
City of Coweta, Oklahoma

Annual Financial Report and Operating Report

**Annual Financial Statements and
Independent Auditor's Reports**

**As of and For the Fiscal Year Ended
June 30, 2023**



**CITY OF COWETA, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

CONTENTS

	Page No.
Introductory Section:	
List of Principal Officials and Executive Staff	i
Financial Section:	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-11
Basic Financial Statements:	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	12
Statement of Activities and Changes in Net Position	13-14
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds	15
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	17
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	18
Statement of Net Position - Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	20
Statement of Cash Flows - Proprietary Funds	21
Notes to the Basic Financial Statements	22-56

This page is intentionally left blank.

**CITY OF COWETA, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

CONTENTS

	Page No.
Required Supplemental Information:	
Budgetary Comparison Schedule – General Fund	57-60
Notes to the Budgetary Comparison Schedule	61
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) – Oklahoma Police Pension & Retirement System and Oklahoma Firefighters Pension & Retirement System	62
Schedule of the City's Contributions – Oklahoma Police Pension & Retirement System and Oklahoma Firefighters Pension & Retirement System	63
Other Supplemental Information:	
Combining Statements - Nonmajor governmental funds	64-65
Budgetary Comparison Schedule – Major Governmental Fund (Capital Improvement Fund)	66
Reports Required by Government Auditing Standards:	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	67-68
Schedule of Finding and Response	69
Reports Required by the Uniform Guidance:	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the <i>Uniform Guidance</i>	70-71
Federal Awards:	
Schedule of Expenditures of Federal Awards	72
Notes to the Schedule of Expenditures of Federal Awards	73
Schedule of Findings and Questioned Costs	74
Operating Report:	
Fiscal Year 2023 Operating Report	75-78

This page is intentionally left blank.

**CITY OF COWETA, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

Naomi Hogue, Mayor – Ward 1
Logan Brown, Vice-Mayor– Ward 4
Harold Chance, Councilmember – Ward 3
Caroline Martin, Councilmember – Ward 2
Randy Woodward, Councilmember – At Large

Interim City Manager
Lisa Taylor

Prepared by
Julie A. Casteen
Assistant City Manager

This page is intentionally left blank.



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Coweta, Oklahoma

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coweta, Oklahoma ("City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and other post-employment benefit schedules on pages 4-11 and 57-63 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements and budgetary comparison schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and budgetary schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

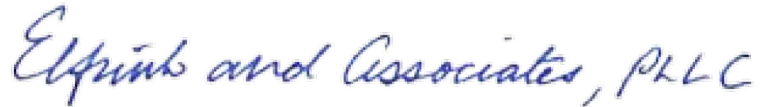
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the operating report on pages 69-72 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Elfrink and Associates, PLLC". The signature is written in a cursive, flowing style.

Elfrink and Associates, PLLC

Tulsa, Oklahoma
December 27, 2023

City of Coweta, Oklahoma

Management's Discussion and Analysis

As of and For the Year Ended June 30, 2023

As management of the City of Coweta, we offer readers this narrative overview and analysis of the financial activities of the City of Coweta for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information contained in the accompanying financial statements and supplementary information.

Using the Financial Statement in this Annual Report

This annual report consists of a series of financial statements. The financial statements presented herein include all the activities of the City of Coweta (the "City"), the Coweta Public Works Authority ("PWA") and the Coweta Industrial Development Authority ("CIDA"). The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole, including the PWA and CIDA component units, and present a longer-term view of the City's finances. Included in this report are government-wide statements for each of the two categories of activities – governmental and business-type.

The government-wide financial statements present the complete financial picture of the City from the 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. These statements include all assets of the City, including infrastructure, as well as all liabilities, including long-term debt. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's funds.

Reporting the City as a Whole – Statements of Net Position and Activities

This discussion and analysis is intended to serve as an introduction to the City of Coweta's basic financial statements. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer questions. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in net position from the prior year. The City's net position – the difference between assets, deferred outflows, liabilities, and deferred inflows – is one way to measure the City's financial condition or position. Over time, increases or decreases in the City's net position are indicators of whether its financial health is improving or deteriorating. However, other non-financial factors must be considered, such as changes in the City's sales tax base and the condition of the City's roads, to assess the overall health of the City.

As mentioned above, in the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental Activities – Most of the City's basic services are reported here, including the police, fire, administration, community development, streets, library and parks. Sales and other taxes, license and permit fees, franchise fees, fines, grants, and reimbursements finance most of these activities.

Business-type Activities – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, sewer, ambulance service and solid waste fees are reported here, along with loan and bond proceeds. In addition, the economic development initiatives of the Coweta Industrial Development Authority (CIDA) are reported in the business-type activities.

City of Coweta, Oklahoma
Management's Discussion and Analysis
As of and For the Year Ended June 30, 2023

Reporting the City's Funds – Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Coweta, 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 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 City of Coweta can be divided into two categories: governmental funds and proprietary funds.

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at the year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City'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 City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-wide financial statements are explained in the reconciliation following each Governmental Fund financial statement.

The General Fund's fund balance increased from fiscal year 2022 by \$1,799,200, compared to an increase of \$2,434,800 in fiscal year 2022. The increase in fund balance is mostly attributed to a 4.4% increase in sales tax combined with a 14.0% increase in use tax resulting from continued strong grocery sales and online purchases.

Under the terms of the PWA's 2016 revenue bonds indenture, the General Fund transfers the City's sales tax revenues to the PWA. In fiscal year 2023, the General Fund made a transfer of \$5.4 million to the PWA to satisfy the requirements of the bond indenture. However, the PWA returned the full amount of the sales tax pledge transfer back to the General Fund, with no reliance upon the General Fund for debt service in fiscal year 2023.

Proprietary funds – When the City charges customers for the services it provides – whether to outside customers or the other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position. In fact, the City's proprietary funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows.

The net position of the PWA increased from fiscal year 2022 by \$3.4 million, compared to an increase of \$1.4 million in fiscal year 2022. The change from fiscal year 2022 is largely due to approximately \$2 million of sales and use taxes dedicated to capital improvements transferred from the General Fund to the PWA in fiscal year 2023.

City of Coweta, Oklahoma
Management's Discussion and Analysis
As of and For the Year Ended June 30, 2023

The net position of the CIDA increased from fiscal year 2022 by \$190,181, mostly due to a transfer of land from the PWA to the CIDA. This compares to an increase of \$33,250 in fiscal year 2022.

The City as a Whole

For the year ended June 30, 2023, the net position for the governmental activities and business-type activities changed as follows:

The City of Coweta's Change in Net Position (expressed in \$ 000's)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current assets	\$ 18,309	\$ 15,721	\$ 9,199	\$ 6,969	\$ 27,508	\$ 22,690
Non-current assets	1,530	2,476	13,874	13,492	15,404	15,968
Capital assets	17,052	14,283	26,331	26,082	43,383	40,365
Total Assets	36,891	32,480	49,404	46,543	86,295	79,023
DEFERRED OUTFLOW OF RESOURCES						
Pension related	1,417	1,020	960	837	2,377	1,857
Unamortized asset retirement obligation	-	-	1,197	1,235	1,197	1,235
Total Deferred Outflows	1,417	1,020	2,157	2,072	3,574	3,092
LIABILITIES						
Long-term liabilities outstanding	3,170	1,770	37,883	37,440	41,053	39,210
Other liabilities	1,795	1,322	899	820	2,694	2,142
Total Liabilities	4,965	3,092	38,782	38,260	43,747	41,352
DEFERRED INFLOW OF RESOURCES						
Pension related	197	2,201	214	1,357	411	3,558
Total Deferred Inflows	197	2,201	214	1,357	411	3,558
NET POSITION						
Net investment in capital assets	16,565	13,777	5,046	3,467	21,611	17,244
Restricted	1,314	1,241	13,653	13,272	14,967	14,513
Unrestricted	15,268	13,189	(6,135)	(7,742)	9,133	5,447
Total Net Position	\$ 33,147	\$ 28,207	\$ 12,564	\$ 8,997	\$ 45,711	\$ 37,204

The City's combined net position increased from \$37.2 million to \$45.7 million between fiscal years 2022 and 2023, with an increase of 22.9% in net position for fiscal year 2023, and the City is able to report a positive balance in net position, with a 67.7% increase in combined unrestricted net position.

City of Coweta, Oklahoma
Management's Discussion and Analysis
As of and For the Year Ended June 30, 2023

The largest portion of the City's net position reflects its investments in capital assets, less any related debt used to acquire those assets to provide services to citizens. Capital assets are items such as land, buildings, machinery and equipment, and infrastructure, which includes streets, water and sewer lines, as well as storm water facilities. These assets are not available for future spending. Although the City's investment in 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.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of interest is the format that is significantly different than a typical Statement of Revenues, Expenditures, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

Sales and use tax revenues increased by \$2,357,000, or 40% over fiscal year 2022 due to the new 1% sales and use tax dedicated to capital improvements. In addition, gross receipts tax revenues increased by \$346,000 or 13% over fiscal year 2022 due to higher natural gas prices. Total expenses for governmental activities increased by \$1.6 million, or 28.5% compared to fiscal year 2022, mostly due to increases in public safety pension liabilities.

Governmental activities increased the City's net position by \$4.9 million in fiscal year 2023. The details of the increase are summarized on the following page.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

City of Coweta, Oklahoma
Management's Discussion and Analysis
As of and For the Year Ended June 30, 2023

The City of Coweta's Statement of Activities (expressed in \$ 000's)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program Revenues:						
Charges for services	\$ 575	\$ 650	\$ 5,786	\$ 5,239	\$ 6,361	\$ 5,889
Operating and capital grants and contributions	2,358	1,342	1,022	293	3,380	1,635
General Revenues:						
Sales and use taxes	8,215	5,858	-	-	8,215	5,858
Other taxes	4,089	3,675	-	-	4,089	3,675
Other general revenue	169	103	462	86	631	189
Total Revenues	<u>15,406</u>	<u>11,628</u>	<u>7,270</u>	<u>5,618</u>	<u>22,676</u>	<u>17,246</u>
EXPENSES						
General Government	1,360	1,217	677	650	2,037	1,867
Public Safety and Judiciary	4,151	3,019	-	-	4,151	3,019
Public Works	1,051	835	-	-	1,051	835
Cultural, parks and recreation	481	412	-	-	481	412
Water Service	-	-	1,577	1,504	1,577	1,504
Sewer Service	-	-	715	551	715	551
Solid Waste	-	-	793	640	793	640
Ambulance	-	-	1,498	1,091	1,498	1,091
Economic development	-	-	134	108	134	108
Non-Departmental	-	-	815	391	815	391
Interest on long-term debt	-	-	765	1,161	765	1,161
Loss (gain) on disposal of assets	(3)	-	155	-	152	-
Total Expenses	<u>7,040</u>	<u>5,483</u>	<u>7,129</u>	<u>6,096</u>	<u>14,169</u>	<u>11,579</u>
Increase (decrease) in net position before transfers	8,366	6,145	141	(478)	8,507	5,667
Transfers	(3,426)	(1,844)	3,426	1,844	-	-
Increases (decreases) in net position	4,940	4,301	3,567	1,366	8,507	5,667
Net position - beginning of year	28,207	23,906	8,997	7,631	37,204	31,537
Net position - end of year	<u>\$ 33,147</u>	<u>\$ 28,207</u>	<u>\$ 12,564</u>	<u>\$ 8,997</u>	<u>\$ 45,711</u>	<u>\$ 37,204</u>

Business-type Activities

Revenues from charges for services in fiscal year 2023 increased over prior year revenues by approximately \$546,900 or 10.4%. An operating loss of \$137,400 was recorded in fiscal year 2023, compared with a profit of approximately \$520,400 in fiscal year 2022. Increased wages in all departments and increased pension costs in the Ambulance division contributed to the operating loss.

City of Coweta, Oklahoma
Management’s Discussion and Analysis
As of and For the Year Ended June 30, 2023

General Fund Budgetary Highlights

Fiscal year 2023 actual revenues exceeded budget by \$1,175,970, or 8.6%, with sales tax exceeding budget by 14.3%, use tax receipts exceeding budget by 14.0%, building permits exceeding budget by 37.2%, utility franchise tax exceeding budget by 21.0% and intergovernmental revenues exceeding budget by 7.5%. Actual charges to appropriations were under final appropriations by \$806,643, or 6.0% under budget, partly due to vacant positions.

Capital Asset & Debt Administration

The following is a summary of changes in capital assets and debt administration for fiscal year 2023. More detailed information on capital asset activity and long-term debt activity is contained in the accompanying notes to the financial statements on pages 35 to 36; and, pages 39 to 42, respectively.

Capital Assets

At the end of June 30, 2023, the City had \$43.4 million invested in net capital assets including vehicles, police and fire equipment, buildings, park facilities, water and sewer lines and roads.

The City of Coweta’s Capital Assets (expressed in \$ 000’s)

	Governmental Activities		Business-type Activities		Total	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
Land	\$ 2,329	\$ 2,329	\$ 330	\$ 330	\$ 2,659	\$ 2,659
Construction-in-progress	1,330	765	647	254	1,977	1,019
Other non-depreciable assets	-	-	1,935	1,935	1,935	1,935
Intangibles	25	25	85	85	110	110
Buildings & Improvements	3,337	3,172	925	881	4,262	4,053
Furniture & Equipment	3,327	2,791	1,426	1,342	4,753	4,133
Vehicles	1,790	1,473	1,022	1,022	2,812	2,495
Infrastructure	12,754	10,767	37,933	37,217	50,687	47,984
	24,892	21,322	44,303	43,066	69,195	64,388
Less: Depreciation	(7,840)	(7,039)	(17,972)	(16,984)	(25,812)	(24,023)
Totals	\$ 17,052	\$ 14,283	\$ 26,331	\$ 26,082	\$ 43,383	\$ 40,365

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

City of Coweta, Oklahoma
Management’s Discussion and Analysis
As of and For the Year Ended June 30, 2023

Debt Administration

At the end of fiscal year 2023, the City had \$33.9 million in outstanding long-term debt with debt service secured by sales tax transfers from the General Fund as well as pledged revenues generated by business-type activities of the City. These debts are further detailed in the following table.

	Governmental Activities		Business-type Activities		Total	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
Revenue bonds payable	\$ -	\$ -	\$ 20,505,000	\$ 21,360,000	\$ 20,505,000	\$ 21,360,000
Notes payable	-	-	12,871,697	12,918,715	12,871,697	12,918,715
Leases payable	487,152	505,848	-	-	487,152	505,848
Totals	\$ 487,152	\$ 505,848	\$ 33,376,697	\$ 34,278,715	\$ 33,863,849	\$ 34,784,563

See Note 3(H) for additional information about debt activity.

Economic Factors and Next Year’s Budget

Due to concerns over a slowdown in the economy, the City took a conservative approach and projected a 2.5% decrease in sales and use tax collections for fiscal year 2024. Projected expenditures were then balanced against those estimates, including funding a \$1.3 million rainy day reserve and a \$2.0 million reserve for future capital projects.

