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CITY OF CLAREMORE, OKLAHOMA LIST OF PRINCIPAL OFFICIALS

June 30, 2022

MAYOR AND CITY COUNCIL

Debbie Long Mayor

Melissa CottomCouncilmember Ward 1Josh FellmanCouncilmember Ward 1Justin MichaelCouncilmember Ward 2Brian CallenderCouncilmember Ward 2Holly BowlbyCouncilmember Ward 3Jonathan EslickCouncilmember Ward 3

Herb McSpadden Councilmember Ward 4/Deputy Mayor

Lindsey Erwin Councilmember Ward 4

ADMINISTRATION

John Feary City Manager

Suzan Maloy Executive Manager of Budget and Finance

Ashley Hickman Human Resource Director

Sean DouglasFire ChiefStan BrownChief of PoliceSarah SharpCity ClerkChad BaconUtility Supervisor

Jonah Humes Public Infrastructure Administrator

Meggie Froman-Knight Executive Director, CIEDA

Kyle Clifton Director, Planning and Development Services

Sherry Beach Director, Library

Joe Kays Director, Parks & Recreation
Tanya Andrews Director, Claremore Expo Center
Tim White Director, Information Technology



Independent Auditor's Report

City Council City of Claremore Claremore, Oklahoma

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether
 due to fraud or error, and design and perform audit procedures responsive to those risks.
 Such procedures include examining, on a test basis, evidence regarding the amounts and
 disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit
 procedures that are appropriate in the circumstances, but not for the purpose of expressing
 an opinion on the effectiveness of 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 City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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



City Council City of Claremore Page 3

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2023 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Claremore's internal control over financial reporting and compliance.

Tulsa, Oklahoma June 21, 2023 Hitch & Company.pc



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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Claremore ("City") provides this discussion and analysis of the City of Claremore's financial performance as an overview of the city's financial activities for the fiscal year ended June 30, 2022. We encourage readers to consider this information in conjunction with the city's financial statements, which follow.

Financial Highlights

- Total net position of the City increased by \$7,899,071 or 6.2% from the prior year, which is higher than the 1.2% increase reported in the prior year primarily due to an extraordinary charge related to a spike in electric costs caused by an historic ice storm in February 2021.
- The City's governmental activities net position increased by \$3,573,987 or 5.5% which was lower than the 9.2% increase reported in the fiscal year ended June 30, 2021. The increase in the current year is largely attributed to higher sales and use tax, lower pension costs, and governmental capital asset additions that were funded by utility debt.
- Net position of the business-type activities increased by \$4,325,084 or 7.0%, which was significantly higher than the 6.0% decrease reported in the prior year due primarily to a \$3,937,540 extraordinary charge for additional electricity costs due to the February ice storm that was not passed on to customers in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the city's pension plan and the budgets for each major fund. A budgetary comparison statement has been provided for each major fund to demonstrate compliance with these budgets. Required supplementary information can be found immediately following the notes to the financial statements beginning on page 59.

Other Information. The combining statements referred to earlier are presented following the required supplementary information beginning on page 69.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Net position is the difference between total assets plus total deferred outflows of resources less total liabilities and deferred inflows of resources and is an indicator of the current fiscal health of the City. For the year ended June 30, 2022, the City's combined net position increased by \$7.9 million. The following table provides a summary of the City's net position:

Summary of Net Position

(Table 1 - In millions)

	Governmental Activities				Bus	siness Ty _l	oe Ac	tivities	To	tal	Total % Change		
	2	022	2	2021	2	2022		2021	 2022	2	2021	2021-2022	
Current and other assets	\$	32.4	\$	33.0	\$	41.2	\$	41.5	\$ 73.6	\$	74.5	-1%	
Capital assets		53.0		49.1		88.9		84.3	141.9		133.4	6%	
Total assets		85.4		82.1		130.1		125.8	215.5		207.9	4%	
Deferred outflows of resources		6.3		6.1		2.7		2.9	9.0		9.0	0%	
Long-term debt outstanding		0.1		0.2		59.6		61.2	59.7		61.4	-3%	
Other liabilities		11.2		20.5		5.4		5.1	16.6		25.6	-35%	
Total liabilities		11.3		20.7		65.0		66.3	76.3		87.0	-12%	
Deferred inflows of resources		11.7		2.3		1.4		0.2	13.1		2.5	424%	
Net position													
Net investment in capital		52.9		48.9		42.0		40.6	94.9		89.5	6%	
Restricted		0.2		0.2		12.9		11.7	13.1		11.9	10%	
Unrestricted		15.6		16.1		11.5		9.9	27.1		26.0	4%	
Total net position	\$	68.7	\$	65.2	\$	66.4	\$	62.2	\$ 135.1	\$	127.4	6%	

The table above reflects an increase of 5.5% for governmental activities net position and an increase of approximately 76.8% for business-type activities. The City's overall financial position improved during fiscal year 2022.

