. Inflation is at a forty (40) year high, which could slow consumer spending and, in turn, negatively impact tax revenue. The rising cost of doing business also impacts the deployment of Town services across all departments and should be considered when projecting the economic health of our Town. Although there are uncertainties, we are confident the challenges can be managed to continue the Town's growth and strong fiscal outlook for the upcoming year.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Government-Wide Statement of Net Position– June 30, 2021

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 2,619,280 | \$ 5,469,457 | \$ 8,088,737 |
| Investments | 2,157,872 | 613,171 | 2,771,043 |
| Deposits with insurance pool | 37,616 | - | 37,616 |
| Accounts receivable, net of allowance | - | 376,891 | 376,891 |
| Franchise tax receivable | 119,295 | - | 119,295 |
| Court fines receivable, net of allowance | 699,881 | - | 699,881 |
| Due from other governments | 180,534 | - | 180,534 |
| Prepaid items | 13,588 | 9,318 | 22,906 |
| Notes receivable | 283,902 | - | 283,902 |
| Other receivables | 148,721 | - | 148,721 |
| Internal balances | (14,111) | 14,111 | - |
| Capital assets: | | | |
| Land and construction in progress | 480,307 | 63,864 | 544,171 |
| Other capital assets, net of depreciation | 4,236,757 | 13,853,740 | 18,090,497 |
| Total assets | <u>10,963,642</u> | <u>20,400,552</u> | <u>31,364,194</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Deferred amounts related to pensions | 471,944 | - | 471,944 |
| Total deferred outflows of resources | <u>471,944</u> | <u>-</u> | <u>471,944</u> |
| LIABILITIES: | | | |
| Accounts payable | 43,644 | 50,314 | 93,958 |
| Accrued payroll liabilities | 95,862 | 77,113 | 172,975 |
| Accrued interest payable | 3,439 | 13,465 | 16,904 |
| Long-term liabilities: | | | |
| Due within one year | 14,253 | 338,930 | 353,183 |
| Due in more than one year | 81,634 | 8,084,942 | 8,166,576 |
| Net pension liability | 759,640 | - | 759,640 |
| Total liabilities | <u>998,472</u> | <u>8,564,764</u> | <u>9,563,236</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Deferred amounts related to pensions | 74,330 | - | 74,330 |
| NET POSITION: | | | |
| Net investment in capital assets | 4,673,324 | 7,300,476 | 11,973,800 |
| Restricted | 3,389,433 | - | 3,389,433 |
| Unrestricted | 2,300,027 | 4,535,312 | 6,835,339 |
| Total net position | <u>\$ 10,362,784</u> | <u>\$ 11,835,788</u> | <u>\$ 22,198,572</u> |

See accompanying notes to the basic financial statements.

TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Government-Wide Statement of Activities –Year Ended June 30, 2021

| Functions/Programs | Expenses | Program Revenue | | | Net (Expense) Revenue and Changes in Net Position Primary Government | | |
|---|---------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Primary government | | | | | | | |
| Governmental Activities | | | | | | | |
| General government | \$ 635,819 | \$ 25,522 | \$ - | \$ - | \$ (610,297) | \$ - | \$ (610,297) |
| Public safety | 1,959,781 | 372,804 | 504,445 | 9,000 | (1,073,532) | - | (1,073,532) |
| Culture and recreation | 197,051 | 1,204 | 6,000 | 23,997 | (165,850) | - | (165,850) |
| Streets | 179,314 | 1,000 | 35,815 | - | (142,499) | - | (142,499) |
| Cemetery | 100,689 | 19,030 | - | - | (81,659) | - | (81,659) |
| Interest on long-term debt | 3,439 | - | - | - | (3,439) | - | (3,439) |
| Total governmental activities | <u>3,076,093</u> | <u>419,560</u> | <u>546,260</u> | <u>32,997</u> | <u>(2,077,276)</u> | <u>-</u> | <u>(2,077,276)</u> |
| Business-type activities: | | | | | | | |
| Water | 1,538,526 | 1,763,631 | 62,200 | - | - | 287,305 | 287,305 |
| Sewer | 977,290 | 1,347,077 | - | - | - | 369,787 | 369,787 |
| Sanitation | 558,095 | 430,082 | - | - | - | (128,013) | (128,013) |
| Total business-type activities | <u>3,073,911</u> | <u>3,540,790</u> | <u>62,200</u> | <u>-</u> | <u>-</u> | <u>529,079</u> | <u>529,079</u> |
| Total primary government | <u>\$ 6,150,004</u> | <u>\$ 3,960,350</u> | <u>\$ 608,460</u> | <u>\$ 32,997</u> | <u>(2,077,276)</u> | <u>529,079</u> | <u>(1,548,197)</u> |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Sales and use taxes | | | | | 2,442,892 | - | 2,442,892 |
| Franchise and public service taxes | | | | | 145,452 | - | 145,452 |
| Intergovernmental revenue not restricted to specific programs | | | | | 47,986 | - | 47,986 |
| Investment income | | | | | 49,200 | 45,560 | 94,760 |
| Miscellaneous | | | | | 49,385 | 55,777 | 105,162 |
| Transfers | | | | | (178,003) | 178,003 | - |
| Total general revenues and transfers | | | | | <u>2,556,912</u> | <u>279,340</u> | <u>2,836,252</u> |
| Change in net position | | | | | 479,636 | 808,419 | 1,288,055 |
| Net position - beginning, restated | | | | | 9,883,148 | 11,027,369 | 20,910,517 |
| Net position - ending | | | | | <u>\$ 10,362,784</u> | <u>\$ 11,835,788</u> | <u>\$ 22,198,572</u> |

See accompanying notes to the basic financial statements.

TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Governmental Funds Balance Sheet - June 30, 2021

| | General Fund | Special Revenue | | Debt Service | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|---------------------|-------------------|--------------------------|--------------------------|
| | | Street & Alley Fund | 1.25 Sales Tax Fund | Debt Service Fund | | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 842,712 | \$ 838,625 | \$ 604,954 | \$ - | \$ 332,989 | \$ 2,619,280 |
| Investments | 932,535 | 229,424 | 642,721 | - | 353,192 | 2,157,872 |
| Deposit with insurance pool | 37,616 | - | - | - | - | 37,616 |
| Notes receivable | - | - | - | - | 283,902 | 283,902 |
| Due from other governments | 174,210 | 6,324 | - | - | - | 180,534 |
| Franchise tax receivable | 119,295 | - | - | - | - | 119,295 |
| Court fines receivable, net of allowance | 699,881 | - | - | - | - | 699,881 |
| Other receivables | 6,972 | 35,437 | 70,874 | - | 35,438 | 148,721 |
| Prepaid items | 11,355 | 1,391 | 842 | - | - | 13,588 |
| Total assets | <u>\$ 2,824,576</u> | <u>\$ 1,111,201</u> | <u>\$ 1,319,391</u> | <u>\$ -</u> | <u>\$ 1,005,521</u> | <u>\$ 6,260,689</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 26,239 | \$ 15,175 | \$ - | \$ - | \$ 2,230 | \$ 43,644 |
| Accrued payroll liabilities | 70,766 | 3,868 | 234 | - | 20,994 | 95,862 |
| Due to other funds | - | - | 14,111 | - | - | 14,111 |
| Total liabilities | <u>97,005</u> | <u>19,043</u> | <u>14,345</u> | <u>-</u> | <u>23,224</u> | <u>153,617</u> |
| Deferred Inflows of Resources: | | | | | | |
| Deferred revenue | <u>651,471</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>651,471</u> |
| Fund balances: | | | | | | |
| Restricted | 37,616 | 1,084,062 | 1,295,913 | - | 971,842 | 3,389,433 |
| Assigned | 1,716,212 | 8,096 | 9,133 | - | 10,455 | 1,743,896 |
| Unassigned | 322,272 | - | - | - | - | 322,272 |
| Total fund balances | <u>2,076,100</u> | <u>1,092,158</u> | <u>1,305,046</u> | <u>-</u> | <u>982,297</u> | <u>5,455,601</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 2,824,576</u> | <u>\$ 1,111,201</u> | <u>\$ 1,319,391</u> | <u>\$ -</u> | <u>\$ 1,005,521</u> | <u>\$ 6,260,689</u> |

See accompanying notes to the basic financial statements.

TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

| | | |
|--|----|------------|
| Total fund balance, governmental funds | \$ | 5,455,601 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$5,602,438 | | 4,717,064 |
| Certain other long-term assets and deferred outflow s are not available to pay current period expenditures and therefore are deferred or not reported in the funds: | | |
| Pension related deferred outflow s | | 471,944 |
| Deferred revenue not available | | 651,471 |
| | | 1,123,415 |
| Certain long-term liabilities and related accounts, are not due and payable from current financial resources and therefore, they, along with deferred inflow s, are not reported in the funds: | | |
| Accrued interest payable | | (3,439) |
| Capital lease obligations payable | | (40,301) |
| Accrued compensated absences | | (55,586) |
| Net pension liability | | (759,640) |
| Pension related deferred inflow s | | (74,330) |
| | | (933,296) |
| Net Position of Governmental Activities in the Statement of Net Position | \$ | 10,362,784 |

See accompanying notes to the basic financial statements.

TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2021

| | General Fund | Special Revenue | | Debt Service | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|---------------------|---------------------|-------------------|--------------------------|--------------------------|
| | | Street & Alley Fund | 1.25 Sales Tax Fund | Debt Service Fund | | |
| REVENUES | | | | | | |
| Taxes | \$ 1,506,168 | \$ 270,544 | \$ 541,088 | \$ - | \$ 270,544 | \$ 2,588,344 |
| Intergovernmental | 554,649 | 35,815 | - | - | 4,826 | 595,290 |
| Charges for services | 36,454 | - | - | - | 18,163 | 54,617 |
| Fines and forfeitures | 272,506 | - | - | - | - | 272,506 |
| Licenses and permits | 15,362 | 1,000 | - | - | - | 16,362 |
| Investment earnings | 22,899 | 7,096 | 9,133 | - | 10,072 | 49,200 |
| Miscellaneous | 56,348 | - | - | - | 18,050 | 74,398 |
| Total revenues | <u>2,464,386</u> | <u>314,455</u> | <u>550,221</u> | <u>-</u> | <u>321,655</u> | <u>3,650,717</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Legislature | 22,784 | - | - | - | - | 22,784 |
| General government | 475,345 | - | 23,905 | - | - | 499,250 |
| Public safety | 1,268,519 | - | 214,876 | - | 173,088 | 1,656,483 |
| Culture and recreation | 61,876 | - | - | - | - | 61,876 |
| Cemetery | 96,496 | - | 4,193 | - | - | 100,689 |
| Streets | - | 95,998 | 15,284 | - | - | 111,282 |
| General government - FGUA | - | - | 88,828 | - | - | 88,828 |
| Water | - | - | 39,758 | - | - | 39,758 |
| Sewer | - | - | 45,212 | - | - | 45,212 |
| Sanitation | - | - | 18,482 | - | - | 18,482 |
| Capital Outlay | 602,889 | 206,332 | 14,111 | - | 257,569 | 1,080,901 |
| Debt Service: | | | | | | |
| Principal | 12,692 | - | - | - | - | 12,692 |
| Total expenditures | <u>2,540,601</u> | <u>302,330</u> | <u>464,649</u> | <u>-</u> | <u>430,657</u> | <u>3,738,237</u> |
| Excess (deficiency) of revenues over (under) expenditures | (76,215) | 12,125 | 85,572 | - | (109,002) | (87,520) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 8,601 | - | - | 4,883 | - | 13,484 |
| Transfers out | (4,883) | - | - | - | - | (4,883) |
| Proceeds from capital leases | 52,993 | - | - | - | - | 52,993 |
| Total other financing sources and uses | <u>56,711</u> | <u>-</u> | <u>-</u> | <u>4,883</u> | <u>-</u> | <u>61,594</u> |
| Net change in fund balances | (19,504) | 12,125 | 85,572 | 4,883 | (109,002) | (25,926) |
| Fund balances - beginning, restated | <u>2,095,604</u> | <u>1,080,033</u> | <u>1,219,474</u> | <u>(4,883)</u> | <u>1,091,299</u> | <u>5,481,527</u> |
| Fund balances - ending | <u>\$ 2,076,100</u> | <u>\$ 1,092,158</u> | <u>\$ 1,305,046</u> | <u>\$ -</u> | <u>\$ 982,297</u> | <u>\$ 5,455,601</u> |

See accompanying notes to the basic financial statements.

TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

| | | |
|--|----|-----------|
| Net change in fund balances - total governmental funds: | \$ | (25,926) |
| Amounts reported for Governmental Activities in the Statement of Activities are different because: | | |
| Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets: | | |
| Capital asset purchases capitalized | | 987,651 |
| Capital assets contributed | | 19,787 |
| Depreciation expense | | (394,596) |
| | | 612,842 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds: | | |
| Change in deferred revenue | | 66,800 |
| | | 66,800 |
| In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures. | | |
| | | (105,422) |
| Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position: | | |
| Debt proceeds | | (52,993) |
| Capital lease obligation principal payments | | 12,692 |
| | | (40,301) |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds: | | |
| Change in accrued interest expense | | (3,439) |
| Change in accrued compensated absences expenses | | (24,918) |
| | | (28,357) |
| Change in net position of governmental activities | \$ | 479,636 |

See accompanying notes to the basic financial statements.

TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Proprietary Funds Statement of Net Position - June 30, 2021

| | Enterprise Fund |
|---|--|
| | Fort Gibson Utilities Authority |
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 3,677,860 |
| Restricted cash and cash equivalents | 1,791,597 |
| Investments | 613,171 |
| Due from other funds | 14,111 |
| Accounts receivable, net | 376,891 |
| Prepaid expenses | 9,318 |
| Total current assets | 6,482,948 |
| Noncurrent assets: | |
| Capital assets: | |
| Land and other non-depreciable assets | 63,864 |
| Other capital assets, net of depreciation | 13,853,740 |
| Total noncurrent assets | 13,917,604 |
| Total assets | 20,400,552 |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 50,314 |
| Accrued payroll liabilities | 77,113 |
| Interest payable | 13,465 |
| Due to depositors | 33,360 |
| Notes payable | 302,709 |
| Accrued compensated absences | 2,861 |
| Total current liabilities | 479,822 |
| Noncurrent liabilities: | |
| Due to depositors | 133,438 |
| Notes payable | 7,925,753 |
| Accrued compensated absences | 25,751 |
| Total non-current liabilities | 8,084,942 |
| Total liabilities | 8,564,764 |
| NET POSITION | |
| Net investment in capital assets | 7,300,476 |
| Unrestricted | 4,535,312 |
| Total net position | \$ 11,835,788 |

See accompanying notes to the basic financial statements.

TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2021

| | Enterprise Funds |
|--|--|
| | Fort Gibson Utilities Authority |
| OPERATING REVENUES | |
| Charges for services: | |
| Water | \$ 1,705,647 |
| Sewer | 1,303,493 |
| Sanitation | 411,368 |
| Water taps | 1,577 |
| Sewer taps | 500 |
| Landfill | 5,123 |
| Penalties | 43,678 |
| Capital improvement fee | 59,944 |
| Miscellaneous | 9,460 |
| Total operating revenues | 3,540,790 |
| OPERATING EXPENSES | |
| Utility office | 861,288 |
| Sanitation | 397,955 |
| Sewer | 373,002 |
| Water | 563,214 |
| Depreciation expense | 498,030 |
| Total operating expenses | 2,693,489 |
| Operating income | 847,301 |
| NON-OPERATING REVENUES (EXPENSES) | |
| Investment income | 45,560 |
| Interest expense and fiscal charges | (188,142) |
| Miscellaneous revenue | 55,777 |
| Operating grant revenue | 62,200 |
| Total non-operating revenue (expenses) | (24,605) |
| Income before contributions and transfers | 822,696 |
| Capital contributions | 14,111 |
| Transfers out | (28,388) |
| Change in net position | 808,419 |
| Total net position - beginning, restated | 11,027,369 |
| Total net position - ending | \$ 11,835,788 |

See accompanying notes to the basic financial statements.

TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2021

| | Enterprise Funds |
|---|-------------------------|
| | Fort Gibson |
| | Utilities |
| | Authority |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from customers | \$ 3,477,990 |
| Payments to suppliers | (1,150,333) |
| Payments to employees | (1,088,525) |
| Receipts of customer meter deposits | 40,576 |
| Refund of customer meter deposits | (31,781) |
| Other receipts | 103,866 |
| Net Cash Provided by Operating Activities | 1,351,793 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Transfers to other funds | (28,388) |
| Net Cash Provided by (Used in) Noncapital Financing Activities | (28,388) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Purchases of capital assets | (1,063,205) |
| Principal payment of capital debt | (272,028) |
| Interest and fiscal charges paid on capital debt | (189,096) |
| Net Cash Provided by (Used in) Capital and Related Financing Activities | (1,524,329) |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest and dividends | 45,560 |
| Purchase of investments | (613,171) |
| Net Cash Provided by (Used in) Investing Activities | (567,611) |
| Net Decrease in Cash and Cash Equivalents | (768,535) |
| Balances - beginning of the year, restated | 6,237,992 |
| Balances - end of the year | \$ 5,469,457 |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | \$ 847,301 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation expense | 498,030 |
| Operating grant | 62,200 |
| Other non-operating revenues (expenses) | 55,777 |
| Change in assets and liabilities: | |
| Receivables, net | (62,800) |
| Due from other funds | (14,111) |
| Prepaid Expenses | (4,374) |
| Accounts payable | (55,253) |
| Accrued payroll liabilities | 17,729 |
| Due to depositors | 8,795 |
| Accrued compensated absences | (1,501) |
| Net Cash Provided by Operating Activities | \$ 1,351,793 |
| Noncash capital and related financing activities: | |
| Capital assets contributed from governmental funds | \$ 14,111 |

See accompanying notes to the basic financial statements.

**TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

The Town of Fort Gibson is an incorporated municipality with a population of approximately 4,021 located in northeast Oklahoma. The Town operates under the statutory form of government and is governed by a five (5) member board of trustees elected by the citizens of the Town.

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

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

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

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

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

TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

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

Governmental Funds:

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

Major Funds:

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

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

Special Revenue Funds:

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

Capital Project Funds:

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

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

**TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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

Proprietary Funds:

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

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

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

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

C. Cash, Cash Equivalents, and Investments

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

D. Inventories

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

E. Capital Assets and Depreciation

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

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Capital assets consist of land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure. A capitalization threshold of \$500 is used for additions to report capital assets. Capital assets are reported at actual or estimated historical cost. Prior to July 1, 2001, governmental activities' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost. Donated assets are recorded at their acquisition value at the date of donation.

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

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

F. Long-Term Debt

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

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

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

G. Compensated Absences

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

H. Fund Balances and Net Position

Net Position:

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

- a. *Net investment in capital assets* - Consists of capital assets including capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

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

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

Fund Statements:

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

- a. *Nonspendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The Town currently reports no nonspendable fund balance.
- b. *Restricted* – consists of fund balance with constraints place on the use of resources either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Committed* – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority. The Town’s highest level of decision-making authority is made by ordinance. The Town currently reports no committed fund balance.
- d. *Assigned* – includes amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by Town Board action or management decision when the Town Board has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.
- e. *Unassigned* – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

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

I. Interfund Activities and Balances

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

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J. Use of Estimates

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

2. Deposits and Investments

Primary Government Deposits and Investments:

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

At June 30, 2021, the primary government held the following deposits and investments:

| Type of Deposits and Investments - Primary Government | Carrying Value | Maturities in Years | | | | |
|---|----------------------|------------------------------|----------------------|---------------------|-------------------|---------------------|
| | | On Demand | Less Than One | 1 - 5 | 6 - 10 | More Than 10 |
| Deposits: | | | | | | |
| Petty Cash | \$ 2,394 | \$ 2,394 | \$ - | \$ - | \$ - | \$ - |
| Demand deposits | 6,461,888 | 6,461,888 | - | - | - | - |
| Time deposits | 2,771,043 | - | 523,314 | 2,209,985 | - | 37,744 |
| | <u>9,235,325</u> | <u>6,464,282</u> | <u>523,314</u> | <u>2,209,985</u> | <u>-</u> | <u>37,744</u> |
| | Credit Rating | Fair Value Categories | | | | |
| Investments: | | | | | | |
| Note Trustee Accounts: | | | | | | |
| Cavalan Hill U.S. Treasury-Admin #0002 | Aaa | N/A | 1,624,455 | 1,624,455 | - | - |
| | | | <u>1,624,455</u> | <u>1,624,455</u> | <u>-</u> | <u>-</u> |
| Total Deposits and Investments | | | <u>\$ 10,859,780</u> | <u>\$ 8,088,737</u> | <u>\$ 523,314</u> | <u>\$ 2,209,985</u> |
| | | | | | <u>\$ -</u> | <u>\$ 37,744</u> |
| Reconciliation to Statement of Net Position: | | | | | | |
| Cash and cash equivalents | | | \$ 8,088,737 | | | |
| Investments | | | 2,771,043 | | | |
| | | | <u>\$ 10,859,780</u> | | | |

Deposit and Investment Risks

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

The Town does not have a formal investment policy as it relates to custodial credit risk. Acceptable collateral is limited to U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the State of Oklahoma. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee.

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At June 30, 2021, the Town was under-collateralized at Armstrong Bank and Firststar Bank by \$3,270,626 and \$2,307,576, respectively.

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

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., d., and e.

Investment credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The Town has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end in the schedule above. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy to manage exposure to fair value losses arising from increasing interest rates. The Town discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments in the schedule above.

Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration.

At June 30, 2021, the City had no concentration of credit risk as defined above.

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

| | Current Cash and cash Equivalents |
|--------------------------------|---|
| Utility deposits | \$ 166,798 |
| EDA grant cash account | 344 |
| 2011 OWRB CWSRF debt service | 22,032 |
| 2016 Note construction account | 1,570,996 |
| 2016 Note interest account | 7,421 |
| 2016 Note principal account | 24,006 |
| Total Restricted Assets | \$ 1,791,597 |

3. Receivables

Primary Government Accounts Receivables:

Accounts receivable of the business-type activities consists of customers utilities. Accounts receivable of the governmental activities consists of court receivables. Receivables detail at June 30, 2021, is as follows:

| | General Fund | | Fort Gibson Utilities Authority |
|---------------------------------|----------------|--------|------------------------------------|
| | Court | | Utilities Authority |
| Accounts receivable | \$ 1,399,763 | \$ | 422,693 |
| Allowance for doubtful accounts | (699,882) | \$ | (45,802) |
| Accounts receivable, net | \$ 699,881 | \$ | 376,891 |

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4. Capital Assets and Depreciation

For the year ended June 30, 2021, capital assets balances changed as follows:

| | Restated Balance at June 30, 2020 | Additions | Disposals | Balance at June 30, 2021 |
|---|---|---------------------|---------------------|-----------------------------|
| Governmental activities: | | | | |
| Non-depreciable: | | | | |
| Land | \$ 294,821 | \$ 11,200 | \$ - | \$ 306,021 |
| Construction-in-progress | - | 479,368 | (305,082) | 174,286 |
| Total non-depreciable assets at historical cost | <u>294,821</u> | <u>490,568</u> | <u>(305,082)</u> | <u>480,307</u> |
| Depreciable: | | | | |
| Buildings | 2,929,896 | 26,450 | - | 2,956,346 |
| Machinery and equipment | 2,945,083 | 476,301 | - | 3,421,384 |
| Improvements | 2,047,224 | 131,053 | - | 2,178,277 |
| Infrastructure | 1,095,040 | 188,148 | - | 1,283,188 |
| Total depreciable assets at historical cost | <u>9,017,243</u> | <u>821,952</u> | <u>-</u> | <u>9,839,195</u> |
| Less accumulated depreciation | | | | |
| Buildings | (1,506,029) | (67,526) | - | (1,573,555) |
| Machinery and equipment | (2,536,162) | (188,974) | - | (2,725,136) |
| Improvements | (568,559) | (80,490) | - | (649,049) |
| Infrastructure | (597,092) | (57,606) | - | (654,698) |
| Total accumulated depreciation | <u>(5,207,842)</u> | <u>(394,596)</u> | <u>-</u> | <u>(5,602,438)</u> |
| Net depreciable assets | <u>3,809,401</u> | <u>427,356</u> | <u>-</u> | <u>4,236,757</u> |
| Governmental activities capital assets, net | <u>\$ 4,104,222</u> | <u>\$ 917,924</u> | <u>\$ (305,082)</u> | <u>\$ 4,717,064</u> |
| Business-type activities | | | | |
| Non-depreciable: | | | | |
| Construction-in-progress | - | 670,035 | (606,171) | 63,864 |
| Total non-depreciable assets at historical cost | <u>-</u> | <u>670,035</u> | <u>(606,171)</u> | <u>63,864</u> |
| Depreciable: | | | | |
| Buildings | 1,852,187 | 15,000 | - | 1,867,187 |
| Machinery and equipment | 1,025,105 | 333,369 | - | 1,358,474 |
| Improvements | - | 583,591 | - | 583,591 |
| Infrastructure | 15,700,861 | 81,492 | - | 15,782,353 |
| Total depreciable assets at historical cost | <u>18,578,153</u> | <u>1,013,452</u> | <u>-</u> | <u>19,591,605</u> |
| Less accumulated depreciation | | | | |
| Buildings | (1,187,772) | (33,742) | - | (1,221,514) |
| Other improvements | (743,372) | (81,747) | - | (825,119) |
| Machinery and equipment | - | (12,814) | - | (12,814) |
| Utility property | (3,308,691) | (369,727) | - | (3,678,418) |
| Total accumulated depreciation | <u>(5,239,835)</u> | <u>(498,030)</u> | <u>-</u> | <u>(5,737,865)</u> |
| Net depreciable assets | <u>13,338,318</u> | <u>515,422</u> | <u>-</u> | <u>13,853,740</u> |
| Business-type capital assets, net | <u>\$ 13,338,318</u> | <u>\$ 1,185,457</u> | <u>\$ (606,171)</u> | <u>\$ 13,917,604</u> |