The fiscal year 2024 expenditure budget includes increases in salaries and wages for all represented employees according to the terms of their respective labor agreements, with a 4% increase budgeted for non-represented employees. New capital projects totaling over \$6.5 million are underway, funded by gross receipts taxes and a new sales and use tax dedicated for capital improvements.

The City of Coweta is located in the Tulsa Metropolitan Statistical Area (MSA), which has seen a 14.5% increase in population over the last ten years. The economy in the MSA is driven by the manufacturing, oil and gas extraction, agriculture and transportation sectors, all of which are human capital intensive. As a result, the Tulsa suburbs, including Coweta, are benefiting from the strong economy in the MSA through residential growth. Coweta currently has approximately 1,500 new single-family residential homes under development. Most of those properties are in the northern portion of the City adjacent to the Coweta’s main commercial area. This residential growth will help grow the City’s sales tax collections, the most significant source of revenue for Oklahoma municipalities. Future residential growth is expected to move south along Highway 51 toward the Muskogee Turnpike which connects to the MSA, allowing convenient access for Coweta residents in their commutes to and from the employment centers to the north.

As generally expected, residential rooftops have been followed by commercial growth to serve those rooftops. Coweta’s main commercial area, anchored by a Walmart Supercenter, consists of approximately 40 acres of available space that is actively being marketed for additional retail and commercial development. Further to the south, Coweta’s traditional downtown, the “Broadway District”, has seen a resurgence over the last few years. New restaurants and professional offices have located in

City of Coweta, Oklahoma
Management’s Discussion and Analysis
As of and For the Year Ended June 30, 2023

the Broadway District, helping to drive traffic to the existing retail spaces. Both commercial areas are expected to continue to benefit from the residential growth in the community.

Coweta’s electors approved an additional 1¢ sales tax in February of 2022, that became effective on July 1, 2022. This additional tax raised an additional \$2.04 million in revenue in fiscal year 2023, and is restricted to fund infrastructure projects and capital purchases. The initial project list contains approximately \$41 million in projected costs.

Contacting the City’s Financial Management

This report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Assistant City Manager, PO Box 850, Coweta, OK 74429.

This page is intentionally left blank.

**CITY OF COWETA, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

BASIC FINANCIAL STATEMENTS

This page is intentionally left blank.

CITY OF COWETA
STATEMENT OF NET POSITION
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 13,420,737	\$ 7,827,103	\$ 21,247,840
Restricted cash and cash equivalents	2,280,835	111,753	2,392,588
Accounts receivable, net	303,722	987,020	1,290,742
Taxes receivable	358,840	-	358,840
Due from other governments	1,783,407	-	1,783,407
Advance to other funds	435,032	-	435,032
Internal balances	(273,182)	273,182	-
Total current assets	<u>18,309,391</u>	<u>9,199,058</u>	<u>27,508,449</u>
Non-current assets			
Net pension asset	182,501	-	182,501
Investments, unrestricted	1,347,299	94,726	1,442,025
Investments, restricted	-	13,779,710	13,779,710
Capital assets, non-depreciable	3,659,734	2,911,436	6,571,170
Other capital assets, net	13,392,170	23,419,120	36,811,290
Total non-current assets	<u>18,581,704</u>	<u>40,204,992</u>	<u>58,786,696</u>
Total assets	<u>36,891,095</u>	<u>49,404,050</u>	<u>86,295,145</u>
DEFERRED OUTFLOW OF RESOURCES			
Related to pensions	1,417,374	959,914	2,377,288
Unamortized asset retirement obligation	-	1,196,642	1,196,642
Total deferred outflows of resources	<u>1,417,374</u>	<u>2,156,556</u>	<u>3,573,930</u>
LIABILITIES			
Accounts payable	199,589	141,984	341,573
Accrued payroll	127,916	66,086	194,002
Accrued interest payable	6,885	387,832	394,717
Accrued compensated absences	109,531	65,478	175,009
Deposits subject to refund	-	238,055	238,055
Unearned revenue - ARPA grant	1,346,290	-	1,346,290
Amounts held in escrow	4,558	-	4,558
Non-current liabilities:			
Due within one year	140,165	1,609,000	1,749,165
Due in more than one year:			
Bonds and notes payable	-	31,767,697	31,767,697
Lease liability	346,987	-	346,987
Net pension liability	2,683,014	2,620,274	5,303,288
Asset retirement obligation	-	1,450,923	1,450,923
Advance from other funds	-	435,032	435,032
Total liabilities	<u>4,964,935</u>	<u>38,782,361</u>	<u>43,747,296</u>
DEFERRED INFLOW OF RESOURCES			
Related to employee pension plans	196,637	213,906	410,543
Total deferred inflows of resources	<u>196,637</u>	<u>213,906</u>	<u>410,543</u>
NET POSITION			
Net investment in capital assets	16,564,752	5,046,304	21,611,056
Restricted by:			
Enabling legislation	1,313,838	-	1,313,838
External contracts	-	13,653,408	13,653,408
Unrestricted	15,268,307	(6,135,373)	9,132,934
Total net position	<u>\$ 33,146,897</u>	<u>\$ 12,564,339</u>	<u>\$ 45,711,236</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF COWETA
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government:					
General government	\$ 963,172	\$ 45,386	\$ -	\$ -	\$ (917,786)
Code and planning	397,085	98,538	24,000	-	(274,547)
Total general government	<u>1,360,257</u>	<u>143,924</u>	<u>24,000</u>	<u>-</u>	<u>(1,192,333)</u>
Public safety and judiciary:					
Municipal court	131,446	184,318	-	-	52,872
Fire and Emergency Management	1,832,138	118,031	220,227	175,639	(1,318,241)
Police and Animal Control	2,188,386	17,100	90,686	-	(2,080,600)
Total public safety and judiciary	<u>4,151,970</u>	<u>319,449</u>	<u>310,913</u>	<u>175,639</u>	<u>(3,345,969)</u>
Public Works:					
Cemetery	129,968	95,500	-	-	(34,468)
Streets	921,062	-	-	1,847,846	926,784
Total public works	<u>1,051,030</u>	<u>95,500</u>	<u>-</u>	<u>1,847,846</u>	<u>892,316</u>
Cultural, parks and recreation:					
Library	295,818	3,336	-	-	(292,482)
Parks and arts & humanities	184,948	13,156	-	-	(171,792)
Total cultural, parks and recreator	<u>480,766</u>	<u>16,492</u>	<u>-</u>	<u>-</u>	<u>(464,274)</u>
Total governmental activities	<u>7,044,023</u>	<u>575,365</u>	<u>334,913</u>	<u>2,023,485</u>	<u>(4,110,260)</u>
Business-type activities:					
Administration	367,779	-	-	-	(367,779)
Finance	309,673	-	-	-	(309,673)
Water operations	1,577,477	2,050,503	-	-	473,026
Sewer operations	715,197	1,396,465	-	662,348	1,343,616
Solid waste operations	792,985	1,006,672	-	-	213,687
Ambulance service	1,497,649	1,332,685	205,261	-	40,297
Economic development	134,446	-	155,389	-	20,943
Non-Departmental	815,278	-	-	-	(815,278)
Financing costs	765,313	-	-	-	(765,313)
Total business-type activities	<u>6,975,797</u>	<u>5,786,325</u>	<u>360,650</u>	<u>662,348</u>	<u>(166,474)</u>
Total Primary Government	<u>\$ 14,019,820</u>	<u>\$ 6,361,690</u>	<u>\$ 695,563</u>	<u>\$ 2,685,833</u>	<u>\$ (4,276,734)</u>

(continued next page.)

The accompanying notes are an integral part of the basic financial statements.

CITY OF COWETA
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION (continued)
For the Year Ended June 30, 2023

	Net (Expense) Revenue and Changes in Net Position		
	Governmental	Business-Type	Total
	Activities	Activities	
Net (expense)/revenue	\$ (4,110,260)	\$ (166,474)	\$ (4,276,734)
General revenues:			
Taxes:			
Sales and use taxes	8,215,754	-	8,215,754
Gross receipts tax	3,072,089	-	3,072,089
Hotel/motel tax	42,318	-	42,318
Franchise taxes	344,883	-	344,883
Intergovernmental	629,287	-	629,287
Investment earnings	60,529	381,072	441,601
Miscellaneous/Other Fees	108,454	81,449	189,903
Gain (loss) on disposal of assets	3,451	(155,389)	(151,938)
Transfers - internal activities	(3,426,401)	3,426,401	-
Total general revenues and transfers	9,050,364	3,733,533	12,783,897
Change in net position	4,940,104	3,567,059	8,507,163
Net position - beginning of year	28,206,793	8,997,280	37,204,073
Net position - end of year	\$ 33,146,897	\$ 12,564,339	\$ 45,711,236

The accompanying notes are an integral part of the basic financial statements.

**CITY OF COWETA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023**

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 9,898,685	\$ 2,949,224	\$ 572,828	\$ 13,420,737
Investments	752,657	531,492	63,151	1,347,300
Due from other governments	1,140,991	215,000	427,416	1,783,407
Due from other funds	612	-	-	612
Advances to other funds	-	435,032	-	435,032
Taxes receivable	-	358,840	-	358,840
Accounts receivable, net	284,534	-	19,188	303,722
Restricted assets:				
Cash and cash equivalents	4,558	-	2,276,277	2,280,835
Total assets	<u>\$ 12,082,037</u>	<u>\$ 4,489,588</u>	<u>\$ 3,358,860</u>	<u>\$ 19,930,485</u>
Liabilities and Fund Balances:				
Liabilities				
Accounts payable	\$ 36,935	\$ 39,163	\$ 123,491	\$ 199,589
Unearned revenue - ARPA grant	-	-	1,346,290	1,346,290
Compensated absences	109,531	-	-	109,531
Other accrued expenses	127,916	-	-	127,916
Due to other funds	273,182	-	612	273,794
Amounts held in escrow	4,558	-	-	4,558
Total liabilities	<u>552,122</u>	<u>39,163</u>	<u>1,470,393</u>	<u>2,061,678</u>
Fund balances				
Nonspendable				
Long-term interfund advances	-	435,032	-	435,032
Restricted	-	-	1,313,838	1,313,838
Unrestricted:				
Committed	29,119	-	-	29,119
Assigned	-	4,015,393	574,629	4,590,022
Unassigned	11,500,796	-	-	11,500,796
Total fund balances	<u>11,529,915</u>	<u>4,450,425</u>	<u>1,888,467</u>	<u>17,868,807</u>
Total liabilities and fund balance	<u>\$ 12,082,037</u>	<u>\$ 4,489,588</u>	<u>\$ 3,358,860</u>	<u>\$ 19,930,485</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF COWETA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
June 30, 2023

Total Fund Balance, Governmental Funds \$ 17,868,807

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets of \$24,891,888, net of accumulated depreciation of \$7,839,984, used in governmental activities are not current financial resources and, therefore, are not reported in the fund statements. 17,051,904

Land	2,329,311
Intangibles	24,855
Construction in Progress	1,330,424
Buildings & Improvements	3,336,561
Vehicles	1,790,381
Equipment	3,326,353
Infrastructure	12,754,003
Accumulated Depreciation	(7,839,984)

Amounts related to pensions are applicable to future periods, and, therefore, are not reported in the funds.

Pension related deferred outflows of resources	1,417,374
Net pension asset	182,501
Net pension liability	(2,683,014)
Pension related deferred inflows of resources	(196,637)

Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.

Leases payable	(487,152)
Accrued interest payable	(6,886)

Total Net Position - Governmental Activities **\$ 33,146,897**

The accompanying notes are an integral part of the basic financial statements.

CITY OF COWETA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 8,258,072	\$ 3,072,089	\$ -	\$ 11,330,161
Intergovernmental programs	563,485	215,000	1,032,912	1,811,397
Licenses and permits	127,060	-	-	127,060
Charges for services	39,019	-	208,476	247,495
Franchise fees	344,883	-	-	344,883
Fines and forfeits	187,654	-	-	187,654
Interest income	48,075	9,672	2,783	60,530
Miscellaneous	116,724	-	4,887	121,611
Total revenues	<u>9,684,972</u>	<u>3,296,761</u>	<u>1,249,058</u>	<u>14,230,791</u>
Expenditures:				
General government	1,242,747		21,264	1,264,011
Public safety	3,725,186	-	187,156	3,912,342
Highways and roads	469,372	-	100,235	569,607
Cultural and recreational	399,720		12,757	412,477
Debt Service				
Principal	-	98,997	30,990	129,987
Interest expense	-	8,173	8,982	17,155
Capital outlay	12,171	1,411,294	1,079,174	2,502,639
Total expenditures	<u>5,849,196</u>	<u>1,518,464</u>	<u>1,440,558</u>	<u>8,808,218</u>
Excess (deficiency) of revenues over expenditures	<u>3,835,776</u>	<u>1,778,297</u>	<u>(191,500)</u>	<u>5,422,573</u>
Other financing sources (uses):				
Transfers in	5,438,592	-	248,303	5,686,895
Transfers out	(7,483,768)	(1,481,903)	(147,625)	(9,113,296)
Capital lease proceeds	-	-	111,291	111,291
Sale of Capital Assets	8,613	-	-	8,613
Total other financing sources (uses)	<u>(2,036,563)</u>	<u>(1,481,903)</u>	<u>211,969</u>	<u>(3,306,497)</u>
Net change in fund balances	1,799,213	296,394	20,469	2,116,076
Fund balances - beginning of year	<u>9,730,702</u>	<u>4,154,031</u>	<u>1,867,998</u>	<u>15,752,731</u>
Fund balance - end of year	<u>\$ 11,529,915</u>	<u>\$ 4,450,425</u>	<u>\$ 1,888,467</u>	<u>\$ 17,868,807</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF COWETA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 2,116,076

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.

Capital asset purchases capitalized	2,502,639
Depreciation expense	(941,729)

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.

Capital assets donated	1,213,250
Book value of capital assets disposed or sold	(5,162)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

State of Oklahoma on-behalf pension contributions	300,861
Net pension expense - Police	69,576
Net pension expense - Fire	(335,644)

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:

Capital lease obligation proceeds	(111,291)
Capital lease obligation principal payments	129,987

Changes in accrued interest	1,541
-----------------------------	-------

Change in Net Position of Governmental Activities	\$ <u><u>4,940,104</u></u>
--	-----------------------------------

The accompanying notes are an integral part of the basic financial statements.