The City's governmental activities net position increased by \$3.5 million, primarily due higher tax revenue, lower pension costs, and the transfer of governmental capital assets that were funded by utility debt.

The net position of the City's business type activities increased by \$4.2 million, as increases in utility revenues outpaced increases in costs.

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

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

	Governmental Activities		% Inc. (Dec.)	Busines	ss-type vities	% Inc. (Dec.)	To	tal	Total % Change	
	2022	2021	(Dec.)	2022	2021	(Dec.)	2022	2021	2021-2022	
Revenues:			•			•				
Program revenues										
Charges for services	\$ 0.6	\$ 0.6	0%	\$ 45.4	\$ 39.9	14%	\$ 46.0	\$ 40.5	14%	
Operating grants and contributions	1.7	2.7	-37%	_	_	-	1.7	2.7	-37%	
Capital grants and contributions	0.8	0.5	60%	_	0.2	_	0.8	0.7	14%	
General revenues										
Sales and use taxes	16.4	15.4	6%	-	-	-	16.4	15.4	6%	
Other taxes	0.7	0.6	17%	=	-	-	0.7	0.6	17%	
Intergovernmental revenue	0.5	0.5	0%	-	-	-	0.5	0.5	0%	
Other	(0.6)	0.5	-220%	(0.3)	0.2	-250%	(0.9)	0.7	-229%	
Total revenues	20.1	20.8	-3%	45.1	40.3	12%	65.2	61.1	7%	
Expenses:		*	•			•				
General government	3.5	3.7	-5%	-	-	-	3.5	3.7	-5%	
Public safety and judiciary	11.1	13.4	-17%	-	-	-	11.1	13.4	-17%	
Transportation	4.7	3.8	24%	-	-	-	4.7	3.8	24%	
Culture, parks, recreation & promotion	2.8	2.7	4%	-	-	-	2.8	2.7	4%	
Electric operations	-	-	-	23.3	19.7	18%	23.3	19.7	18%	
Water operations	-	-	-	3.8	3.9	-3%	3.8	3.9	-3%	
Wastewater operations	-	-	-	3.9	4.5	-13%	3.9	4.5	-13%	
Solid waste operations	-	-	-	2.0	1.9	5%	2.0	1.9	5%	
Recreation services	-	-	-	2.2	2.1	5%	2.2	2.1	5%	
Total expenses	22.1	23.6	-6%	35.2	32.1	10%	57.3	55.7	3%	
Increase (decrease) in net position			•				,			
before transfers	(2.0)	(2.8)	-29%	9.9	8.2	21%	7.9	5.4	46%	
Transfers, net	5.5	8.3	-34%	(5.7)	(8.3)	-31%	(0.2)	-		
Electric charges - ice storm	-	-		-	(3.9)		-	(3.9)		
Change in net position	\$ 3.5	\$ 5.5	-36%	\$ 4.2	\$ (4.0)	-205%	\$ 7.7	\$ 1.5	413%	

The results of 2022 were shaped largely by a continued slightly upward trajectory. Total net position increased by 1.2% or \$7.9 million. Significant changes were related to:

Governmental Activities:

- A 6% increase in sales and use tax revenues on top of an 11% increase in the prior year.
- Lower pension costs for all the City's pension programs.
- Receipt of a \$3.3MM allocation from the American Rescue Plan Act for economic stimulus of which \$2.6MM was considered unrealized at June 30, 2022 and deferred to the following year.
- The transfer of \$1.9 million in capital asset additions that were funded by utility debt.

Business-type Activities:

- Electric margins were higher, somewhat offset by lower water and wastewater margins.
- Recognition of a "right of use" asset and related liability related to a leased automated metering system due to the implementation of a new accounting standard.

Governmental Activities:

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Table 3 presents the cost of each of the City's five largest programs—public safety and judiciary (police, fire, and court), general government, transportation (streets), cultural (parks, library, cemetery, and senior citizens), and fleet maintenance (a shared service)—as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

Governmental Activities Table 3 (In Thousands)

	Tota	l Cost		Net (Expens		
	of Se	rvices	%	from S	%	
	2022	2021		2022	2021	
General government	\$ 3,534	\$ 3,140	13%	\$ (2,001)	\$ (2,947)	-32%
Public safety and judiciary	11,114	13,427	-17%	(9,908)	(10,443)	-5%
Transportation	3,675	3,799	-3%	(3,557)	(3,325)	7%
Cultural, parks, recreation	2,752	2,705	2%	(2,583)	(2,559)	1%
Fleet maintenance	877	612	43%	(877)	(612)	43%
	\$ 21,952	\$ 23,683	-7%	\$ (18,926)	\$ (19,886)	-5%

Overall, the City's governmental activities' total costs decreased 7% over last year and net costs decreased by 5%.