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Depreciation expense has been allocated as follows:

| | |
|--|-------------------|
| Depreciation expense charged to governmental activities: | |
| General government | \$ 43,628 |
| Public safety | 157,564 |
| Parks and recreation | 123,687 |
| Streets | 69,717 |
| Total governmental activities depreciation expense | <u>\$ 394,596</u> |

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Depreciation expense charged to business-type activities:

| | | |
|---|----|------------|
| Water | \$ | 290,954 |
| Sewer | | 149,264 |
| Sanitation | | 23,316 |
| General government | | 34,496 |
| Total business-type activities depreciation expense | | \$ 498,030 |

5. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2021, the reporting entity's long-term debt changed as follows:

| | Balance June 30, 2020 | Additions | Deductions | Balance June 30, 2021 | Amounts Due Within One Year |
|--|--------------------------|-----------|------------|--------------------------|-----------------------------------|
| Governmental Activities: | | | | | |
| Capital leases payable | \$ - | \$ 52,993 | \$ 12,692 | \$ 40,301 | \$ 8,694 |
| Accrued compensated absences | 30,668 | 24,918 | - | 55,586 | 5,559 |
| Total Governmental Long-Term Debt | \$ 30,668 | \$ 77,911 | \$ 12,692 | \$ 95,887 | \$ 14,253 |
| Business-type Activities: | | | | | |
| Due to depositors | 158,003 | 40,576 | 31,781 | 166,798 | 33,360 |
| Notes payable-direct borrowings/placements | 8,500,490 | - | 272,028 | 8,228,462 | 302,709 |
| Accrued compensated absences | 30,113 | - | 1,501 | 28,612 | 2,861 |
| Total Business-type Long-Term Debt | \$ 8,688,606 | \$ 40,576 | \$ 305,310 | \$ 8,423,872 | \$ 338,930 |

Governmental activities long-term debt:

Capital Lease Obligation:

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

| | |
|------------------------------|-----------|
| | \$ 40,301 |
| Total Capital Leases Payable | \$ 40,301 |
| Current portion | \$ 8,694 |
| Non-current portion | 31,607 |
| | \$ 40,301 |

Accrued Compensated Absences:

| | |
|------------------------------------|-----------|
| Current portion | \$ 5,559 |
| Noncurrent portion | 50,027 |
| Total Accrued Compensated Absences | \$ 55,586 |

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Business-type activities long-term debt:

Notes Payable:

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

\$ 352,277

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

1,377,000

\$7,055,000 Fort Gibson Utilities Authority 2016 USDA Rural Development Note, dated June 27, 2016, due in monthly principal installments through June 27, 2056, with interest at 2.25%, secured by a pledge of the net water revenues. Proceeds were used to rehabilitate the existing water treatment plant, including replacement of pumps and installation of a liner in the clearwell, as well as construction of a new building for the clarifiers and filters, and a new chemical feed building. In the event of default, the following remedies are available to the lender: 1) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, 2) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, 3) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, 4) foreclose this instrument as provided herein or by law, and 5) enforce any and all other rights and remedies provided herein or by present or future laws.

6,216,595

\$705,000 Fort Gibson Utilities Authority 2016 USDA Rural Development Note, dated June 27, 2016, due in monthly principal installments through June 27, 2056, with interest at 2.25%, secured by a pledge of the net water revenues. Proceeds were used to rehabilitate the existing water treatment plant, including replacement of pumps and installation of a liner in the clearwell, as well as construction of a new building for the clarifiers and filters, and a new chemical feed building. In the event of default, the following remedies are available to the lender: 1) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, 2) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, 3) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, 4) foreclose this instrument as provided herein or by law, and 5) enforce any and all other rights and remedies provided herein or by present or future laws.

282,590

| | | |
|--|--|--------------|
| Total notes payable-direct borrowings/placements | | \$ 8,228,462 |
| Current portion | | \$ 302,709 |
| Non-current portion | | 7,925,753 |
| | | \$ 8,228,462 |

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| | |
|------------------------------------|------------------|
| Accrued Compensated Absences: | |
| Current portion | \$ 2,861 |
| Noncurrent portion | 25,751 |
| Total Accrued Compensated Absences | <u>\$ 28,612</u> |

| | |
|----------------------------------|-------------------|
| Deposits Subject to Refund: | |
| Current portion | \$ 33,360 |
| Noncurrent portion | 133,438 |
| Total Deposits Subject to Refund | <u>\$ 166,798</u> |

Debt Service Requirements to Maturity

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

| Year Ended June 30, | <u>Governmental Activity Debt</u> | |
|---------------------|-----------------------------------|------------------|
| | <u>Capital Leases Payable</u> | |
| | <u>Principal</u> | <u>Interest</u> |
| 2022 | \$ 8,694 | \$ 3,997 |
| 2023 | 9,557 | 3,135 |
| 2024 | 10,504 | 2,187 |
| 2025 | 11,546 | 1,145 |
| Total | <u>\$ 40,301</u> | <u>\$ 10,464</u> |

| Year Ended June 30, | <u>Business-Type Activity Debt</u> | |
|---------------------|---|---------------------|
| | <u>Notes Payable-Direct Borrowing/Placement</u> | |
| | <u>Principal</u> | <u>Interest</u> |
| 2022 | \$ 302,709 | \$ 181,815 |
| 2023 | 311,493 | 174,943 |
| 2024 | 318,376 | 167,899 |
| 2025 | 327,398 | 160,661 |
| 2026 | 334,525 | 153,245 |
| 2027-2031 | 1,803,612 | 649,932 |
| 2032-2036 | 904,011 | 492,536 |
| 2037-2041 | 951,834 | 390,066 |
| 2042-2046 | 1,065,058 | 276,842 |
| 2047-2051 | 1,191,753 | 150,147 |
| 2052-2054 | 717,693 | 23,189 |
| | <u>\$ 8,228,462</u> | <u>\$ 2,821,275</u> |

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6. Fund Balances

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

| | General Fund | Street & Alley Fund | 1.25 Sales Tax Fund | Fire Sales Tax Fund | Police Sales Tax Fund | Cemetery Fund | Fire Special Equip Fund | Fort Gibson Development Authority | Total |
|------------------------------|--------------|---------------------|---------------------|---------------------|-----------------------|---------------|-------------------------|-----------------------------------|--------------|
| Fund Balance: | | | | | | | | | |
| Restricted For: | | | | | | | | | |
| Deposits with Insurance Pool | \$ 37,616 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 37,616 |
| Streets | - | 1,084,062 | - | - | - | - | - | - | 1,084,062 |
| Personnel & Capital* | - | - | 1,295,913 | - | - | - | - | - | 1,295,913 |
| Public Safety | - | - | - | 375,186 | 104,091 | - | 77,312 | - | 556,589 |
| Cemetery | - | - | - | - | - | 23,703 | - | - | 23,703 |
| Economic Development | - | - | - | - | - | - | - | 391,550 | 391,550 |
| Sub-total Restricted | 37,616 | 1,084,062 | 1,295,913 | 375,186 | 104,091 | 23,703 | 77,312 | 391,550 | 3,389,433 |
| Assigned to: | | | | | | | | | |
| Public Safety | - | - | - | 2,748 | 1,235 | - | 640 | - | 4,623 |
| Economic development | - | - | - | - | - | - | - | 5,832 | 5,832 |
| Streets | - | 8,096 | - | - | - | - | - | - | 8,096 |
| Personnel & Capital* | - | - | 9,133 | - | - | - | - | - | 9,133 |
| Budget balancing purposes | 1,716,212 | - | - | - | - | - | - | - | 1,716,212 |
| Sub-total Assigned | 1,716,212 | 8,096 | 9,133 | 2,748 | 1,235 | - | 640 | 5,832 | 1,743,896 |
| Unassigned | 322,272 | - | - | - | - | - | - | - | 322,272 |
| Total Fund Balance | \$ 2,076,100 | \$ 1,092,158 | \$ 1,305,046 | \$ 377,934 | \$ 105,326 | \$ 23,703 | \$ 77,952 | \$ 397,382 | \$ 5,455,601 |