CITY OF COWETA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	Enterprise Funds		
	Public Works Authority	Industrial Development Authority	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and equivalents	\$ 7,604,103	\$ 223,000	\$ 7,827,103
Restricted cash and equivalents	111,753	-	111,753
Accounts receivable, net	987,020	-	987,020
Due from other funds	273,182	-	273,182
Total current assets	<u>8,976,058</u>	<u>223,000</u>	<u>9,199,058</u>
Non-current Assets:			
Investments, unrestricted	94,726	-	94,726
Restricted investments	13,779,710	-	13,779,710
Capital assets:			
Non-depreciable assets	2,756,047	155,389	2,911,436
Other assets, net of depreciation	23,410,028	9,092	23,419,120
Total non-current assets	<u>40,040,511</u>	<u>164,481</u>	<u>40,204,992</u>
Total assets	<u>49,016,569</u>	<u>387,481</u>	<u>49,404,050</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred amounts related to pensions	959,914	-	959,914
Unamortized asset retirement obligation	1,196,642	-	1,196,642
Total deferred outflows	<u>2,156,556</u>	<u>-</u>	<u>2,156,556</u>
LIABILITIES			
Current liabilities:			
Accounts payable	138,992	2,992	141,984
Accrued payroll	66,086	-	66,086
Accrued interest payable	387,832	-	387,832
Accrued compensated absences	65,478	-	65,478
Deposits subject to refund	238,055	-	238,055
Notes payable	739,000	-	739,000
Revenue bonds payable	870,000	-	870,000
Total current liabilities	<u>2,505,443</u>	<u>2,992</u>	<u>2,508,435</u>
Non-current liabilities:			
Net pension liability	2,620,274	-	2,620,274
Asset retirement obligation	1,450,923	-	1,450,923
Advance from other funds	435,032	-	435,032
Notes Payable	12,132,697	-	12,132,697
Revenue bonds payable	19,635,000	-	19,635,000
Total non-current liabilities	<u>36,273,926</u>	<u>-</u>	<u>36,273,926</u>
Total liabilities	<u>38,779,369</u>	<u>2,992</u>	<u>38,782,361</u>
DEFERRED INFLOW OF RESOURCES			
Deferred amounts related to pensions	213,906	-	213,906
Net position:			
Net investment in capital assets	4,881,823	164,481	5,046,304
Restricted for:			
Construction	12,527,477	-	12,527,477
Debt Service	1,125,931	-	1,125,931
Unrestricted	(6,355,381)	220,008	(6,135,373)
Net position	<u>\$ 12,179,850</u>	<u>\$ 384,489</u>	<u>\$ 12,564,339</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF COWETA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Enterprise Funds		
	Public Works Authority	Industrial Development Authority	Total Enterprise Funds
Operating Revenues:			
Water revenue	\$ 2,050,503	\$ -	\$ 2,050,503
Sewer revenue	1,396,465	-	1,396,465
Solid waste revenue	1,006,672	-	1,006,672
Ambulance revenue	1,332,685	-	1,332,685
Operating grants	205,261	-	205,261
Miscellaneous charges	80,889	560	81,449
Total revenues	<u>6,072,475</u>	<u>560</u>	<u>6,073,035</u>
Operations expense:			
General administrative	367,779	-	367,779
Finance	309,673	-	309,673
Water operations	930,005	-	930,005
Sewer operations	443,070	-	443,070
Solid waste operations	722,860	-	722,860
Ambulance service	1,484,312	-	1,484,312
Economic development	-	133,407	133,407
Non-departmental	811,114	-	811,114
Depreciation	1,007,225	1,039	1,008,264
Total operations expense	<u>6,076,038</u>	<u>134,446</u>	<u>6,210,484</u>
Operating income (loss)	<u>(3,563)</u>	<u>(133,886)</u>	<u>(137,449)</u>
Non-operating revenues (expenses):			
Interest revenue	380,849	223	381,072
Interest expense and fiscal agent fees	(765,313)	-	(765,313)
Note Proceeds	-	-	-
Capital donations/grants	662,349	155,389	817,738
Gain (loss) on disposal of assets	(155,389)	-	(155,389)
Total Non-operating revenues (expenses)	<u>122,496</u>	<u>155,612</u>	<u>278,108</u>
Income (loss) before operating transfers	118,933	21,726	140,659
Transfers in	8,630,912	168,455	8,799,367
Transfers out	(5,372,967)	-	(5,372,967)
Change in net position	3,376,878	190,181	3,567,059
Total Net position, beginning	<u>8,802,972</u>	<u>194,308</u>	<u>8,997,280</u>
Total Net position, ending	<u>\$ 12,179,850</u>	<u>\$ 384,489</u>	<u>\$ 12,564,339</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF COWETA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Enterprise Funds		
	Public Works Authority	Industrial Development Authority	Total Enterprise Funds
Cash flows from operating activities:			
Receipts from customers	\$ 5,898,090	\$ 560	\$ 5,898,650
Payments to vendors and employees	(4,607,801)	(130,734)	(4,738,535)
Net cash provided by (used in) operating activities	1,290,289	(130,174)	1,160,115
Cash flows from capital and related financing activities:			
Transfers and advances from other funds	8,630,912	168,455	8,799,367
Transfers to other funds	(5,372,967)	-	(5,372,967)
Acquisition and construction of capital assets	(594,269)	-	(594,269)
Principal paid on revenue bonds	(1,150,000)	-	(1,150,000)
Interest paid on revenue bonds	(740,694)	-	(740,694)
Interest paid on notes	(322,072)	-	(322,072)
Fiscal agent fees	(7,314)	-	(7,314)
Net cash provided by (used in) capital and related financing activities	443,596	168,455	612,051
Cash flows from investing activities:			
(Purchase) liquidation of investments	(376,002)	-	(376,002)
Interest on investments	380,848	223	381,071
Net cash provided by (used in) investing activities	4,846	223	5,069
Net increase (decrease) in cash and cash equivalents	1,738,731	38,504	1,777,235
Balances - beginning of year	5,977,125	184,496	6,161,621
Balances - end of year	\$ 7,715,856	\$ 223,000	\$ 7,938,856
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 7,604,103	\$ 223,000	\$ 7,827,103
Restricted cash and cash equivalents - current	111,753	-	111,753
Total cash and cash equivalents - end of year	\$ 7,715,856	\$ 223,000	\$ 7,938,856
Reconciliation of operating income to net cash			
Operating income (loss)	\$ (3,563)	\$ (133,886)	\$ (137,449)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	1,007,225	1,039	1,008,264
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(179,685)	-	(179,685)
(Decrease) in due from other funds	273,182	-	273,182
(Increase) in deferred outflow of resources	(84,821)	-	(84,821)
Increase (decrease) in advances from other funds	(70,014)	-	(70,014)
Increase (decrease) in accrued interest	(15,715)	-	(15,715)
Increase (decrease) in customer deposits	5,300	-	5,300
Increase (decrease) in accounts payable	75,662	2,673	78,335
Increase (decrease) in asset retirement obligation	40,923	-	40,923
Increase (decrease) in accrued expenses	655	-	655
Increase (decrease) in deferred inflow of resources	(1,143,448)	-	(1,143,448)
Increase (decrease) in net pension liability	1,373,688	-	1,373,688
Increase (decrease) in compensated absences	10,900	-	10,900
Total adjustments	1,293,852	3,712	1,297,564
Net cash provided by (used in) operating activities	\$ 1,290,289	\$ (130,174)	\$ 1,160,115
Noncash Activities			
Contributed capital assets	\$ 662,348	\$ 168,455	\$ 830,803

The accompanying notes are an integral part of the basic financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.A. General Statement

The City's accounting and financial reporting policies conform with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

During fiscal year 2023, the City implemented Statement No. 96, "Subscription-Based Information Technology Arrangements" to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users (governments). There was no material effect on the City's financial position.

1.B. Financial Reporting Entity

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

Primary Government:	City of Coweta
Blended Component Units:	Coweta Public Works Authority Coweta Industrial Development Authority

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity" as amended by Statement 61 and includes all component units of which the City appointed a voting majority of the unit's board and for which the City is financially accountable.

Blended Component Units:

A blended component unit is a separate legal entity that meets the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. In addition, management and staff of the City are also the management and staff of the component unit. The component unit funds are blended into those of the City's by appropriate fund category to comprise the primary government presentation.

The City has two component units that are blended into the reporting fund categories of the City's report:

Coweta Public Works Authority (the "PWA")

The PWA was created August 10, 1964 pursuant to a Trust Indenture for the benefit of the City of Coweta, Oklahoma to acquire, construct, develop, equip, operate, maintain, repair, enlarge and remodel water, sewer, solid waste and ambulance service facilities. The PWA was established to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the PWA. The PWA generally retains title to assets which are acquired or constructed with PWA debt or other Authority generated resources. In addition, the City has leased the water, sanitary sewer and solid waste systems owned by the City to the PWA on a long-term basis. The City, as beneficiary of the Public Trust, receives title to any residual assets when the Public Trust is dissolved. Debt issued by

the PWA requires two-thirds approval of the City Council. The PWA is reported as an enterprise fund. The PWA does not issue a separate annual financial report.

The Coweta Industrial Development Authority (the “CIDA”)

The CIDA was created April 23, 1979 pursuant to a Trust Indenture for the benefit of the City of Coweta, Oklahoma to promote, finance and develop recreation, sports, culture, tourism, entertainment and communication media projects and other economic development projects. The CIDA is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes 1991, Section 176, et seq., and is governed by a board consisting of five trustees appointed by the City Council. The CIDA is exempt from State and Federal income taxes. The CIDA is reported as an enterprise fund. The CIDA does not issue a separate annual financial report.

1.C. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

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

The funds of the City are described below:

GOVERNMENTAL FUNDS

- a. General Fund: The general fund is the primary operating fund of the City government and will always be classified as a major fund. It is used to account for all financial resources except those legally or administratively required to be accounted for in other funds.
- b. Special Revenue Fund: Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds:

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

- Street and Alley Fund
- Cemetery Fund
- Library Fund
- Self-Insurance Fund
- E-911 Fund
- Rural Firefighters Fund

c. Debt Service Fund: The debt service fund is used to account for the accumulation of ad-valorem taxes levied by the City for use in retiring general obligation bonds, court-assessed judgements, and their related interest expense and fiscal agent fees. State law refers to this fund as the Sinking Fund. The City currently has no general long-term debt and no active Sinking Fund.

d. Capital Projects Fund: A capital projects fund is used to account for the resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes the following capital project funds:

- Capital Improvement Fund
- Grants Fund

PROPRIETARY FUNDS

a. Enterprise Fund: Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise funds:

- Coweta Public Works Authority (PWA): Accounts for the operations of providing public works (water, sewer and solid waste) and ambulance service to the City.
- Coweta Industrial Development Authority (CIDA): Promotes the development of industry in the City. This fund does not meet the percentage criteria for a major fund, but the City has elected to treat this non-major fund as though it were a major fund for purposes of presentation within the proprietary funds of the financial statements rather than aggregating this information separately, solely for the benefit of user understandability of the financial statements.

MAJOR AND NON-MAJOR FUNDS

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

Major:

- General Fund
- Capital Improvement Fund
- Coweta Public Works Authority

Non-Major:

- Street and Alley Fund
- Cemetery Fund
- Library Fund
- Self-Insurance Fund
- E-911 Fund
- Rural Firefighters Fund
- Grants Fund
- Debt Service Fund
- Coweta Industrial Development Authority
(treated as a major fund for presentation purposes)

1.D. Measurement Focus and Basis of Accounting

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

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities both governmental and business-type activities are presented using the economic resources measurement focus as defined in item 2 below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

1. All governmental fund types utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
2. Proprietary fund types utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial), along with deferred outflows and deferred inflows associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred. All proprietary funds utilize the accrual basis of accounting.

1.E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity

1. **Cash and Cash Equivalents:** For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of 12 months or less.

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

- 2. Investments:** Investments are reported at fair value which is determined using selected bases. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. All non-negotiable certificates of deposit are carried at cost. Additional cash and investment disclosures are presented in Note 3.A.
- 3. Accounts Receivable/Due from Other Governments:** In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, gross receipts tax, franchise taxes and court fines. In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, gross receipts tax, franchise tax and grants and other similar intergovernmental revenues, since they are usually both measurable and available. Available has been defined by the City as collected within 60 days of year end. Proprietary fund receivables consist of all revenues earned at year-end and not yet received. Utility and ambulance accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon the periodic aging of accounts receivable.
- 4. Restricted Assets:** Restricted assets reported in the fund financial statements include current assets that are legally restricted as to their use. The primary restricted assets are related to utility customer deposits and trustee accounts restricted for debt service.
- 5. Inventories:** Due to their immaterial nature, the City has chosen to record consumable materials and supplies as expenditures/expenses at the time of purchase; therefore, no balances for inventory on-hand are reported on the balance sheet.
- 6. Capital Assets:** General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the business-type activities column of the government-wide statement of net position and in the respective funds. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000 for the governmental and proprietary funds.

The City's infrastructure consists of roads, bridges, culverts, curbs and gutter, streets and sidewalks, drainage systems and similar assets that are immovable and of value only to the City. Such infrastructure assets acquired are capitalized in accordance with the requirements of GASB 34. Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Prior to the implementation of GASB 89 in fiscal year 2018, interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Class of Asset	Estimated Useful Life
Buildings	20 - 100 years
Furniture, Fixtures and Equipment	10 - 25 years
Land Improvements	10 - 40 years
Vehicles	5 - 20 years
Infrastructure	10 - 50 years

- 7. Compensated Absences:** It is the City’s policy to require employees to use all earned vacation by their next accrual date, unless otherwise approved by the City Manager. Full-time regular employees who have been employed continuously for at least 12 months are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. The expense and related liability for vested vacation benefits and compensatory time is recorded in the respective funds of the City or component unit as a current liability.
- 8. Long-term Debt:** Accounting treatment of long-term debt varies depending upon the source of repayment and whether the debt is reported in the government-wide or fund financial statements.
- a. Government-wide Financial Statements: All long-term debts to be repaid from governmental and business-type component unit resources are reported as liabilities in the government-wide statements. The long-term debts accounted for in fiscal year 2022 consists of pension benefits, revenue bonds payable leases payable, and notes payable.
 - b. Fund Financial Statements: Long-term debt of governmental funds is not reported as a liability in the fund financial statements. Payment of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.
- 9. Deferred Outflow/Inflow of Resources:** Deferred outflows and inflows are the consumption or acquisition of net position by the City that are applicable to a future reporting period. At June 30, 2023, the City’s deferred outflows and deferred inflows of resources were comprised of pension related deferrals and unamortized asset retirement obligation costs. As discussed in Note 1.I., certain pension amounts are deferred, some as outflows and others as inflows, and amortized as a component of pension expense in future periods.

10. Equity Classifications

- a. Government-wide Financial Statements: Equity is classified as net position and is displayed in three components:
 - 1. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds, notes, leases or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

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

- b. Fund Financial 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:
 - 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.
 - Restricted – consists of fund balance with constraints placed on the use of resources either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation.
 - Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority. The City’s highest level of decision-making authority is by ordinance.
 - Assigned – includes amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process. City management has the authority to assign fund balance.
 - 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, or represents deficit fund balances in non-general fund governmental funds.

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

1.F. Revenues, Expenditures and Expenses

1. **Sales Tax:** The City levies a four-cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The entire sales tax is recorded as revenue within the General Fund, with 1% of the tax transferred to the Coweta Public Works Authority to fund capital improvements. The 4% sales tax levy is a permanent tax which funds general operations and capital improvements of the City. Sales tax resulting from sales occurring prior to year-end and received

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

by the City after year end have been accrued and is included under the caption *Due From Other Governments* because they represent taxes on sales occurring during the reporting period.