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

Restricted Net Position – Governmental Activities

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

| Fund | Restricted By | Amount |
|------------------------------|---------------------------------------|---------------------|
| Fire Special Equipment Fund | Enabling legislation | \$ 64,286 |
| | | <u>\$ 64,286</u> |
| Street & Alley Fund | State statutes and/or debt indentures | \$ 35,815 |
| Cemetery Fund | State statutes and/or debt indentures | 23,703 |
| | | <u>\$ 59,518</u> |
| Street & Alley Fund | External parties (voters) | \$ 1,048,247 |
| 1.25 Sales Tax Fund | External parties (voters) | 1,295,913 |
| Fire Sales Tax Fund | External parties (voters) | 375,186 |
| Police Sales Tax Fund | External parties (voters) | 94,791 |
| Police Sales Tax Fund | External parties (donors) | 9,300 |
| Fire Special Equipment Fund | External parties (grantors) | 4,826 |
| Fire Special Equipment Fund | External parties (donors) | 8,200 |
| Fort Gibson Development Fund | External parties | 391,550 |
| General Fund | External parties | 37,616 |
| | | <u>\$ 3,265,629</u> |

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Prior Period Adjustments

The following table shows the prior period adjustments of beginning fund balance/net position for the year ending June 30, 2021:

| | Governmental | | | | | Proprietary | Government-Wide | | |
|--|----------------|---------------------|----------------------|-------------------|--------------------------|--------------------------|---------------------------------|-------------------------|--------------------------|
| | General Fund | Street & Alley Fund | 1.25% Sales Tax Fund | Debt Service Fund | Other Governmental Funds | Total Governmental Funds | Fort Gibson Utilities Authority | Governmental Activities | Business-type Activities |
| Beginning fund balance/net position, as previously reported: | 1,832,134 | 1,068,739 | 1,198,995 | (4,794) | 1,091,312 | 5,186,386 | 13,607,672 | 8,628,948 | 13,607,672 |
| Adjustments: | | | | | | | | | |
| Understatement of trustee stmts C&CE | - | - | - | - | - | - | 20,291 | - | 20,291 |
| Understatement of allowance-utilities | - | - | - | - | - | - | (19,635) | - | (19,635) |
| Understatement of OMAG Dep w Ins Pool | 33,233 | - | - | - | - | 33,233 | - | 33,233 | - |
| Understatement of Due from other Govts | 54,728 | 12,629 | 20,479 | (89) | 10,240 | 97,987 | - | 97,987 | - |
| Understatement of Due from other Govts-grants | 14,798 | - | - | - | - | 14,798 | - | 14,798 | - |
| Understatement of Franchise tax receivable | 117,061 | - | - | - | - | 117,061 | - | 117,061 | - |
| Understatement of Unbilled Receivable | - | - | - | - | - | - | 117,540 | - | 117,540 |
| Overstatement of capital assets, net | - | - | - | - | - | - | (2,630,725) | 115,456 | (2,630,725) |
| Understatement of Accrued interest payable | - | - | - | - | - | - | (14,419) | - | (14,419) |
| Understatement of Accrued payroll payable | (20,274) | (1,427) | - | - | (10,301) | (32,002) | (52,731) | (32,002) | (52,731) |
| Understatement of misc payroll liabilities | (1,245) | (966) | - | - | - | (2,211) | (624) | (2,211) | (624) |
| Overstatement of misc payroll liabilities | - | 1,058 | - | - | 48 | 1,106 | - | 1,106 | - |
| Overstatement of accrued comp absences | 30,668 | - | - | - | - | 30,668 | - | - | - |
| Understatement of deferred revenue-grants | (14,798) | - | - | - | - | (14,798) | - | - | - |
| Understatement of court receivable | 1,225,741 | - | - | - | - | 1,225,741 | - | 1,225,741 | - |
| Understatement of allowance-court | (612,871) | - | - | - | - | (612,871) | - | (612,871) | - |
| Understatement of deferred revenue-court | (569,873) | - | - | - | - | (569,873) | - | - | - |
| Understatement of due from other funds-court | 6,302 | - | - | - | - | 6,302 | - | 6,302 | - |
| Understatement of net pension asset - police | - | - | - | - | - | - | - | 151,034 | - |
| Understatement of deferred inflows - police | - | - | - | - | - | - | - | (15) | - |
| Understatement of deferred outflows - police | - | - | - | - | - | - | - | 52,759 | - |
| Overstatement of net pension liability - fire | - | - | - | - | - | - | - | 68,811 | - |
| Understatement of deferred inflows - fire | - | - | - | - | - | - | - | (4,872) | - |
| Understatement of deferred outflows - fire | - | - | - | - | - | - | - | 21,883 | - |
| Total Adjustments | 263,470 | 11,294 | 20,479 | (89) | (13) | 295,141 | (2,580,303) | 1,254,200 | (2,580,303) |
| Beginning fund balance/net position, restated | 2,095,604 | 1,080,033 | 1,219,474 | (4,883) | 1,091,299 | 5,481,527 | 11,027,369 | 9,883,148 | 11,027,369 |

7. Dedicated Tax Revenues and Pledges of Future Revenues

Sales and Use Tax

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

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

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Pledge of Future Revenues

Utility Net Revenues Pledge – The Series 2016 Note and 2011 OWRB Note are secured by net water and sewer revenues. The notes are payable in 2027 and 2031. The total principal and interest payable for the remainder of the life of these bonds is \$1,934,608. the net utility revenues were \$1,317,068. Debt service payments of \$163,923 for the current fiscal year were 12.4% of the net utility revenues.

The 2016 USDA loans are secured by net water revenues. The loans are payable in 2033 and 2054. The total principal and interest payable for the remainder of the life of these bonds is \$9,115,129. the net utility revenues were \$713,366. Debt service payments of \$295,200 for the current fiscal year were 41.4% of the net utility revenues.

8. Internal and Interfund Balances and Transfers

Transfers:

Internal transfers between funds and activities for the year ended June 30, 2021, were as follows:

| Transfer From | Transfer To | Amount | Nature of Transfer |
|--|-------------------------|---------------------|-------------------------------------|
| FGUA | General Fund | \$ 8,601 | Reimbursement of payroll error |
| General Fund | Debt Service Fund | 4,883 | Operating transfer |
| FGUA | Governmental Funds - GW | 19,787 | Transfer of capital assets |
| | | <u>\$ 33,271</u> | |
| | Transfers In | Transfers Out | Net Transfers/ Internal Activity |
| Reconciliation to Fund | | | |
| Financial Statements: | | | |
| Governmental Funds | \$ 13,484 | \$ (4,883) | \$ 8,601 |
| Enterprise Funds | - | (28,388) | (28,388) |
| Total Transfers | <u>\$ 13,484</u> | <u>\$ (33,271)</u> | <u>\$ (19,787)</u> |
| Reconciliation to statement of activities: | | Governmental | Business-Type |
| Net transfers | | \$ 8,601 | \$ (28,388) |
| Reclassification of capital asset purchases and expense between activities | | (186,604) | 206,391 |
| Total Transfers - Internal Activity | | <u>\$ (178,003)</u> | <u>\$ 178,003</u> |

Balances:

Interfund receivables and payables at June 30, 2021, were as follows:

| Due From | Due To | Amount | Nature of Interfund Balance |
|--------------------------|------------------------|-----------------------|------------------------------------|
| 1.25 Sales Tax Fund | FGUA | 14,111 | Capital Improvements |
| | | <u>\$ 14,111</u> | |
| | Due From Other Fund | Due To Other Funds | Net Activity/ Internal Balances |
| Reconciliation to Fund | | | |
| Financial Statements: | | | |
| Governmental Funds | \$ - | \$ (14,111) | \$ (14,111) |
| Enterprise Funds | 14,111 | - | 14,111 |
| Total Interfund Balances | <u>\$ 14,111</u> | <u>\$ (14,111)</u> | <u>\$ -</u> |

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9. Risk Management

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

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

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

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

10. Contingencies

Litigation:

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

Federal and State Award Programs:

The Town of Fort Gibson participates in various federal or state grant/loan programs from year to year. In 2021, the Town's involvement in federal and state award programs was significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The Town has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

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Asset Retirement Obligation:

The Town has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonably estimated as of June 30, 2021, since the specific legally required costs of retirement have not yet been identified. The Town anticipates identifying those specific legally required costs and obtaining an estimate of those costs in the near future.