2. **Property Tax:** Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonds and court-assessed judgments. As of June 30, 2023, the City had no outstanding general obligation bonds or judgements. No property tax was levied during the fiscal year ended June 30, 2023.
3. **Program Revenues:** In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City’s taxpayers are reported as program revenues. The City has the following program revenues in each listed activity:

Activity	Program Revenue
General Government	Licenses and permits, fees, operating and capital grants.
Public Safety & Judiciary	Court fines, fire runs, operating and capital grants
Public Works	Motor fuel tax, commercial vehicle tax, cemetery sales
Cultural, Parks and Recreation	Library fines, park fees

All other governmental revenues are reported as general. Aside from motor vehicle taxes, all taxes are classified as general revenue even if restricted for a specific purpose.

4. **Operating Revenues and Expenses:** Operating revenues and expenses for proprietary funds and similar discretely presented component units are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing or investing activities.
5. **Expenditures/Expenses:**
 - a. Government-wide Financial Statements: In the government-wide financial statements, expenses are reported on the accrual basis and are classified by function for both governmental and business-type activities.
 - b. Fund Financial Statements: In the fund financial statements, proprietary funds report expenses relating to use of economic resources. Governmental funds report expenditures of financial resources which are classified as follows:
 - Current (further classified by function)
 - Debt Service
 - Capital Outlay

1.G. Internal and Interfund Balances and Activities

1. **Government-wide Financial Statements:** In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified. The eliminations or reclassifications, if any, in the government-wide statements are as follows:

- Internal balances – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
- Internal activities – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities.

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

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

1.H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1.I. Pensions

For purposes of measuring the net pension asset, net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighter's Pension & Retirement System (OFPRS) and Oklahoma Police Pension & Retirement System (OPPRS), and additions to/deductions from OFPRS and OPPRS's fiduciary net position have been determined on the same basis as they are reported by OFPRS and OPPRS. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by these funds are reported at fair value.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

significant laws and regulations and demonstration of its stewardship over City resources is detailed in Notes 2.A. through 2.D.

2.A. Fund Accounting Requirements

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

Fund	Required by
Debt Service Fund (Sinking Fund) – no current activity	State Law
Coweta Public Works Authority Fund	Trust Indenture
Coweta Industrial Development Authority Fund	Trust Indenture

2.B. Revenue Restrictions

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

Revenue Source	Legal Restriction of Use
Sales Tax	See Note I
Gasoline Excise and Commercial Vehicle Tax	Street and alley purposes
Cemetery Sales	Cemetery maintenance
Wagoner County shared sales tax revenues	Rural fire operations and equipment
E-911 Revenue	E-911 Emergency Service Purposes
Ad Valorem Tax	Debt service on bonds and judgements
Grants Revenue	Based on individual grant agreements

For the year ending June 30, 2023, the City complied, in all material respects, with these revenue restrictions.

2.C. Debt Restrictions and Covenants

- 1. General Obligation Debt:** Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation. For the year ended June 30, 2023, the City complied with the legal debt limit.
- 2. Other Long-term Debt:** As required by the Oklahoma State Constitution, the City (excluding public trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without obtaining voter approval. For the year ended June 30, 2023, no such debt was incurred by the City.
- 3. Revenue Bond and Notes Payable Debt:** The bond indenture and note agreements relating to the long-term issues of the PWA contain a number of restrictions or covenants that are financial related such as a required flow of funds through special accounts, required reserve account balances, and debt service coverage requirements. The following schedule presents a summary

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

of the most significant requirements and the PWA’s level of compliance thereon as of June 30, 2023:

Requirement	Level of Compliance
Flow of funds through General Fund and other bond accounts	All required accounts have been established and are used per bond indenture requirements
Bond Account	Monthly debt service payments received from the PWA are held in a Bond Account by the PWA’s trustee bank to be transferred to the Sinking Fund as necessary.
Sinking Fund Account	Funds transferred to the Sinking Fund Account are used for the payment of principal and interest and for redemption of bonds.
Sales Tax Fund	Funds transferred to the Sales Tax Fund are used for the payment of principal and interest on the Series 2022 Sales Tax Note.
Revenue Bond / 2019 OWRB CWSRF Promissory Note/ Series 2022 Sales Tax Note Requirement	For the year ended June 30, 2023, available sales tax and operating revenues, as defined by the bond indenture and loan agreement, were \$7,410,312; the bond coverage requirement was 125% of annual principal and interest requirements, or \$2,787,996. Actual coverage was 403%. In addition, available revenues without sales tax pledge transfers, as defined by the bond indenture, were \$3,604,508; the bond coverage requirement was 75% of annual principal and interest requirements. Actual coverage was 162%.

2.D. Fund Equity/Net Position Restrictions

Title 11, section 17-211 of the Oklahoma statutes prohibits the creation of a deficit fund balance in any individual fund of the City (excluding public trusts). The City had no fund balance deficits at June 30, 2023.

NOTE 3. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

3.A. Deposits and Investments

- 1. Deposits:** Custodial credit risk is the risk that in the event of a bank failure, a government’s deposits may not be returned to it. The deposit policy of the City for custodial credit risk requires compliance with the provisions of state law. State law requires collateralization of all deposits with federal depository insurance, U.S. government issues, U.S. government insured securities, State of Oklahoma bonds or bonds of any county or school district of the State of Oklahoma. At June 30, 2023 the City’s bank balances of \$21,253,261 were not exposed to custodial credit risk.
- 2. Investments:** The City may legally invest in direct obligations of the U.S. government and agency securities, certificates of deposit and savings accounts or savings certificates of savings and loan associations.

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Interest Rate Risk—Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The City’s investment policy does not address interest rate risk.

Credit Risk—Investment credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City’s investment policy does not address credit risk.

Concentration of Credit Risk—The City places no limit on the amount that may be invested in any one issuer.

Custodial Credit Risk—Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City’s investment policy does not address custodial risk. However, the City’s investments are in the City’s name, thus the City has no custodial risk at June 30, 2023.

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

- 1) 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 is pledged.
- 2) Certificates of deposits 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.
- 3) With certain limitation, negotiable certificates of deposit, prime banker’s acceptances, prime commercial paper and repurchase agreements with certain limitations.
- 4) 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.
- 5) 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.
- 6) Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (1) through (4).

Fair Value Measurement—The City 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 for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. For the year ended June 30, 2023, money market funds held by the City were valued using quoted prices in active markets (Level 1 inputs). The City had the following deposits and investments at June 30, 2023:

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Type	Weighted Average Maturity (Months)	Standard & Poor's Credit Rating	Value
Demand deposits	N/A	(1)	\$21,253,261
Petty cash and change funds	N/A	N/A	925
Short-term money market funds	0.89	AAAm	13,653,408
Certificates of deposit	15.24	(1)	<u>3,954,569</u>
			<u>\$38,862,163</u>
(1) Not subject to rating			
Reconciliation to Statement of Net Position			
Cash and cash equivalents			\$21,247,840
Restricted Cash and cash equivalents			2,392,588
Investments			1,442,025
Restricted investments			<u>13,779,710</u>
			<u>\$38,862,163</u>

3.B. Accounts Receivable

The accounts receivable of the governmental activities consist of hotel tax, franchise taxes, and court fines. The remaining receivables are intergovernmental revenues and/or due from various customers. The accounts receivable of the business-type activities are amounts due from utility customers and ambulance service operations. All receivables are expected to be collected within one year, except for court fines, which are expected within two years. Receivables at June 30, 2023 are detailed on the following page.

	Governmental Activities	Business-Type Activities	Total
Service receivables	\$ -	\$ 1,655,392	\$ 1,655,392
Due from other governments	1,783,407	-	1,783,407
Municipal court fine receivable	519,376	-	519,376
Taxes receivable	358,840	-	358,840
Other receivables	483,310	7,483	490,793
Advance to other funds	435,032	-	435,032
Allowance for uncollectible accounts	<u>(698,964)</u>	<u>(675,855)</u>	<u>(1,374,819)</u>
Net accounts receivable	<u>\$ 2,881,001</u>	<u>\$ 987,020</u>	<u>\$ 3,868,021</u>

3.C. Accounts Payable

Accounts payable balances are payables to vendors. Accrued liabilities are salaries and wages payable as well as accrued insurance where applicable.

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

3.D. Restricted Assets

Certain assets of the City are restricted in their use through grant agreements, contracts or laws and ordinances. Cash and cash equivalents in the amount of \$158,119 at June 30, 2023 has been restricted in use for street and alley maintenance; \$483,076 for cemetery maintenance; \$41,202 for library operations; \$247,590 for E911 operations; and \$361,951 for rural fire operations. Further, municipal court bonds received in relation to defendant warrants are restricted in their use toward resolution of the defendant's warrants. As of June 30, 2023, cash in the amount of \$4,558 has been restricted for municipal court bonds.

Certain assets of the PWA are restricted in their use by bond and note indentures. Investments, classified as non-current, in the amount of \$1,125,932 at June 30, 2023 have been restricted for debt service and \$12,527,477 is restricted for construction projects. Customer deposits received for water, sewer and solid waste services are restricted in their use toward the customer's final bill. As of June 30, 2023, cash and investments in the amount of \$238,055, of which \$111,754, is classified as current and \$126,301 is classified as non-current, have been restricted for customer utility deposits.

3.E. Capital Assets

Governmental capital asset activity for the year ended is summarized as follows:

Governmental Activities	Balance 6/30/2022	Additions	Disposals	Balance 6/30/2023
Non-depreciable assets:				
Land	2,329,311	-	\$ -	\$ 2,329,311
Construction in progress	765,708	754,368	(189,652)	1,330,423
Total non-depreciable assets	<u>3,095,019</u>	<u>754,368</u>	<u>(189,652)</u>	<u>3,659,734</u>
Depreciable assets:				
Intangibles	24,855	-	-	24,855
Buildings and improvements	3,170,870	165,691	-	3,336,561
Furniture, fixtures and equipment	2,790,936	590,269	(54,852)	3,326,353
Vehicles	1,471,759	409,213	(90,591)	1,790,381
Infrastructure	10,768,002	1,986,001	-	12,754,003
Total depreciable assets	<u>18,226,422</u>	<u>3,151,174</u>	<u>(145,443)</u>	<u>21,232,153</u>
Less accumulated depreciation:				
Intangibles	(16,570)	(4,971)	-	(21,541)
Buildings and improvements	(1,081,681)	(99,016)	-	(1,180,697)
Furniture, fixtures and equipment	(1,872,894)	(217,421)	49,690	(2,040,626)
Vehicles	(835,791)	(170,694)	90,591	(915,894)
Infrastructure	(3,231,600)	(449,626)	-	(3,681,227)
Total accumulated depreciation	<u>(7,038,536)</u>	<u>(941,729)</u>	<u>140,281</u>	<u>(7,839,984)</u>
Net depreciable assets	<u>11,187,886</u>	<u>2,209,445</u>	<u>(5,162)</u>	<u>13,392,169</u>
Net governmental activities capital assets	\$ <u>14,282,905</u>	\$ <u>2,963,813</u>	\$ <u>(194,814)</u>	\$ <u>17,051,904</u>

Business-type capital asset activity for the year ended is as follows:

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Business-Type Activities	Balance 6/30/2022	Additions	Disposals	Balance 6/30/2023
Non-depreciable assets:				
Land	329,789	155,389	(155,389) \$	329,789
Construction in progress	254,403	392,609	-	647,012
Other non-depreciable assets	1,934,635	-	-	1,934,635
Total non-depreciable assets	<u>2,518,827</u>	<u>547,998</u>	<u>(155,389)</u>	<u>2,911,436</u>
Depreciable assets:				
Intangibles	85,000	-	-	85,000
Buildings and improvements	880,850	60,561	(16,000)	925,411
Furniture, fixtures and equipment	1,341,715	104,296	(19,466)	1,426,545
Vehicles	1,022,012	-	-	1,022,012
Infrastructure	37,217,490	715,150	-	37,932,640
Total depreciable assets	<u>40,547,067</u>	<u>880,007</u>	<u>(35,466)</u>	<u>41,391,608</u>
Less accumulated depreciation:				
Intangibles	(34,000)	(17,000)	-	(51,000)
Buildings and improvements	(799,941)	(3,794)	-	(803,735)
Furniture, fixtures and equipment	(583,586)	(77,777)	19,466	(641,897)
Vehicles	(674,817)	(84,921)	-	(759,738)
Infrastructure	(14,891,346)	(824,772)	-	(15,716,118)
Total accumulated depreciation	<u>(16,983,690)</u>	<u>(1,008,264)</u>	<u>19,466</u>	<u>(17,972,488)</u>
Net depreciable assets	<u>23,563,377</u>	<u>(128,257)</u>	<u>(16,000)</u>	<u>23,419,120</u>
Net Business-Type activities capital assets	<u>\$ 26,082,204</u>	<u>\$ 419,742</u>	<u>\$ (171,389)</u>	<u>\$ 26,330,557</u>

Depreciation expense was charged to functions in the Statement of Activities as follows:

Governmental Activities

General government	\$ 96,246
Public safety and judiciary	295,770
Public works	481,424
Cultural, parks and recreation	68,289
Total depreciation expense for governmental activities	<u>\$ 941,729</u>

Business-Type Activities

Water	\$ 647,471
Sewer	272,127
Solid waste	70,125
Administrative	4,164
Ambulance	13,338
Economic development	1,039
Total depreciation expense for business-type activities	<u>\$ 1,008,264</u>

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

3.F. Interfund Transfers and Loans

Interfund Transfers: Interfund transfers were made to comply with security agreements, economic development agreements, and to fund projects and/or cash shortages in various funds as needed. Interfund transfers reported in the fund financial statements for the year ended June 30, 2023, consisted of the following:

TRANSFERS IN	TRANSFERS OUT					Total Transfers Out
	General Fund	Cemetery Fund	Rural Fire Fund	Capital Improvement Fund	PWA	
General Fund	\$ -	\$ 65,625	\$ -	\$ -	\$ 5,372,967	\$ 5,438,592
Rural Fire	-	-	-	248,303	-	248,303
CIDA	73,455	-	-	95,000	-	168,455
PWA	7,410,312	-	82,000	1,138,600	-	8,630,912
Total Transfers In	<u>\$ 7,483,767</u>	<u>\$ 65,625</u>	<u>\$ 82,000</u>	<u>\$ 1,481,903</u>	<u>\$ 5,372,967</u>	<u>\$ 14,486,262</u>

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 5,686,895	\$ (9,113,295)	\$ (3,426,400)
Proprietary Funds	<u>8,799,367</u>	<u>(5,372,967)</u>	<u>3,426,400</u>
	<u>\$ 14,486,262</u>	<u>\$ (14,486,262)</u>	<u>\$ -</u>

The General Fund transferred sales tax revenues totaling \$5,372,967 to the PWA to satisfy the terms of a security agreement related to the issuance of revenue bonds by the PWA. The PWA transferred the full amount back to the General Fund. An additional \$2,037,345 in dedicated sales and uses taxes was transferred from the General Fund to the PWA for capital improvements.

Interfund Loans Receivables and Payables: The Capital Improvement Fund made advances to the PWA during fiscal year 2020 and 2021 to fund improvements to the water system. The balance of this advance at June 30, 2023 was \$435,032 and is scheduled to be paid over the next eight years in equal installments.

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
Capital Improvement Fund	\$ 435,032	\$ -
PWA	<u>-</u>	<u>435,032</u>
Total	<u>\$ 435,032</u>	<u>\$ 435,032</u>

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

3.G. Fund Balances and Net Position

Fund balance is classified as Nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon use of the resources in the governmental funds. The constraints placed on fund balance for the governmental funds are presented below:

Government-Wide Financial Statements:

Net Position Restrictions at June 30, 2023 were as follows:

Streets & Alley	State Statute 11 O.S. § 36-114	\$ 165,710
Cemetery	State Statute 11 O.S. § 26-109	483,864
Library	Shared Revenue Agreement with State	41,162
E-911	State Statutes 62 O.S. § 28.11-.21 and 63 O.S. § 2843.2	261,151
Rural Fire	State Statute 68 O.S. § 2701-06	361,951
		<u>\$ 1,313,838</u>

Fund Level Financial Statements:

Fund Balance	General Fund	Capital Improvement Fund	Other Governmental Funds	Total
Nonspendable:				
Advance to other funds	\$ -	\$ 435,032	\$ -	\$ 435,032
Total Nonspendable	<u>-</u>	<u>435,032</u>	<u>-</u>	<u>435,032</u>
Restricted For:				
Streets and Alleys	-	-	165,710	165,710
Cemetery	-	-	483,864	483,864
Library operations	-	-	41,162	41,162
E-911	-	-	261,151	261,151
Rural Fire operations	-	-	361,951	361,951
Total Restricted	<u>-</u>	<u>-</u>	<u>1,313,838</u>	<u>1,313,838</u>
Committed For:				
Court Technology	29,119	-	-	29,119
Total Committed	<u>29,119</u>	<u>-</u>	<u>-</u>	<u>29,119</u>
Assigned For:				
Capital Improvements	-	4,015,393	311,516	4,326,909
Health/Wellness	-	-	102,999	102,999
Rural Fire operations	-	-	160,114	160,114
Total Assigned	<u>-</u>	<u>4,015,393</u>	<u>574,629</u>	<u>4,590,022</u>
Unassigned:	11,500,797	-	-	11,500,797
Total Committed	<u>11,500,797</u>	<u>-</u>	<u>-</u>	<u>11,500,797</u>
TOTAL FUND BALANCE	<u>\$ 11,529,916</u>	<u>\$ 4,450,425</u>	<u>\$ 1,888,467</u>	<u>\$ 17,868,808</u>

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

3.H. Long-term Liabilities

The City's long-term liabilities are segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

- 1. Governmental Activities:** As of June 30, 2023, the long-term liabilities payable from governmental activities consisted of the following:

<u>Capital Leases Obligations:</u>	<u>Balance 6/30/23</u>
\$143,219 capital lease with Motorola for CallWorks dispatch equipment, interest rate of 0% for the first year, 6.32% thereafter; first payment due April 1, 2021 followed by annual installments commencing August 1, 2021 through August 1, 2026.	\$ 81,197
\$407,275 capital lease with RCB Bank for fire engine, fixed interest rate of 2.1%; first payment due February 15, 2023 followed by annual installments through February 15, 2026.	308,278
\$111,291 capital lease with FNB Bank for ambulances, fixed interest rate of 3.8%; first payment due Noember 14, 2022 followed by monthly installments through October 14, 2027.	<u>97,677</u>
Total Capital Leases	\$ <u>487,152</u>
Current portion	\$ 140,165
Non-current portion	<u>346,987</u>
Total Capital Leases	\$ <u><u>487,152</u></u>

- 2. Business-Type Activities:** As of June 30, 2023, the long-term liabilities payable from business-type activities resources consisted of the following:

<u>Revenue Bonds:</u>	<u>Balance 6/30/23</u>
Series 2016A Tax-Exempt Capital Improvement Revenue Bonds dated September 30, 2016 (publicly traded), original issue amount of \$23,980,000, interest rates range from 2.0% to 4.0%, semiannual interest and annual principal installments commencing August 1, 2017 through August 1, 2039.	\$ <u>20,505,000</u>
Total Revenue Bonds Payable	\$ <u>20,505,000</u>
Current portion	\$ 870,000
Non-current portion	<u>19,635,000</u>
Total Revenue Bonds Payable	\$ <u><u>20,505,000</u></u>

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Notes Payable (Direct Borrowing):

Balance 6/30/23

Series 2019 Clean Water SRF Promissory Note to the Oklahoma Water Resources Board, not to exceed \$11,373,000, secured by utility revenues and Sales tax revenue, interest rate of 1.58% and administrative fee of 0.5%, semiannual principal installments commence the earlier of (i) the March 15th or September 15th following the date the project is complete, or (ii) September 15, 2022. Remaining funds left to draw are \$10,803,803. Final maturity March 2052. The loan is collateralized by the pledge of revenues. In the event of default, the lender may file suit to require any or all of the borrower covenants to be performed; accelerate the payment of principal and interest accrued on the note; appoint temporary trustees to take over, operate and maintain the System on a profitable basis; or file suit to enforce or enjoin the action or inaction of the Borrower under the provisions of the loan agreement.

\$ 567,197

Series 2022 Clean Water SRF Promissory Note to the Oklahoma Water Resources Board, not to exceed \$4,600,000, secured by utility revenues and Sales tax revenue, interest rate of 2.42% and administrative fee of 0.5%, semiannual principal installments commence the earlier of (i) the March 15th or September 15th following the date the project is complete, or (ii) March 15, 2025. Remaining funds left to draw are \$4,502,500. Final maturity September 2054. The loan is collateralized by the pledge of revenues. In the event of default, the lender may file suit to require any or all of the borrower covenants to be performed; accelerate the payment of principal and interest accrued on the note; appoint temporary trustees to take over, operate and maintain the System on a profitable basis; or file suit to enforce or enjoin the action or inaction of the Borrower under the provisions of the loan agreement.

\$ 97,500

Series 2022 Sales Tax Revenue Note to the RCB Bank, aggregate principal amount of \$12,500,000, secured by sales tax revenue, interest rate of 2.479%, semiannual principal installments commence on April 1, 2023 with final maturity April 1, 2037. The loan is collateralized by the pledge of revenues. In the event of default, the lender may: (1) file suit for specific performance of any or all of the covenants of the PWA contained in the Note Indenture, the Sales Tax Agreement or in the Notes; (2) require the Sales Tax revenue to be deposited directly as received with the Bank; (3) accelerate the payment of principal and interest accrued on all Notes; or (4) suit at law or equity to enforce or enjoin the action or inaction of the parties under the provisions of the Note Indenture or the Sales Tax Agreement.

12,207,000

Total Notes Payable \$ 12,871,697

Current portion \$ 739,000

Non-current portion 12,132,697

Total Notes Payable \$ 12,871,697

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

The 2016A revenue bonds, the 2019/2022 OWRB Notes and the 2022 Sales Tax Revenue Note are not indebtedness of the State of Oklahoma or of the City but are obligations payable solely from resources of the PWA. The revenue bonds and OWRB Notes are collateralized by utility revenues from the PWA and pledged sales tax from the City. The Sales Tax Revenue Note is collateralized by sales tax dedicated to capital improvements and equipment.

Customer Deposits

Deposits totaling \$238,055 are included in the current liabilities of the PWA:

<u>Deposits Subject to Refund</u>	Balance 6/30/23
Current portion	\$ 238,055
Total Deposits Subject to Refund	\$ 238,055

3.I. Applicability of Federal Arbitrage Regulations

Certain debt issuances of the PWA issued after the Tax Reform Act of 1986 are subject to the federal arbitrage regulations. The arbitrage rebate regulations require that all earnings from the investment of gross proceeds of an issue in excess of the amount that could have been earned had the yield on the investment been equal to the yield on the bonds be remitted to the federal government. These carry strict penalties for noncompliance including taxability of interest retroactive to the date of the issue. The City’s management believes it is in compliance with these rules and regulations.

3.J. Changes in Long-term Liabilities

Changes in the long-term liabilities for the year ended June 30, 2023 are summarized below:

Business-type Activities:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Revenue Bond 2016A	\$ 21,360,000	\$ -	\$ (855,000)	\$ 20,505,000
Series 2019 OWRB Note	418,715	150,482	(2,000)	567,197
Series 2022 OWRB Note	-	97,500	-	97,500
Series 2022 Sales Tax Note	12,500,000	-	(293,000)	12,207,000
Total	\$ 34,278,715	\$ 247,982	\$ (1,150,000)	\$ 33,376,697

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

3.K. Maturities of Long-term Debt

The debt service maturities for long-term indebtedness in the coming years are as follows:

Business-type Activities:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,611,000	\$ 1,019,219	\$ 2,630,219
2025	1,751,667	965,075	2,716,742
2026	1,877,333	908,972	2,786,305
2027	1,936,333	850,987	2,787,320
2028	2,000,333	790,842	2,791,175
2029-2033	10,950,666	2,976,159	13,926,825
2034-2038	11,604,667	1,283,145	12,887,812
2039-2043	6,735,667	100,916	6,836,583
2044-2048	5,267,667	-	5,267,667
2049-2053	4,719,667	-	4,719,667
2054-2055	230,000	-	230,000
	<u>\$ 48,685,000</u>	<u>\$ 8,895,315</u>	<u>\$ 57,580,315</u>

Remaining loan proceeds to be drawn:

(15,306,303)

Less principal paid on loan (2,000)

\$ 33,376,697

3.L. Pledge of Future Revenues

Sales Tax Pledge: The City has pledged future sales tax revenues to repay \$23,980,000 of Series 2016A Utility System Revenue Bonds, \$11,373,000 of OWRB Note Payable Series 2019, \$4,600,000 of OWRB Note Payable Series 2022 and \$12,500,000 of Sales Tax Note Payable Series 2022. The Series 2019 and Series 2022 OWRB Notes were secured on a parity with the existing bonds with the priority of the liens shared in the collateral on a proportionate, co-equal basis. Proceeds from the bonds and notes provided financing for capital assets and for defeasing and refunding the PWA's 2009A and 2009B Utility System Revenue Bonds, and to pay the costs of issuance for the Series 2016 Bonds, and the 2019 and 2022 Notes. The bonds and notes are payable from pledged sales tax revenues and further secured by net water, sewer and solid waste revenues. The 2016A bonds are payable through 2039. The total principal and interest payable for the remainder of the life of the bonds is \$27,084,904. The Series 2019 OWRB Note is payable through 2052; The Series 2022 OWRB Note is payable through 2054; the amortization schedule for interest and administrative fees of the two OWRB Notes has not yet been determined. The 2022 1% Tax Note is payable through 2037. The total principal and interest payable for the remainder of the life of the 2022 1% Tax Note is \$14,522,410. Pledged sales taxes received in the current year were \$5,259,833 and sales tax dedicated to capital improvements and equipment was \$2,037,345; net revenues were \$3,604,508. Debt service payments of \$2,230,397 for the bonds and notes for the current fiscal year were 42% of the sales taxes and 25% of both sales taxes and net utility revenues combined.

An annual appropriation for the transfer of pledged sales tax is made based on estimated sales tax revenues. Net utility revenues are used first to service the debt for the bonds, with any remaining

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

pledged sales taxes transferred back to the General Fund. The total amount of pledged sales taxes used to service the debt in fiscal year 2023 was \$0.

NOTE 4. EMPLOYEE PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

4.A. Pension Plan Obligations

Each qualified employee participates in one of the three retirement plans in which the City participates. These are the Oklahoma Firefighters Pension & Retirement System (FPRS), the Oklahoma Police Pension and Retirement System (OPPRS) and the Oklahoma Municipal Retirement Fund (OkMRF):

Name of Plan/System	Type of Plan
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Municipal Retirement Fund	Defined Contribution Plan Defined Contribution Plan (CMO)

A summary of all the amounts recorded in the City’s financial statements for the Defined Benefit pension plans is as follows:

	Governmental Activities	Business- Type Activities	Plan Totals
Net Pension Asset			
Police	\$ 182,501	\$ -	\$ 182,501
Firefighters	-	-	-
Total	<u>\$ 182,501</u>	<u>\$ -</u>	<u>\$ 182,501</u>
Net Pension Liability			
Police	\$ -	\$ -	\$ -
Firefighters	2,683,014	2,620,274	5,303,288
Total	<u>\$ 2,683,014</u>	<u>\$ 2,620,274</u>	<u>\$ 5,303,288</u>
Deferred Outflows of Resources			
Police	\$ 399,095	\$ -	\$ 399,095
Firefighters	1,018,279	959,914	1,978,193
Total	<u>\$ 1,417,374</u>	<u>\$ 959,914</u>	<u>\$ 2,377,288</u>
Deferred Inflows of Resources			
Police	\$ 25,359	\$ -	\$ 25,359
Firefighters	171,278	213,906	385,184
Total	<u>\$ 196,637</u>	<u>\$ 213,906</u>	<u>\$ 410,543</u>
Pension Expense			
Police	\$ 44,063	\$ -	\$ 44,063
Firefighters	435,629	409,474	845,103
Total	<u>\$ 479,692</u>	<u>\$ 409,474</u>	<u>\$ 889,166</u>

1. Oklahoma Police Pension & Retirement System (OPPRS)

Summary of Significant Accounting Policies

Pensions – For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Police Pension & Retirement System (OPPRS) and additions to/deductions from OPPRS’s fiduciary net position have been determined on the same basis as they are reported by OPPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Benefits provided – OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited 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.

Contributions – The contributions requirements of the Plan are at an established rate determine 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 City were \$113,639. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$103,287 during the calendar year and this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

state's on-behalf contributions on an accrual basis of \$90,686. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported an asset of \$182,501 for its proportionate share of the net pension liability. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2023. Based upon this information, the City's proportion was 0.2276%.

For the year ended June 30, 2023, the City recognized pension expense of \$44,063. At June 30, 2023, the City 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	\$ 89,519	\$ 19,879
Changes of assumptions	6,354	-
Net difference between projected and actual earnings on pension plan investments	178,084	-
Changes in proportion	9,612	2,036
City contributions during measurement date	1,887	3,444
City contributions subsequent to the measurement date	113,639	-
Total	\$ 399,095	\$ 25,359

In the year ending June 30, 2023, \$113,639 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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:		
2024	\$	228,352
2025		165,805
2027		53,947
2027		298,910
	\$	747,014

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.5% to 12.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Cost-of-living adjustments:	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back four 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 four years.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2017, to June 30, 2022.

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, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.34%
Domestic equity	4.69%
International equity	8.34%
Real estate	7.64%
Private equity	9.66%
Commodities	0.00%

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

The current allocation policy will maintain approximately 65% of assets in equity instruments, including public equity, long/short hedge, venture capital, and private equity strategies; approximately 20% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, low volatility hedge funds, and absolute return strategies; and 15% of assets in core and opportunistic real estate.

Discount Rate – The discount rate used to measure the total pension asset 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 tax, as established by statute, except for years FY2023 through FY2027, when 14.7% of the insurance premium tax will be collected. 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 asset to Changes in the Discount Rate – The following presents the net pension asset of the employer calculated using the discount rate of 7.5%, as well as what the Plan's net pension 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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 528,761	\$ (182,501)	\$ (783,692)

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.