11. Pension Plan Participation

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

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

| | Governmental Activities |
|--------------------------------------|----------------------------|
| Net Pension Liability: | |
| Police Pension System | \$ 152,030 |
| Firefighter's Pension System | 607,610 |
| Total Net Pension Liability | \$ 759,640 |
| Deferred Outflows of Resources: | |
| Police Pension System | \$ 275,976 |
| Firefighter's Pension System | 195,968 |
| Total Deferred Outflows of Resources | \$ 471,944 |
| Deferred Inflows of Resources: | |
| Police Pension System | \$ 48,920 |
| Firefighter's Pension System | 25,410 |
| Total Deferred Inflows of Resources | \$ 74,330 |
| Pension Expense: | |
| Police Pension System | \$ 175,214 |
| Firefighter's Pension System | 129,677 |
| Total Pension Expense | \$ 304,891 |

Firefighter Pension System:

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

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Benefits provided - FPRS provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan's benefits are established and amended by Oklahoma statute. Retirement provisions are as follows:

Normal Retirement:

- Hired Prior to November 1, 2013
Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.
- Hired After November 1, 2013
Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. Also, participants must be age 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.

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

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

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities/towns are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the Town were \$19,042. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$38,422 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$51,094. These on-behalf payments did not meet the criteria of a special funding situation.

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

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the Town reported a net pension liability of \$607,610 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Town's proportion of the net pension liability was based on the Town's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2020. Based upon this information, the Town's proportion was 0.0493 percent.

For the year ended June 30, 2021, the Town recognized pension expense of \$129,677. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 77,440 | \$ 8,153 |
| Changes of assumptions | - | 10,297 |
| Net difference between projected and actual earnings on pension plan investments | 8,931 | - |
| Changes in proportion | 90,545 | 6,960 |
| City contributions during measurement date | 10 | - |
| City contributions subsequent to the measurement date | 19,042 | - |
| Total | \$ 195,968 | \$ 25,410 |

\$19,042 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | | |
|---------------------|----|---------|
| 2022 | \$ | 33,954 |
| 2023 | | 50,052 |
| 2024 | | 41,141 |
| 2025 | | 26,369 |
| Total | \$ | 151,516 |

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Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all prior periods included in the measurement:

| | |
|----------------------------|---|
| Inflation: | 2.75% |
| Salary increases: | 2.75% to 10.5% average, including inflation |
| Investment rate of return: | 7.5% net of pension plan investment expense |

Mortality rates were based on the following:

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

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the following table:

| Asset | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|-------------------|--|
| Fixed income | 20% | 4.38% |
| Domestic equity | 47% | 7.41% |
| International equity | 15% | 9.82% |
| Real estate | 10% | 7.70% |
| Other assets | 8% | 5.67% |

Discount Rate- The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate- The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

| | 1% Decrease (6.5%) | Current Discount Rate (7.5%) | 1% Increase (8.5%) |
|----------------------------------|-----------------------|---------------------------------|-----------------------|
| Employers' net pension liability | \$ 789,093 | \$ 607,610 | \$ 455,770 |

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS which can be located at www.ok.gov/FPRS.

Police Pension System:

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

Benefits provided - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later. Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

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

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

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Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the Town were \$75,991. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$49,799 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$53,342. These on-behalf payments did not meet the criteria of a special funding situation.

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

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the Town reported a net pension liability of \$152,030 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Town's proportion of the net pension liability was based on the Town's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2020. Based upon this information, the Town's proportion was 0.1324 percent.

For the year ended June 30, 2021, the Town recognized pension expense of \$175,214. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 3,933 | \$ 41,287 |
| Changes of assumptions | 15,618 | - |
| Net difference between projected and actual earnings on pension plan investments | 179,373 | - |
| Changes in proportion | 1,061 | 6,880 |
| City contributions during measurement date | - | 753 |
| City contributions subsequent to the measurement date | 75,991 | - |
| Total | \$ 275,976 | \$ 48,920 |

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\$75,991 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---------------------|-------------------|
| 2022 | \$ 21,067 |
| 2023 | 44,074 |
| 2024 | 56,951 |
| 2025 | 32,537 |
| 2026 | (3,564) |
| Total | <u>\$ 151,065</u> |

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all prior periods included in the measurement:

| | |
|----------------------------|---|
| Inflation: | 2.75% |
| Salary increases: | 3.5% to 12% average, including inflation |
| Investment rate of return: | 7.5% net of pension plan investment expense |
| Mortality rates: | Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA. |
| | Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA. |
| | Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA. |

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the following table:

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| <u>Asset Class</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|---|
| Fixed income | 5.11% |
| Domestic equity | 6.80% |
| International equity | 11.45% |
| Real estate | 8.60% |
| Private Equity | 11.58% |
| Commodities | 0.00% |

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

Discount Rate-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate-The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

| | <u>1% Decrease (6.5%)</u> | <u>Current Discount Rate (7.5%)</u> | <u>1% Increase (8.5%)</u> |
|--|-------------------------------|---|-------------------------------|
| Employers' net pension liability (asset) | \$ 537,062 | \$ 152,030 | \$(173,625) |

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at www.ok.gov/OPPRS.

Summary of Contributions:

| <u>Oklahoma Firefighter's Pension and Retirement System</u> | | | <u>Oklahoma Police Pension and Retirement System</u> | | |
|---|----------------------------------|-----------------------------------|--|----------------------------------|-----------------------------------|
| <u>Fiscal Year</u> | <u>Required Contribution</u> | <u>Percentage Contributed</u> | <u>Fiscal Year</u> | <u>Required Contribution</u> | <u>Percentage Contributed</u> |
| 2019 | 18,247 | 93% | 2019 | 61,099 | 86% |
| 2020 | 18,574 | 96% | 2020 | 67,724 | 85% |
| 2021 | 20,313 | 94% | 2021 | 83,279 | 91% |

TOWN OF FORT GIBSON, OKLAHOMA
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OMRF Defined Contribution Plan:

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

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

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

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

For the year ended June 30, 2021, the Town contributed \$109,553 to the plan.

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

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF FORT GIBSON, OKLAHOMA
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Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2021

| | GENERAL FUND (Budgetary Basis) | | | |
|---------------------------------------|---------------------------------------|------------------|---------------------------|---|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| Beginning Budgetary Fund Balance | \$ 1,985,000 | \$ 1,900,000 | \$ 2,095,604 | \$ 195,604 |
| Resources (Inflows): | | | | |
| Taxes | 1,128,500 | 1,258,500 | 1,506,168 | 247,668 |
| Fees and fines | 300,425 | 300,425 | 272,506 | (27,919) |
| Charges for services | 119,050 | 119,050 | 36,454 | (82,596) |
| Intergovernmental | 31,000 | 457,691 | 466,428 | 8,737 |
| Licenses and permits | 6,050 | 6,050 | 15,362 | 9,312 |
| Investment income | 14,000 | 14,000 | 22,899 | 8,899 |
| Miscellaneous | 6,125 | 10,958 | 56,348 | 45,390 |
| Proceeds from capital leases | - | - | 52,993 | 52,993 |
| Transfers in | - | - | 8,601 | 8,601 |
| Amounts available for appropriation | <u>3,590,150</u> | <u>4,066,674</u> | <u>4,533,363</u> | <u>466,689</u> |
| Charges to appropriations (outflows): | | | | |
| Trustees | 19,900 | 22,800 | 22,784 | 16 |
| Clerk | 4,000 | 7,383 | 6,965 | 418 |
| Treasurer | 1,650 | 2,350 | 1,033 | 1,317 |
| Attorney | 30,085 | 30,085 | 29,050 | 1,035 |
| Court clerk | 72,265 | 72,265 | 63,319 | 8,946 |
| Police | 1,058,670 | 1,136,799 | 1,108,358 | 28,441 |
| Fire | 34,440 | 34,690 | 20,019 | 14,671 |
| Animal control | 58,390 | 163,590 | 158,223 | 5,367 |
| Building inspector | 129,292 | 133,213 | 116,247 | 16,966 |
| Parks and recreation | 1,088,760 | 1,128,113 | 180,365 | 947,748 |
| General government | 998,998 | 1,169,883 | 594,671 | 575,212 |
| Library | 39,200 | 51,190 | 54,539 | (3,349) |
| Cemetery | 45,100 | 99,530 | 96,496 | 3,034 |
| Civil defense | 9,400 | 9,900 | 311 | 9,589 |
| Transfers out | - | 4,883 | 4,883 | - |
| Total Charges to Appropriations | <u>3,590,150</u> | <u>4,066,674</u> | <u>2,457,263</u> | <u>1,609,411</u> |
| Ending Budgetary Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,076,100</u> | <u>\$ 2,076,100</u> |