2. Oklahoma Firefighter's Pension and Retirement Fund (FPRS)
Summary of Significant Accounting Policies

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position FPRS and additions to/deductions from FPRS's fiduciary net position have been determined on the same basis as they are reported by FPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Benefits provided – FPRS provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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. 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-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 contribution 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 are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$197,632. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$439,797 during the calendar year; \$234,536 of this amount is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance; the remaining \$205,261 has been recognized as revenue in the PWA Statement of Revenues, Expenses and Changes in Net Position. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$289,342. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported a liability of \$5,303,288 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension liability was based on the

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

City’s contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information, the City’s proportion was 0.405532%.

For the year ended June 30, 2023, the City recognized pension expense of \$845,103. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 680,799	\$ 26,772
Changes of assumptions	-	33,813
Net difference between projected and actual earnings on pension plan investments	616,299	-
Changes in proportion	478,835	318,695
City contributions during measurement date	4,628	5,905
City contributions subsequent to the measurement date	197,632	-
Total	<u><u>\$ 1,978,193</u></u>	<u><u>\$ 385,185</u></u>

In the year ending June 30, 2023, \$197,632 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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:	
2024	\$ 404,133
2025	308,981
2026	93,378
2027	588,884
	<u><u>\$ 1,395,376</u></u>

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2022, 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

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Mortality rates were based on:

- *Active members* – Pub-2010 Public Safety Table with generational mortality improvement 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 two years.

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2022.

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. The inflation factor added back was 2.31%. 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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	3.62%
Domestic equity	47%	5.66%
International equity	15%	8.34%
Real estate	10%	7.64%
Other assets	8%	5.08%

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 Oklahoma statutes. Projected cash flows also assume the State of Oklahoma will continue contributing an allocation of the insurance premium, as established by Oklahoma statute. Prior to July 1, 2020, the pension plan was allocated 36% of the Statewide insurance premium tax. The State of Oklahoma has passed legislation that changes the allocation percentage as follows:

- 25.2% effective September 1, 2020
- 36.0% effective July 1, 2021
- 37.8% effective July 1, 2022
- 36.0% effective July 1, 2027

The pension plan will also receive \$40,625 each year from through June 30, 2027. 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 the pension plan’s investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employer 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 (asset)	\$ 6,833,694	\$ 5,303,288	\$ 4,023,176

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.

3. Oklahoma Municipal Retirement Fund (OkMRF)

Defined Contributions Plan

The City has provided a defined contribution plan and trust known as the City of Coweta Plan and Trust (the "Plan") in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF). OkMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The plan is administered by JP Morgan Chase of Oklahoma City. The OkMRF Plan issues a separate financial report that may be obtained from OkMRF. The defined contribution plan is available to all full-time employees except those participating in state fire or police program and the City Manager. Employees are eligible 6 months following the employee's employment commencement date. Each employee shall be required to contribute 5% of his or her compensation. The City, as employer, is required to make contributions to the plan, under the government pick-up option, at a rate of 8% of covered payroll for the current year contributions. The City's contributions for each employee (and interest allocated to the employee's account) are vested at a rate of 20% after completion of one year of service and then 20% per year for the next four years. The employee is fully vested after 5 years of service. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting are allocated back to remaining eligible participants. Benefits depend solely on amounts contributed to the plan plus investment earnings. The authority to establish and amend the provisions of the plan rests with the City Council and PWA Board. Participants are permitted to make voluntary deductible contributions to the plan. For the year ended June 30, 2023, the following amounts were paid into the defined contribution plan:

Employee contributions made: \$77,057
Employer (City) contributions made: \$116,730

Defined Contributions Plan - CMO

The City has also provided a defined contribution plan in the form of The Oklahoma Municipal Retirement System Customized Manager Option Plan (OkMRF-CMO). The defined contribution plan is available to any person who is in the position of City Manager as of January 1, 2010. Employees are eligible on the employee's employment commencement date. The City has elected the variable funding option. The City intends to contribute to the Plan for the benefit of the participants on a monthly basis. The contribution may be varied from year to year by the City. The City's contributions for each employee (and interest allocated to the employee's account) are vested at 100% immediately upon the participation date. Benefits depend solely on amounts contributed to the plan plus investment earnings. The authority to establish and amend the provisions of the plan rests with the City Council. The City contributes 14% to the plan and the employee contributes 5% to the plan.

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Employee contributions made: \$7,158
Employer (City) contributions made: \$20,042

OkMRF issues a publicly available financial report that includes financial statements and required supplementary information for the fund. That report may be obtained by writing to Oklahoma Municipal Retirement System, 525 Central Park Drive, Oklahoma City, OK 73105 or by calling 888-394-6673.

4.B. Other Post-Employment Benefits (OPEB)

The City does not provide health insurance benefits for retirees and is subject to other post-employment benefits only to the extent that benefits may be provided to former employees under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

NOTE 5. RISK MANAGEMENT

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

Type of Loss	Method Managed	Risk of Loss Retained
1. General Liability: <ul style="list-style-type: none"> • Torts • Errors and omissions • Police liability • Vehicles 	Purchased commercial insurance through Oklahoma Municipal Assurance Group (OMAG).	None
2. Physical Property: <ul style="list-style-type: none"> • Theft • Damage to assets • Natural disasters 	All physical property is insured through OMAG with a deductible of \$1,000 (\$500 for vehicles).	None
3. Workers’ Compensation: <ul style="list-style-type: none"> • Employee injures 	Participates in the OMAG risk entity pool. Participation fee includes an actuarially determined amount held by OMAG as the loss reserve fund, to pay claims incurred. Claims are administered by the State Insurance Fund.	Specific aggregate stop loss coverage is provided by the State Insurance Fund and covers all claims above the loss reserve fund.
4. Health and Life <ul style="list-style-type: none"> • Medical and dental 	All group coverage is insured through a commercial carrier.	None

Management believes such coverage is sufficient to preclude any significant uninsured losses to the City.

(1) Oklahoma Municipal Assurance Group (OMAG)
Workers’ Compensation Plan

The title to all assets acquired by the Plan are vested in the Plan. In the event of termination of the Plan, such property shall belong to the then members of the Plan in equal shares. Each participating city pays for all costs, premiums, or other fees attributable to its respective participation in the Plan, policy or service established under the agreement establishing the Oklahoma Municipal

Assurance Group and is responsible for its obligations under any contract entered into with the Plan.

Reserves for policy and contract claims provide for reported claims on a case basis and a provision for incurred but not reported claims limited to specific retention levels for each member as outlined in the Plan's reinsurance agreement.

The Plan's workers' compensation coverage is reinsured for losses in excess of respective retention levels. The reinsurance agreement covers losses incurred within the effective period of the agreement. Each Plan member's liability for claims losses is limited to their individual retention levels as outlined in the Plan's reinsurance agreement.

NOTE 6. CONTINGENT LIABILITIES

Construction Commitments

The City has several construction contractual obligations arising from existing contracts and agreements, of which \$1.2 million remains outstanding at June 30, 2023.

Engineering and construction contracts include those specifically negotiated for the expansion of the wastewater treatment plant, street and bridge construction projects, sewer infrastructure improvements, water infrastructure upgrades, and architectural services for a public safety facility.

These obligations are not expected to be fully paid from current financial resources and are not recognized as a liability until performance under the contract has occurred.

Grant Program Involvement

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

Litigation

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

NOTE 7. DEBT COVERAGE

There are two net revenue percentage covenants regarding bond debt servicing as per the Bond Indenture dated November 1, 2016 and the Loan Agreements for the Clean Water SRF Loans dated October 1, 2019 and September 1, 2022 . The PWA must meet both these requirements to remain in compliance with their agreements. The debt service funding requirement for the fiscal year ending June 30, 2023 was as follows:

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

	Debt Service Requirements
Annual interest payments - 2016 Series Revenue Bonds	\$751,381
Annual principal payments - 2016 Series Revenue Bonds	855,000
Annual interest payments - 2019 Series CWSRF Note	12,255
Annual principal payments - 2019 Series CWSRF Note	2,000
Total Debt Service Requirements	<u>\$ 1,620,636</u>

The first test per the indenture and loan agreement is 125% of net revenues to debt service funding requirements, excluding from net revenues depreciation, non-cash contributions and interest expense on said bonds and notes. The net revenues for this test are revenues from the mortgaged property reduced by actual expenses associated with that revenue. Allocated overhead expenses also reduce revenues. For this test, sales taxes transferred in are added to revenues. The PWA met this covenant for fiscal year 2023 as outlined below:

Utility Operating Revenues	\$ 4,534,529
Sales Tax Pledge Transfers in	5,372,967
Direct Utility Expenses	(2,095,935)
Allocated Overhead (% of Dept. Expenses)	(871,431)
Net Revenues for 125%	<u>\$ 6,940,130</u>
Revenues required for 125% coverage of debt service:	\$ 2,025,795
Actual Net Revenues	6,940,130
Actual coverage	428%

The second test per the indenture is 75% of revenues based solely on net utility revenue of the PWA, consequently Sales Tax is subtracted from the net revenue number. For this test, sales taxes transferred in are added to revenues. The PWA met this covenant for fiscal year 2023 as outlined below:

Net Revenues (from above)	\$ 6,940,130
Sales Tax Pledge (from above)	(5,372,967)
Net Revenues for 75%	<u>\$ 1,567,163</u>
Total Debt Service Requirements	\$ 1,620,636
Actual coverage	97%

Thus, according to the coverage requirement, the PWA has the resources to pay its obligations, but will continue to examine its rate structure to implement strategies to continue to satisfy both tests in the future. A 3% increase was implemented in fiscal year 2023, with an additional 3% increase planned each July until the year 2028 unless otherwise adjusted by the Coweta City Council.

NOTE 8. TAX ABATEMENTS

The City attracts and/or maintains business development through the CIDA, which has the ability to induce developers with a sales tax and/or hotel-motel tax abatement agreement. These incentives stimulate economic growth and are seen as a benefit to all the residents and business owners throughout the City. Some of the factors considered are the jobs created during the development of the project, the permanent jobs that will remain after the completion of the project, the cost of the improvements to the property and the amount of sales tax that is expected to be generated by the business.

For the fiscal year ended June 30, 2023 the CIDA abated hotel-motel tax that would have otherwise been remitted to the City totaling \$20,671 under an agreement with one entity for the development of a hotel which generates tax and other revenue to fund government services. The amount abated represents 50% of the hotel-motel taxes generated by the entity.

Due to the confidentiality laws in Oklahoma Statutes, Title 68, Section 1354.11, the amounts of sales taxes rebated will not be disclosed. The City had two active agreements that resulted in sales tax abatements as of June 30, 2023:

1. Under the terms of a sales tax rebate agreement, a business received rebated sales taxes during fiscal year 2023 for the redevelopment of a restaurant site. The agreement allows for a rebate of 50% of the taxes collected for a period of seven years, not to exceed \$250,000. The amount abated in fiscal year 2023 represents 50% of the sales tax generated by the entity in fiscal year 2023.
2. Under the terms of a sales tax rebate agreement, a business received rebated sales taxes during fiscal year 2023 for the development of a restaurant site. The agreement allows for a rebate of 50% of the taxes collected for a period of five years, not to exceed \$150,000. The amount abated in fiscal year 2023 represents 50% of the sales tax generated by the entity in fiscal year 2023.

NOTE 9. OPIOID SETTLEMENT

The City was party to a national opioid-related lawsuit that has been settled in 2022 with three pharmacy chains – CVS, Walgreens, and Walmart – and two additional manufacturers – Allergan and Teva. The final payout from this settlement is unknown.

NOTE 10. RECENTLY ISSUED ACCOUNTING STANDARDS

Statement No. 101, “Compensated Absences” — This statement was issued June 2022 to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. Other requirements include that a liability for certain types of compensated absences not be recognized until the leave commences, and that a liability for specific types of compensated absences not be recognized until the leave is used. GASB Statement No. 101 will be effective for the City for the fiscal year ending June 30, 2024.

City of Coweta, Oklahoma
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

The City will implement new GASB pronouncements no later than the required effective date. The City is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the City's financial statements.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

This page is intentionally left blank.

**CITY OF COWETA, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

REQUIRED SUPPLEMENTARY INFORMATION

- Budgetary Comparison Schedule – General Fund
- Notes to the Budgetary Comparison Schedule
- Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)
 - Oklahoma Police Pension & Retirement System
 - Oklahoma Firefighters Pension & Retirement System
- Schedule of the City's Contributions
 - Oklahoma Police Pension & Retirement System
 - Oklahoma Firefighters Pension & Retirement System

This page is intentionally left blank.

City of Coweta, Oklahoma
Budgetary Comparison Schedule
General Fund
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original Budget	Final Budget	Actual	
Beginning Budgetary Fund Balance	\$ 9,037,015	\$ 9,037,015	\$ 9,730,702	\$ 693,687
Resources (Inflows)				
TAXES				
Sales Tax	4,786,059	4,786,059	5,470,674	684,615
Dedicated Sales Tax	1,595,353	1,595,353	1,803,598	208,245
Use Tax	559,500	559,500	707,734	148,234
Dedicated Use Tax	186,500	186,500	233,747	47,247
Hotel-Motel Tax	46,000	46,000	42,318	(3,682)
Franchise Tax	285,000	285,000	344,883	59,883
Total Taxes	<u>7,458,412</u>	<u>7,458,412</u>	<u>8,602,955</u>	<u>1,144,543</u>
LICENSES & PERMITS				
Building Permits	70,000	70,000	96,074	26,074
Licenses	20,000	20,000	30,670	10,670
Park & Recreation Fee	9,000	9,000	13,156	4,156
Total Licenses & Permits	<u>99,000</u>	<u>99,000</u>	<u>139,900</u>	<u>40,900</u>
CHARGES FOR SERVICES				
Fire Runs	2,000	2,000	5,055	3,055
Zoning Fees	2,000	2,000	2,463	463
Animal Shelter Fees	150	150	55	(95)
Copy Fees	1,500	1,500	1,710	210
License Plate Seizures	500	500	900	400
Special Assessments	500	500	1,340	840
Library Fines	1,000	1,000	3,336	2,336
Abatements	3,500	3,500	16,536	13,036
Rent Receipts	14,400	14,400	14,400	-
Special Police Services	15,000	15,000	15,336	336
Total Charges for Services	<u>40,550</u>	<u>40,550</u>	<u>61,131</u>	<u>20,581</u>
INTERGOVERNMENTAL				
Alcohol Beverage Tax	170,000	170,000	177,567	7,567
Cigarette Tax	40,000	40,000	48,095	8,095
Total Intergovernmental	<u>210,000</u>	<u>210,000</u>	<u>225,662</u>	<u>15,662</u>
FINES & FORFEITURES				
Fines and Forfeitures	250,000	250,000	172,076	(77,924)
Technology Fee	12,000	12,000	11,342	(658)
Total Fines & Forfeitures	<u>262,000</u>	<u>262,000</u>	<u>183,418</u>	<u>(78,582)</u>
INVESTMENT INCOME				
Interest Earned	10,000	10,000	48,075	38,075
Total Investment Income	<u>10,000</u>	<u>10,000</u>	<u>48,075</u>	<u>38,075</u>
OTHER				
Miscellaneous	10,932	10,932	48,597	37,665
Collection fees	15,000	15,000	13,815	(1,185)
UBCC Permit Fee	200	200	317	117
Insurance Reimbursements	25,603	25,603	23,279	(2,324)
Sale of Assets	-	-	8,613	8,613
Transfers in	5,486,684	5,486,684	5,438,592	(48,092)
Total Other	<u>5,538,419</u>	<u>5,538,419</u>	<u>5,533,213</u>	<u>(5,206)</u>
Total Resources (Inflows)	<u>13,618,381</u>	<u>13,618,381</u>	<u>14,794,354</u>	<u>1,175,973</u>
Amounts Available for Appropriation	<u>22,655,396</u>	<u>22,655,396</u>	<u>24,525,056</u>	<u>1,869,660</u>

City of Coweta, Oklahoma
Budgetary Comparison Schedule
General Fund
FOR THE YEAR ENDED JUNE 30, 2023

Charges to Appropriations (outflows)	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
GENERAL GOVERNMENT				
CITY COUNCIL				
Personal services	18,290	18,390	18,380	(10)
Materials and supplies	375	275	125	(150)
Other services and charges	500	500	395	(105)
Total City Council	19,165	19,165	18,900	(265)
CITY MANAGER				
Personal services	177,561	195,761	191,925	(3,836)
Materials and supplies	13,493	12,993	4,706	(8,287)
Other services and charges	22,570	37,570	33,104	(4,466)
Capital Outlay	-	-	-	-
Total City Manager	213,624	246,324	229,735	(16,589)
FINANCE				
Personal services	116,677	116,677	111,164	(5,513)
Materials and supplies	17,870	17,870	12,023	(5,847)
Other services and charges	18,409	27,184	16,762	(10,422)
Capital Outlay	-	-	-	-
Total Finance	152,956	161,731	139,949	(21,782)
CITY ATTORNEY				
Personal services	20,000	20,000	12,311	(7,689)
Personal services	-	-	-	-
Total City Attorney	20,000	20,000	12,311	(7,689)
COMMUNITY DEVELOPMENT:				
Personal services	381,691	335,991	254,422	(81,569)
Materials and supplies	18,540	11,540	7,432	(4,108)
Other services and charges	100,042	143,393	130,039	(13,354)
Capital Outlay	-	-	-	-
Total Community Development	500,273	490,924	391,894	(99,030)
NON-DEPARTMENTAL:				
Materials and supplies	22,200	50,200	30,511	(19,689)
Other services and charges	777,936	546,036	419,447	(126,589)
Capital Outlay	-	-	-	-
Total Non-Departmental	800,136	596,236	449,957	(146,279)

(continued)

City of Coweta, Oklahoma
Budgetary Comparison Schedule
General Fund
FOR THE YEAR ENDED JUNE 30, 2023

Charges to Appropriations (outflows) <i>(continued)</i>	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
PUBLIC SAFETY AND JUDICIARY				
MUNICIPAL COURT				
Personal services	119,247	122,247	112,864	(9,383)
Materials and supplies	6,221	6,221	2,959	(3,262)
Other services and charges	34,624	34,624	15,623	(19,001)
Capital Outlay	-	-	-	-
Total Municipal Court	160,092	163,092	131,446	(31,646)
POLICE:				
Personal services	1,841,509	1,879,509	1,739,908	(139,601)
Materials and supplies	106,408	109,028	88,848	(20,180)
Other services and charges	89,502	94,893	87,716	(7,177)
Capital Outlay	-	-	-	-
Total Police	2,037,419	2,083,430	1,916,472	(166,958)
ANIMAL CONTROL				
Personal services	68,695	70,695	67,811	(2,884)
Materials and supplies	11,794	11,794	4,865	(6,929)
Other services and charges	13,100	14,832	8,539	(6,293)
Capital Outlay	-	-	-	-
Total Animal Control	93,589	97,321	81,216	(16,105)
FIRE:				
Personal services	1,019,478	1,103,678	1,060,140	(43,538)
Materials and supplies	95,935	113,692	93,609	(20,083)
Other services and charges	70,055	102,008	95,169	(6,839)
Capital Outlay	-	-	-	-
Total Fire	1,185,468	1,319,378	1,248,919	(70,459)
CIVIL DEFENSE				
Materials and supplies	2,127	4,281	4,281	(0)
Other services and charges	6,720	5,532	5,028	(504)
Capital Outlay	-	-	-	-
Total Civil Defense	8,847	9,813	9,309	(504)
PUBLIC WORKS				
CEMETERY:				
Personal services	90,049	100,049	90,655	(9,394)
Materials and supplies	16,720	16,520	11,075	(5,445)
Other services and charges	4,240	7,550	5,380	(2,170)
Capital Outlay	-	-	-	-
Total Cemetery	111,009	124,119	107,110	(17,009)
STREETS:				
Personal services	275,192	248,902	213,018	(35,884)
Materials and supplies	67,678	77,678	61,946	(15,732)
Other services and charges	82,950	92,950	87,298	(5,652)
Capital Outlay	-	-	-	-
Total Streets	425,820	419,530	362,262	(57,268)

(continued)

City of Coweta, Oklahoma
Budgetary Comparison Schedule
General Fund
FOR THE YEAR ENDED JUNE 30, 2023

Charges to Appropriations (outflows) (continued)	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original Budget	Final Budget	Actual	
CULTURAL, PARKS AND RECREATION				
LIBRARY				
Personal services	215,307	213,307	194,703	(18,604)
Materials and supplies	13,159	28,659	25,393	(3,266)
Other services and charges	43,400	37,100	30,924	(6,176)
Capital Outlay	20,000	12,800	12,171	(629)
Total Library	<u>291,866</u>	<u>291,866</u>	<u>263,191</u>	<u>(28,675)</u>
PARKS				
Personal services	96,956	98,246	80,045	(18,201)
Materials and supplies	24,924	20,624	12,669	(7,955)
Other services and charges	17,590	77,890	55,986	(21,904)
Capital Outlay	-	-	-	-
Total Parks	<u>139,470</u>	<u>196,760</u>	<u>148,700</u>	<u>(48,060)</u>
OTHER FINANCING USES				
Transfers out	<u>6,653,912</u>	<u>7,288,912</u>	<u>7,210,585</u>	<u>(78,327)</u>
Total Other Financing Uses	<u>6,653,912</u>	<u>7,288,912</u>	<u>7,210,585</u>	<u>(78,327)</u>
Total Charges to Appropriations	<u>12,813,646</u>	<u>13,528,601</u>	<u>12,721,958</u>	<u>(806,643)</u>
Ending Budgetary Fund Balance	<u>\$ 9,841,750</u>	<u>\$ 9,126,795</u>	<u>\$ 11,803,098</u>	<u>\$ 2,676,303</u>
Ending Unobligated Budgetary Fund Balance			<u>\$ 11,803,098</u>	
Reconciliation to Statement of Revenues, expenditures and changes in Fund Balance:				
Total Resources per Budgetary Comparison Schedule			\$ 14,794,354	
State payments made on-behalf of police and fire pension not considered a budgetary resource			337,823	
Less Transfer in			(5,438,592)	
Less sale of capital assets			(8,613)	
Total Revenues per Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 9,684,972</u>	
Total Charges to Appropriations per Budgetary Comparison Schedule			\$ 12,721,958	
State payments made on-behalf of police and fire pensions			337,823	
Less Transfer out			(7,210,585)	
Total Expenditures per Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 5,849,196</u>	

City of Coweta, Oklahoma

NOTES TO BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2023

BUDGETARY INFORMATION

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

1. Prior to July 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1.
2. Public hearings are held at regular or special meetings to obtain taxpayer input. At least one public hearing must be held no later than 15 days prior to July 1.
3. Subsequent to the public hearings, but no later than seven days prior to July 1, the budget is adopted by resolution of the City Council.
4. The adopted budget is filed with the Office of the State Auditor and Inspector.

All funds of the City with revenues and expenditures are required to have annual budgets. The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund.

All supplemental appropriations require City Council approval. The City Manager may transfer appropriations between departments without City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

The annual operating budgets are prepared and presented on a non-GAAP budgetary basis of accounting. This basis records revenues when available and measurable. Encumbrances are recorded when purchase orders are issued but generally are not considered expenditures until liabilities for payments are incurred pursuant to the purchase order.

This page is intentionally left blank.

City of Coweta, Oklahoma

SCHEDULE OF THE CITY OF COWETA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) FOR THE YEAR ENDED JUNE 30, 2023

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
City's proportion of the net pension liability (asset)	0.2404%	0.2398%	0.2330%	0.2522%	0.2327%	0.2459%	0.2417%	0.2356%	0.2276%
City's proportionate share of the net pension liability (asset)	\$ (80,942)	\$ 9,780	\$ 356,874	\$ 19,399	\$ (110,853)	\$ (15,700)	\$ 277,603	\$ (1,130,141)	\$ (182,501)
City's covered-employee payroll	\$ 700,714	\$ 677,963	\$ 687,230	\$ 777,572	\$ 664,431	\$ 801,400	\$ 780,023	\$ 815,177	\$ 874,149
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-11.55%	1.44%	51.93%	2.49%	-16.68%	-1.96%	35.59%	-138.64%	-20.88%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%	102.74%

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
City's proportion of the net pension liability	0.3483%	0.3555%	0.3404%	0.3794%	0.3670%	0.3654%	0.4153%	0.3812%	0.4055%
City's proportionate share of the net pension liability	\$3,581,961	\$3,773,288	\$4,158,431	\$4,771,623	\$4,131,329	\$3,861,258	\$5,116,146	\$2,510,654	\$5,303,288
City's covered-employee payroll	\$ 953,022	\$ 967,448	\$ 950,302	\$ 967,672	\$1,089,014	\$1,130,300	\$1,238,014	\$1,336,301	\$1,411,656
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	376%	390%	438%	493%	379%	342%	413%	188%	376%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%	69.49%

* Only nine fiscal years are presented because 10-year date is not yet available

Notes to Schedule:

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

City of Coweta, Oklahoma

SCHEDULE OF THE CITY OF COWETA CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2023

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statutorially required contribution	\$ 88,135	\$ 89,340	\$ 101,084	\$ 86,376	\$ 104,182	\$ 101,403	\$ 105,981	\$ 105,973	\$ 113,639
Contributions in relation to the statutorially required contribution	<u>88,135</u>	<u>89,340</u>	<u>101,084</u>	<u>86,376</u>	<u>104,182</u>	<u>101,403</u>	<u>105,981</u>	<u>105,973</u>	<u>113,639</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 677,963	\$ 687,230	\$ 777,572	\$ 664,431	\$ 801,400	\$ 780,023	\$ 815,238	\$ 815,177	\$ 874,149
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statutorially required contribution	\$ 135,443	\$ 133,174	\$ 135,470	\$ 152,462	\$ 158,242	\$ 180,521	\$ 173,322	\$ 187,082	\$ 197,632
Contributions in relation to the statutorially required contribution	<u>135,443</u>	<u>133,174</u>	<u>135,470</u>	<u>152,462</u>	<u>158,242</u>	<u>180,521</u>	<u>173,322</u>	<u>187,082</u>	<u>197,632</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 967,448	\$ 950,302	\$ 967,672	\$ 1,089,014	\$ 1,130,300	\$ 1,289,436	\$ 1,238,014	\$ 1,336,301	\$ 1,411,656
Contributions as a percentage of covered-employee payroll	14.00%	14.01%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

* Only nine fiscal years are presented because 10-year date is not yet available

Notes to Schedule:

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

**CITY OF COWETA, OKLAHOMA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

OTHER SUPPLEMENTARY INFORMATION

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

- Combining Statements – Nonmajor governmental funds
- Budgetary Comparison Schedule - Major governmental funds
(Capital Improvement Fund)

This page is intentionally left blank.

**CITY OF COWETA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2023**

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS	Total Non-Major Governmental Funds
	Street & Alley	Cemetery	Library	Self Insurance	E-911	Rural Firefighters	Grants Fund	
Assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 55,210	\$ -	\$ 144,826	\$ 372,792	\$ 572,828
Investments	-	-	-	63,151	-	-	-	63,151
Due from other governments	10,182	-	-	-	13,561	361,951	41,722	427,416
Accounts receivable, net	-	3,900	-	-	-	15,288	-	19,188
Restricted assets:								
Cash and cash equivalents	158,119	483,076	41,202	-	247,590	-	1,346,290	2,276,277
Total assets	\$ 168,301	\$ 486,976	\$ 41,202	\$ 118,361	\$ 261,151	\$ 522,065	\$ 1,760,804	\$ 3,358,860
Liabilities and Fund Balances:								
Liabilities								
Accounts Payable	\$ 2,591	\$ 2,500	\$ 40	\$ 15,362	\$ -	\$ -	\$ 102,998	\$ 123,491
Unearned revenue - ARPA grant	-	-	-	-	-	-	1,346,290	1,346,290
Due to other funds	-	612	-	-	-	-	-	612
Total liabilities	\$ 2,591	\$ 3,112	\$ 40	\$ 15,362	\$ -	\$ -	\$ 1,449,288	\$ 1,470,393
Fund balances								
Assigned	-	-	-	102,999	-	160,114	311,516	574,629
Restricted	165,710	483,864	41,162	-	261,151	361,951	-	1,313,838
Total fund balances	165,710	483,864	41,162	102,999	261,151	522,065	311,516	1,888,467
Total liabilities and fund balance	\$ 168,301	\$ 486,976	\$ 41,202	\$ 118,361	\$ 261,151	\$ 522,065	\$ 1,760,804	\$ 3,358,860

CITY OF COWETA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS	Total Non-Major Governmental Funds
	Street & Alley	Cemetery	Library	Self Insurance	E-911	Rural Firefighters	Grants Fund	
Revenues								
Charges for services	\$ -	\$ 95,500	\$ -	\$ -	\$ -	\$ 112,976	\$ -	\$ 208,476
Intergovernmental	92,105	-	12,748	-	113,654	195,170	619,235	1,032,912
Interest income	172	231	22	453	107	101	1,697	2,783
Miscellaneous	-	-	-	4,851	-	36	-	4,887
Total Revenues	<u>92,277</u>	<u>95,731</u>	<u>12,770</u>	<u>5,304</u>	<u>113,761</u>	<u>308,283</u>	<u>620,932</u>	<u>1,249,058</u>
Expenditures								
General government	-	-	-	13,264	-	-	8,000	21,264
Public safety	-	-	-	-	61,790	122,861	2,505	187,156
Highways and roads	88,495	11,740	-	-	-	-	-	100,235
Cultural and recreational	-	-	12,757	-	-	-	-	12,757
Debt Service								
Principal	-	-	-	-	17,376	13,614	-	30,990
Interest expense	-	-	-	-	6,228	2,753	-	8,981
Capital outlay	40,330	-	-	-	-	427,061	611,784	1,079,175
Total expenditures	<u>128,825</u>	<u>11,740</u>	<u>12,757</u>	<u>13,264</u>	<u>85,394</u>	<u>566,289</u>	<u>622,289</u>	<u>1,440,558</u>
Excess (deficiency) of revenues over expenditures	<u>(36,548)</u>	<u>83,991</u>	<u>13</u>	<u>(7,960)</u>	<u>28,367</u>	<u>(258,006)</u>	<u>(1,357)</u>	<u>(191,500)</u>
Other financing sources (uses):								
Capital lease proceeds	-	-	-	-	-	111,291	-	111,291
Transfers in	-	-	-	-	-	248,303	-	248,303
Transfers out	-	(65,625)	-	-	-	(82,000)	-	(147,625)
Total other financing sources (uses)	<u>-</u>	<u>(65,625)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,594</u>	<u>-</u>	<u>211,969</u>
Net change in fund balances	<u>(36,548)</u>	<u>18,366</u>	<u>13</u>	<u>(7,960)</u>	<u>28,367</u>	<u>19,588</u>	<u>(1,357)</u>	<u>20,469</u>
Fund balances - beginning of year	202,258	465,498	41,149	110,959	232,784	502,477	312,873	1,867,998
Fund balance - end of year	<u>\$ 165,710</u>	<u>\$ 483,864</u>	<u>\$ 41,162</u>	<u>\$ 102,999</u>	<u>\$ 261,151</u>	<u>\$ 522,065</u>	<u>\$ 311,516</u>	<u>\$ 1,888,467</u>