See accompanying notes to budgetary comparison schedules

TOWN OF FORT GIBSON, OKLAHOMA
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Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2021, (Continued)

SPECIAL REVENUE - STREET & ALLEY FUND (Budgetary Basis)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|-------------------------|------------------|---------------------------|---------------------------------------|
| | Original | Final | | Positive (Negative) |
| Beginning Budgetary Fund Balance | \$ 1,059,800 | \$ 1,048,200 | \$ 1,080,033 | \$ 31,833 |
| Resources (Inflows): | | | | |
| Taxes | 210,000 | 235,000 | 270,544 | 35,544 |
| Intergovernmental | 210,500 | 210,500 | 35,815 | (174,685) |
| Licenses and permits | 550 | 550 | 1,000 | 450 |
| Investment income | 9,500 | 9,500 | 7,096 | (2,404) |
| Amounts available for appropriation | <u>1,490,350</u> | <u>1,503,750</u> | <u>1,394,488</u> | <u>(109,262)</u> |
| Charges to appropriations (outflows): | | | | |
| Sales Tax | 882,050 | 898,550 | 284,190 | 614,360 |
| State Collections | <u>608,300</u> | <u>605,200</u> | <u>18,140</u> | <u>587,060</u> |
| Total Charges to Appropriations | <u>1,490,350</u> | <u>1,503,750</u> | <u>302,330</u> | <u>1,201,420</u> |
| Ending Budgetary Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,092,158</u> | <u>\$ 1,092,158</u> |

See accompanying notes to budgetary comparison schedules

SPECIAL REVENUE - 1.25 SALES TAX FUND (Budgetary Basis)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|-------------------------|------------------|---------------------------|---------------------------------------|
| | Original | Final | | Positive (Negative) |
| Beginning Budgetary Fund Balance | \$ 1,145,800 | \$ 1,158,000 | \$ 1,219,474 | \$ 61,474 |
| Resources (Inflows): | | | | |
| Taxes | 468,000 | 493,000 | 541,088 | 48,088 |
| Investment income | 9,700 | 9,700 | 9,133 | (567) |
| Amounts available for appropriation | <u>1,623,500</u> | <u>1,660,700</u> | <u>1,769,695</u> | <u>108,995</u> |
| Charges to appropriations (outflows): | | | | |
| Municipal court | 3,093 | 3,918 | 3,865 | 53 |
| Police dept | 56,175 | 109,150 | 88,821 | 20,329 |
| Fire dept | 164,370 | 164,370 | 118,540 | 45,830 |
| Animal control | 4,122 | 4,122 | 3,650 | 472 |
| Building inspector | 57,056 | 19,556 | 18,728 | 828 |
| General government | 1,131,089 | 1,136,239 | 5,177 | 1,131,062 |
| Cemetery | 3,623 | 4,673 | 4,193 | 480 |
| Street & alley | 17,617 | 17,617 | 15,284 | 2,333 |
| UA general government | 62,950 | 78,150 | 102,939 | (24,789) |
| UA sanitation | 25,755 | 25,255 | 18,482 | 6,773 |
| UA wastewater | 49,520 | 49,520 | 45,212 | 4,308 |
| UA water plant | <u>48,130</u> | <u>48,130</u> | <u>39,758</u> | <u>8,372</u> |
| Total Charges to Appropriations | <u>1,623,500</u> | <u>1,660,700</u> | <u>464,649</u> | <u>1,196,051</u> |
| Ending Budgetary Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,305,046</u> | <u>\$ 1,305,046</u> |

See accompanying notes to budgetary comparison schedules

**TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2021, (Continued)

Footnotes to Budgetary Comparison Schedules:

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

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

| | <u>General Fund</u> |
|---|----------------------------|
| Sources/Inflows of resources | |
| Actual amounts (budgetary basis) “available appropriation” from the budgetary comparison schedule | \$4,533,363 |
| Differences – budget to GAAP: | |
| The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes. | (2,095,604) |
| Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes. | (8,601) |
| The Town reports on-behalf payments made by state in the General Fund in the fund financial statements, but are not budgeted. | 88,221 |
| Proceeds from capital leases are inflows of budgetary resources but are not revenues for financial reporting purposes. | <u>(52,993)</u> |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds | <u>\$2,464,386</u> |
| Uses/Outflows of resources | |
| Actual amounts (budgetary basis) “total charges to appropriations” from the budgetary comparison schedule | \$2,457,263 |
| Differences – budget to GAAP: | |
| The Town reports on-behalf payments made by state in the General Fund in the fund financial statements, but are not budgeted. | 88,221 |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. | <u>(4,883)</u> |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds | <u>\$2,540,601</u> |

**TOWN OF FORT GIBSON, OKLAHOMA
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| | <u>Street & Alley Fund</u> |
|---|---|
| Sources/Inflows of resources | |
| Actual amounts (budgetary basis) “available appropriation” from the budgetary comparison schedule | \$1,394,488 |
| Differences – budget to GAAP: | |
| The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes. | (1,080,033) |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds | <u>\$314,455</u> |

| | <u>1.25 Sales Tax Fund</u> |
|---|---------------------------------------|
| Sources/Inflows of resources | |
| Actual amounts (budgetary basis) “available appropriation” from the budgetary comparison schedule | \$1,769,695 |
| Differences – budget to GAAP: | |
| The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes. | (1,219,474) |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds | <u>\$550,221</u> |

4. For the year ended June 30, 2021, the Town complied, in all material respects, with the applicable budget laws, except as noted below:

| | |
|---|----------|
| General Fund – Library | (3,349) |
| 1.25 Sales Tax Fund – UA general government | (24,789) |

TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

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

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

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

Notes to Schedule:

*Only six years are presented because 10-year data is not yet available.
Current year measurement date is June 30, 2020.

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

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

Notes to Schedule:

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

**TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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

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

Notes to Schedule:

*Only six years are presented because 10-year data is not yet available.
Current year measurement date is June 30, 2020.

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

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

Notes to Schedule:

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

OTHER SUPPLEMENTARY INFORMATION

TOWN OF FORT GIBSON, OKLAHOMA
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As of and for the Year Ended June 30, 2021

Combining Balance Sheet, General Fund Accounts – June 30, 2021

| | General Fund | Municipal Court Account | Total General Fund |
|--|-------------------------|------------------------------------|-------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 839,747 | \$ 2,965 | \$ 842,712 |
| Investments | 929,811 | 2,724 | 932,535 |
| Deposits with insurance pool | 37,616 | - | 37,616 |
| Due from other governments | 174,210 | - | 174,210 |
| Franchise tax receivable | 119,295 | - | 119,295 |
| Due from (to) other accounts | 5,689 | (5,689) | - |
| Court fines receivable, net of allowance | 699,881 | - | 699,881 |
| Other receivables, net of allowance | 6,972 | - | 6,972 |
| Prepaid items | 11,355 | - | 11,355 |
| | \$ 2,824,576 | \$ - | \$ 2,824,576 |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 26,239 | \$ - | \$ 26,239 |
| Accrued payroll liabilities | 70,766 | - | 70,766 |
| | 97,005 | - | 97,005 |
| Deferred inflows of resources: | | | |
| Deferred revenue | 651,471 | - | 651,471 |
| Fund balances: | | | |
| Restricted | 37,616 | - | 37,616 |
| Assigned | 1,716,212 | - | 1,716,212 |
| Unassigned | 322,272 | - | 322,272 |
| | 2,076,100 | - | 2,076,100 |
| Total liabilities and fund balances | \$ 2,824,576 | \$ - | \$ 2,824,576 |