City of Coweta, Oklahoma
Budgetary Comparison Schedule
Major Governmental Fund (Capital Improvement Fund)
FOR THE YEAR ENDED JUNE 30, 2023

CAPITAL IMPROVEMENT FUND				
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Original</u>	<u>Final</u>		With Final Budget Over (Under)
Revenues				
Gross Receipts Tax	\$ 1,900,000	\$ 1,900,000	\$ 3,072,089	\$ 1,172,089
Grants	-	-	215,000	215,000
Advance Repayments	69,321	69,321	-	(69,321)
Sale of Assets	-	-	-	-
Interest income	<u>10,244</u>	<u>10,244</u>	<u>9,672</u>	<u>(572)</u>
Total Revenues	<u>1,979,565</u>	<u>1,979,565</u>	<u>3,296,761</u>	<u>1,317,196</u>
Expenditures				
Police	112,300	274,294	260,030	(14,264)
Animal Control	-	15,400	15,400	-
Fire	398,321	763,075	399,678	(363,397)
Emergency Management	15,000	12,500	10,328	(2,172)
Community Development				
Parks	-	70,000	60,712	(9,288)
Streets	280,000	902,500	626,973	(275,527)
Library	40,500	40,500	40,015	(485)
General Government	50,000	75,320	49,724	(25,596)
Wastewater	<u>-</u>	<u>184,214</u>	<u>55,604</u>	<u>(128,610)</u>
Total expenditures	<u>896,121</u>	<u>2,337,803</u>	<u>1,518,464</u>	<u>(819,339)</u>
Excess (deficiency) of revenues over expenditures	<u>1,083,444</u>	<u>(358,238)</u>	<u>1,778,297</u>	<u>2,136,535</u>
Other financing sources (uses):				
Lease Proceeds	265,442	265,442	-	(265,442)
Transfers in	-	-	-	-
Transfers out	<u>(1,233,600)</u>	<u>(1,481,903)</u>	<u>(1,481,903)</u>	<u>-</u>
Total other financing sources (uses)	<u>(968,158)</u>	<u>(1,216,461)</u>	<u>(1,481,903)</u>	<u>(265,442)</u>
Net change in fund balances	115,286	(1,574,699)	296,394	1,871,093
Fund balances - beginning of year	<u>3,169,541</u>	<u>3,169,541</u>	<u>4,154,031</u>	<u>984,490</u>
Fund balance - end of year	<u>\$ 3,284,827</u>	<u>\$ 1,594,842</u>	<u>\$ 4,450,425</u>	<u>\$ 2,855,583</u>

This page is intentionally left blank.



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

To the Honorable Mayor and City Council
City of Coweta, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Coweta, Oklahoma ("City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated December 27, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-01.

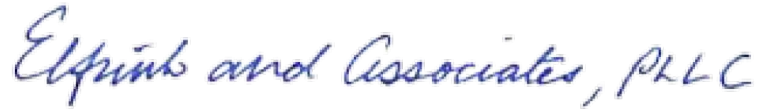
City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.



Purpose of this Report

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



Elfrink and Associates, PLLC

Tulsa, Oklahoma
December 27, 2023

CITY OF COWETA, OKLAHOMA
FISCAL YEAR ENDED JUNE 30, 2023
SCHEDULE OF FINDING AND RESPONSE

This schedule is presented as an addendum to accompany the “*Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*”. Consideration of items listed should be made in conjunction with that report.

2023-01 – Collateralization of Uninsured Deposits

CONDITION: The City had certain funds on deposit with financial institutions that were not adequately insured or collateralized at June 30, 2020. City deposits of approximately \$567,944 were uninsured or uncollateralized.

CRITERIA: Oklahoma statutes Title 62, Section 511 and, relating to trusts, Title 60 Section 175.24(7), require all deposits of a municipality to be properly insured and/or collateralized at all times to ensure that no public funds are lost in the event of a failure of the financial institution.

EFFECT: In the event of a failure of the financial institution, the City could lose the funds that were uninsured or uncollateralized.

CAUSE: The City did not have procedures in place to properly monitor the balances on deposit with financial institutions in relation to the amounts pledged by the financial institutions to ensure that all uninsured public funds are adequately collateralized at all times

RECOMMENDATION: Management should establish procedures to properly monitor the deposit and investment balances at each financial institution in relation to the amounts pledged by the financial institution to ensure that all public funds are adequately collateralized at all times.

RESPONSE: The City has added additional personnel to the review process to ensure that balances that are at risk of becoming uncollateralized are flagged for further action. Appropriate steps will then be taken to ensure the balances are fully collateralized.



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and City Council
City of Coweta, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on the Major Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed no instance of noncompliance which is required to be reported in accordance with the Uniform Guidance.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements. We issued our report thereon dated December 27, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Elfrink and Associates, PLLC
Tulsa, Oklahoma
December 27, 2023

City of Coweta, Oklahoma
Schedule of Expenditures of Federal Awards
FOR THE YEAR ENDED JUNE 30, 2023

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal ALN</u>	<u>Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Commerce Economic Development Administration			
Passed through Oklahoma Department of Commerce			
Economic Development Support	11.302	ED22AUS3070005	<u>\$ 24,000</u>
Passed through Eastern Oklahoma Development District			
Cares Act Supplemental Assistance (Note 1)	11.307	08-79-054457	<u>\$ 215,000</u>
Total U.S. Department of Commerce			<u>\$ 239,000</u>
U.S. Department of Housing and Urban Development			
Passed through Oklahoma Department of Commerce:			
Community Development Block Grants	14.228	18229 CDBG 21	<u>\$ 181,077</u>
U.S. Department of Housing and Urban Development			<u>\$ 181,077</u>
U.S. Department of the Treasury:			
Passed through Oklahoma Office of Management and Enterprise Services			
Coronavirus State and Local Fiscal Recovery Funds (ARPA)	21.027	OK1130	<u>\$ 414,157</u>
Total U.S. Department of Health and Human Services			<u>\$ 414,157</u>
Total of Expenditures of Federal Awards			<u><u>\$ 834,234</u></u>

City of Coweta, Oklahoma
Notes to the Schedule of Expenditures of Federal Awards
FOR THE YEAR ENDED JUNE 30, 2023

Note 1: Reporting Entity

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity or expenditure of federal awards programs of the City of Coweta, Oklahoma under programs of the federal government for the year ended June 30, 2023. The City's reporting entity is defined in Note 1 of the basic financial statements. All expenditure of federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the Schedule. Because the Schedule presents only a selected portion of the operations of the City, it is not intended and does not present the financial position, changes in net position or cash flows of the City.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting consistent with the presentation of the basic financial statements. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Note 3: Indirect Cost Rate

The City did not elect to use the 10% de Minimis indirect cost rate for fiscal year 2023. There were no indirect cost allocations made to any of the federal grants as listed in the Schedule.

Note 4: Federal Loans Outstanding

At the beginning of the year, the City's Clean Water SRF Promissory Notes to the Oklahoma Water Resources Board had outstanding balances totaling \$418,715, issued an additional \$247,982 during the year, and had an outstanding balance of \$664,697 at June 30, 2023. The remaining funds left to draw are \$15,306,303.

**CITY OF COWETA, OKLAHOMA
OPERATING REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

- Fiscal Year 2023 Operating Report (Exhibit E Economic and System Information)

This page is intentionally left blank.

**EXHIBIT E
ECONOMIC AND SYSTEM INFORMATION**

The City of Coweta (the “City”) is located at the intersection of US62/SH 72 and SH 51. The nearest interstate highway is I-44, approximately 18 miles to the north. Coweta has a Council-Manager type of government. There is a comprehensive city plan, subdivision regulations, and a zoning code. The City provides garbage service, fire protection, law enforcement services, emergency medical services, water and wastewater treatment and library services.

Coweta has 24 full-time fire/EMS personnel, 13 part-time volunteer fire/EMS personnel and 17 full-time police officers. The City’s fire insurance has a 4 classification while the adjacent area has a 4Y classification.

Utility services are provided primarily by the following carriers:

- Electric – Public Service Company of Oklahoma (AEP/PSO)
- Natural Gas – Oklahoma Natural Gas Company (ONG)
- Telephone – Windstream and Cox

The nearest commercial airport is 18 miles from Coweta in Tulsa, Oklahoma. This airport is a full-service field with three runways, the longest having a total runway length of 10,000 feet. There are at least 5 major commercial airlines operating out of the Tulsa International Airport with several airfreight companies operating there.

The nearest water transportation is the Port of Catoosa. It is 18 miles from Coweta and has a channel depth of 9 feet. It is connected via the Arkansas River to the Mississippi River and the Gulf of Mexico.

Rail service is available from Union Pacific Railroad, which operates two local trains daily. Coweta has 4,106 dwelling units. The largest banquet room in Coweta seats 250. There are 24 Protestant churches, one Catholic Church, and one Jehovah Witness in the area. Coweta has one weekly newspaper. There are sixteen television stations with additional HD television channels and cable availability.

POPULATION

Year	City of Coweta	Wagoner County
1970	2,457	22,163
1980	4,554	41,801
1990	6,159	47,883
2000	7,554	57,491
2010	9,943	73,085
2020	9,654	80,981
2022 (est.)	10,456	86,644

BUILDING PERMITS

Year	New Residential	New Commercial	Commercial Remodel	All other Permits
2000	49			
2001	70			
2002	105			
2003	87			
2004	141	5	0	182
2005	135	4	0	191
2006	144	2	1	250
2007	100	6	4	248
2008	34	4	3	240
2009	45	5	4	200
2010	15	1	4	207
2011	15	2	3	175
2012	15	2	8	183
2013	25	3	3	338
2014	30	4	6	300
2015	42	3	4	347
2016	39	4	6	347
2017	89	6	7	495
2018	32	4	5	301
2019	81	2	12	484
2020	106	4	7	211
2021	87	1	7	145
2022	78	8	10	202
2023*	112	1	11	201

*From January 1, 2023 to October 31, 2023

MAJOR EMPLOYERS

Employer	Product/Service	Number of Employees
Coweta Public Schools	Education Services	341
Wal-Mart	Retail Store	279
Koweta Indian Health Facility	Health Care	132
City of Coweta	Government Services	112
Coweta Manor	Nursing Home	84
Country Mart	Retail Grocery	36
Calpine Power Plant	Power Generator	28
Sun Manufacturing	Metal Stamping	21
QuikTrip	Gasoline Station	23
Casey's General Store	Gasoline Station	16

SALES TAX COLLECTIONS

Fiscal Year Ending June 30	Sales Tax Collections	Rate of Taxation
2000	\$1,280,076	3%
2001	\$1,446,714	3%
2002	\$1,564,980	3%
2003	\$1,475,322	3%
2004	\$1,425,668	3%
2005	\$1,590,202	3%
2006	\$1,759,340	3%
2007	\$1,878,909	3%
2008	\$2,188,385	3%
2009	\$1,960,457	3%
2010	\$2,520,893	3%
2011	\$2,690,019	3%
2012	\$2,768,921	3%
2013	\$2,925,122	3%
2014	\$3,095,281	3%
2015	\$3,376,708	3%
2016	\$3,585,119	3%
2017	\$3,581,177	3%
2018	\$3,642,134	3%
2019	\$3,801,593	3%
2020	\$4,153,127	3%
2021	\$4,786,046	3%
2022	\$5,259,833	3%
2023	\$6,931,810	4%
2024*	\$3,162,022	4%

*5 months collections

EDUCATION

Coweta has 8 primary and secondary schools with approximately 3,609 students and approximately 230 teachers.

<u>Type</u>	<u>Grades</u>	<u>Facilities</u>	<u>Enrollment</u>	<u>Teachers</u>
Public	Pre-K-3	3	1,214	85
Public	4-6	2	767	57
Public	7-8	1	563	37
Public	9	1	296	25
Public	10-12	1	769	48
Total		8	3,609	252

Coweta is near several fine institutions of higher education. The University of Tulsa, Oral Roberts University, Tulsa Community College, OU/OSU-Tulsa, Bacone College, Rogers State College, and Northeastern State University are all within 45 miles of the community. The Tulsa Technology Center and Indian Capital Technology Center also provide support. There is a public library in Coweta with 20,563 volumes.

NET ASSESSED VALUATION

<u>Fiscal Year</u>	<u>Amount</u>
2000	\$15,482,085
2001	17,035,062
2002	18,474,813
2003	62,576,676
2004	68,791,793
2005	71,159,415
2006	72,964,265
2007	65,204,042
2008	60,800,952
2009	65,169,845
2010	73,551,888
2011	74,484,331
2012	75,633,180
2013	83,374,898
2014	80,141,148
2015	83,498,447
2016	81,267,614
2017	85,199,028
2018	86,315,223
2019	89,390,034
2020	108,115,651
2021	115,137,045
2022	119,893,514
2023	113,814,916

UTILITY CONNECTIONS

<u>Year</u>	<u>Water Connections</u>	<u>Sewer Connections</u>	<u>Garbage</u>
2000	2,606	2,447	2,634
2001	2,620	2,496	2,649
2002	2,683	2,563	2,693
2003	2,760	2,680	2,793
2004	2,857	2,794	2,901
2005	2,953	2,921	3,033
2006	3,095	3,065	3,175
2007	3,146	3,133	3,260
2008	3,188	3,186	3,310
2009	3,198	3,195	3,323
2015	3,328	3,438	3,396
2016	3,373	3,335	3,450
2017	3,137	3,381	3,455
2018	3,188	3,483	3,557
2019	3,243	3,542	3,618
2020	3,236	3,590	3,736
2021	3,711	4,210	4,334
2022	3,721	4,385	4,490
2023	3,740	4,579	4,678

This page is intentionally left blank.



PO BOX 850
Coweta, OK 74429-0850
(918) 486-2189