TOWN OF FORT GIBSON, OKLAHOMA
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Combining Schedule of Revenues, Expenditures and Changes in Fund Balances, General Fund Accounts – Year Ended June 30, 2021

| | <u>General Fund</u> | <u>Municipal Court Account</u> | <u>Total General Fund</u> |
|--|-------------------------|------------------------------------|-------------------------------|
| REVENUES | | | |
| Taxes | \$ 1,506,168 | \$ - | \$ 1,506,168 |
| Intergovernmental | 554,649 | - | 554,649 |
| Charges for services | 36,454 | - | 36,454 |
| Fines and forfeitures | 272,506 | - | 272,506 |
| Licenses and permits | 15,362 | - | 15,362 |
| Investment earnings | 22,899 | - | 22,899 |
| Miscellaneous | 56,348 | - | 56,348 |
| Total revenues | <u>2,464,386</u> | <u>-</u> | <u>2,464,386</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Legislative | 22,784 | - | 22,784 |
| General government | 475,345 | - | 475,345 |
| Public safety | 1,268,519 | - | 1,268,519 |
| Culture and recreation | 61,876 | - | 61,876 |
| Cemetery | 96,496 | - | 96,496 |
| Debt Service: | | | |
| Principal | 12,692 | - | 12,692 |
| Capital Outlay | 602,889 | - | 602,889 |
| Total expenditures | <u>2,540,601</u> | <u>-</u> | <u>2,540,601</u> |
| Excess (deficiency) of revenues over expenditures | <u>(76,215)</u> | <u>-</u> | <u>(76,215)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds from capital leases | 52,993 | - | 52,993 |
| Transfers in | 8,601 | - | 8,601 |
| Transfers out | (4,883) | - | (4,883) |
| Total other financing sources and uses | <u>56,711</u> | <u>-</u> | <u>56,711</u> |
| Net change in fund balances | <u>(19,504)</u> | <u>-</u> | <u>(19,504)</u> |
| Fund balances - beginning, restated | <u>2,095,604</u> | <u>-</u> | <u>2,095,604</u> |
| Fund balances - ending | <u>\$ 2,076,100</u> | <u>\$ -</u> | <u>\$ 2,076,100</u> |

TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Combining Balance Sheet, Nonmajor Governmental Funds – June 30, 2021

| | SPECIAL REVENUE FUNDS | | CAPITAL PROJECT FUNDS | | | Total Nonmajor Governmental Funds |
|--|-----------------------|-----------------------|-----------------------|-----------------------------|------------------------------|-----------------------------------|
| | Fire Sales Tax Fund | Police Sales Tax Fund | Cemetery Fund | Fire Special Equipment Fund | Fort Gibson Development Fund | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 184,487 | \$ 44,190 | \$ 11,493 | \$ 37,796 | \$ 55,023 | \$ 332,989 |
| Investments | 196,005 | 46,364 | 12,210 | 40,156 | 58,457 | 353,192 |
| Receivables: | | | | | | |
| Notes receivable | - | - | - | - | 283,902 | 283,902 |
| Other receivables | 17,719 | 17,719 | - | - | - | 35,438 |
| Total assets | <u>\$ 398,211</u> | <u>\$ 108,273</u> | <u>\$ 23,703</u> | <u>\$ 77,952</u> | <u>\$ 397,382</u> | <u>\$ 1,005,521</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable and accrued liabilities | \$ 2,230 | \$ - | \$ - | \$ - | \$ - | \$ 2,230 |
| Accrued payroll liabilities | 18,047 | 2,947 | - | - | - | 20,994 |
| Total liabilities | <u>20,277</u> | <u>2,947</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>23,224</u> |
| Fund Balances: | | | | | | |
| Restricted | 375,186 | 104,091 | 23,703 | 77,312 | 391,550 | 971,842 |
| Assigned | 2,748 | 1,235 | - | 640 | 5,832 | 10,455 |
| Total fund balances | <u>377,934</u> | <u>105,326</u> | <u>23,703</u> | <u>77,952</u> | <u>397,382</u> | <u>982,297</u> |
| Total liabilities and fund balances | <u>\$ 398,211</u> | <u>\$ 108,273</u> | <u>\$ 23,703</u> | <u>\$ 77,952</u> | <u>\$ 397,382</u> | <u>\$ 1,005,521</u> |

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Nonmajor Governmental Funds – Year Ended June 30, 2021

| | SPECIAL REVENUE FUNDS | | CAPITAL PROJECT FUNDS | | | Total Nonmajor Governmental Funds |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------------|------------------------------|-----------------------------------|
| | Fire Sales Tax Fund | Police Sales Tax Fund | Cemetery Fund | Fire Special Equipment Fund | Fort Gibson Development Fund | |
| REVENUES | | | | | | |
| Taxes | \$ 135,272 | \$ 135,272 | \$ - | \$ - | \$ - | \$ 270,544 |
| Intergovernmental | - | - | - | 4,826 | - | 4,826 |
| Charges for services | - | - | 3,713 | 14,450 | - | 18,163 |
| Investment earnings | 2,748 | 685 | 167 | 640 | 5,832 | 10,072 |
| Miscellaneous | - | 9,850 | - | 8,200 | - | 18,050 |
| Total revenues | <u>138,020</u> | <u>145,807</u> | <u>3,880</u> | <u>28,116</u> | <u>5,832</u> | <u>321,655</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Public safety | 89,924 | 70,489 | - | 12,675 | - | 173,088 |
| Capital Outlay | 40,229 | 99,595 | - | 106,545 | 11,200 | 257,569 |
| Total expenditures | <u>130,153</u> | <u>170,084</u> | <u>-</u> | <u>119,220</u> | <u>11,200</u> | <u>430,657</u> |
| Net change in fund balances | 7,867 | (24,277) | 3,880 | (91,104) | (5,368) | (109,002) |
| Fund balances - beginning, restated | 370,067 | 129,603 | 19,823 | 169,056 | 402,750 | 1,091,299 |
| Fund balances - ending | <u>\$ 377,934</u> | <u>\$ 105,326</u> | <u>\$ 23,703</u> | <u>\$ 77,952</u> | <u>\$ 397,382</u> | <u>\$ 982,297</u> |

**TOWN OF FORT GIBSON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Schedule of Federal Awards Expended – Year Ended June 30, 2021

**TOWN OF FORT GIBSON, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2021**

| Federal/State Grantor/Pass through agency Grantor/Program Title | Federal AL Number | Grant # | Award Amount | Federal Expenditures |
|--|-------------------------|---------|-----------------|-------------------------|
| FEDERAL AWARDS: | | | | |
| <u>OFFICE OF MANAGEMENT AND ENTERPRISE SERVICES:</u> | | | | |
| CARES Act Grant | 21.019 | N/A | \$ 305,083 | \$ 305,083 |
| Total Office of Management and Enterprise Services | | | 305,083 | 305,083 |
| <u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u> | | | | |
| Disaster Recovery Grant - Animal Shelter Damage | 97.036 | N/A | 31,891 | 11,137 |
| Disaster Recovery Grant - 2019 Flood Damage | 97.036 | N/A | 62,200 | 62,200 |
| Total Federal Emergency Management Agency | | | 94,091 | 73,337 |
| <u>DEPARTMENT OF TOURISM AND RECREATION:</u> | | | | |
| Recreational Trails Program Grant | 15.916 | N/A | \$ 240,000 | \$ 23,997 |
| Total Office of Management and Enterprise Services | | | 240,000 | 23,997 |
| TOTAL FEDERAL AWARDS | | | \$ 639,174 | \$ 402,417 |

Notes to Schedule of Expenditures of Federal Awards

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

Schedule of State Awards Expended – Year Ended June 30, 2021

**TOWN OF FORT GIBSON, OKLAHOMA
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the fiscal year ended June 30, 2021**

| State Grantor/Pass through agency Grantor/Program Title | Grant # | Award Amount | State Expenditures |
|--|---------|-----------------|-----------------------|
| STATE AWARDS: | | | |
| <u>OKLAHOMA DEPARTMENT OF AGRICULTURE:</u> | | | |
| Rural Fire Grant | N/A | 4,826 | 4,826 |
| Total Oklahoma Department of Agriculture | | 4,826 | 4,826 |
| TOTAL STATE AWARDS | | \$ 4,826 | \$ 4,826 |

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

Honorable Mayor and Town Trustees
Town of Fort Gibson, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fort Gibson, Oklahoma (the "Town") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated September 14, 2023. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information.

Internal Control Over Financial Reporting

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

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

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

(Continued)

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Shawnee, Oklahoma
September 14, 2023