Business-type Activities:

Total cost of services for the City's business-type activities increased 10% from last year.

Business-Type Activities Table 4 (In Thousands)

	Total	Cost		Net (Expen		
	of Se	rvices	%	from S	ervices	%
	2022	2021		2022	2021	
Electric operations	\$ 23,265	\$ 19,723	18%	\$ 11,626	\$ 10,355	12%
Water operations	3,849	3,949	-3%	884	933	-5%
Wastewater operations	3,908	4,454	-12%	(1,065)	(2,253)	-53%
Solid waste operations	1,973	1,876	5%	164	198	-17%
Recreation services	2,251	2,061	9%	(1,334)	(1,229)	9%
	\$ 35,246	\$ 32,063	10%	\$ 10,275	\$ 8,004	28%

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City's Funds

The General Fund is the City's primary operating fund and the source of day-to-day operations. The general fund is significantly reliant on transfers from the CPWA. The fund balance decreased by \$1,312,279, or 20.3 percent from the prior year.

General Fund Budgetary Highlights

The general fund budget increased 22.4% from the original one approved in June 2021. General Fund actual expenditures were below budgeted appropriations by \$1,843,098, partially due to the reclassification of workers compensation fees as transfers to other funds to follow the payroll activity. Actual revenues were lower than budgeted by \$295,846, reflecting the deferral of unused grant funds to the following year, partially offset by higher sales and use tax.

Capital Asset and Debt Administration

At the end of June 30, 2022, the City had \$141.9 million invested in capital assets including police and fire equipment, buildings, park facilities, streets, and drainage systems, and electric, water, and sewer infrastructure. Additions to capital assets included the purchase of 100 acres to build a new EXPO and convention center, extension of Raven Road, various street sealing projects, traffic sign upgrades, a new fire brush truck, progress on the water treatment plant project, detention ponds and the Expo area, a substation rebuild, and the development of a water master plan project. Information on capital assets is located in Note 3.D.

Capital Assets Table 5 Net of Accumulated Depreciation

(In millions)

		nmental vities	Busines Activ	• •	Tot	Total % Change	
	2022	2021	2022	2021	2022	2021	
Non-Depreciable Assets				,			-
Land	\$ 6.8	\$ 4.3	\$ 2.1	\$ 2.1	\$ 8.9	\$ 6.4	39%
Construction-in-progress	1.7	2.1	5.7	3.1	7.4	5.2	42%
Depreciable Assets							
Buildings	15.6	15.4	25.8	25.7	41.4	41.1	1%
Equipment and furniture	15.7	15.1	13.0	13.6	28.7	28.7	0%
Infrastructure	76.7	72.9	108.9	102.2	185.6	175.1	6%
Accumulated Depreciation	(63.5)	(60.7)	(66.6)	(62.4)	(130.1)	(123.1)	6%
Totals	\$ 53.0	\$ 49.1	\$ 88.9	\$ 84.3	\$ 141.9	\$133.4	6%

T-4-1 0/

Debt Administration

At year-end, the City had \$59.7 million in outstanding notes, bonds and capital leases. Additional debt information can be found in Note 3.F.

These debts are further detailed below as follows:

Outstanding Debt Table 6 (in millions)

	Gove	ernmer	ıtal <i>i</i>	Activities	Busi	iness-ty	pe A	Activities	То	tal		Total % Change
	2	022		2021		2022		2021	 022	2	2021	
Notes payable	\$	-	\$	-	\$	52.1	\$	57.3	\$ 52.1	\$	57.3	-9%
Capital lease												
obligation		0.1		0.2		-		-	0.1		0.2	-50%
GRDA cost recovery		-		-		2.8		3.9	2.8		3.9	
Right of use lease		-		-		4.7		-	4.7		-	
Totals	\$	0.1	\$	0.2	\$	59.6	\$	61.2	\$ 59.7	\$	61.4	-3%

Economic Factors and Next Year's Budget

The City of Claremore expects the economy to continue to improve in the next year, reflecting manufacturing and industrial expansion and additional use tax receipts from internet sales. Management will continue to strive for fiscal conservativeness while developing plans to improve the systems and operations needed to meet citizens' needs.

The fiscal year 2022-2023 government—wide budget of \$85.2 million is a increase of 1% from the prior year and includes continued capital asset acquisitions as well as the addition of 8 City employees.

Contacting the City's Financial Management

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

BASIC	FINΔ	NCIAI	STA 7	TFM	FNTS

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

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

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

City of Claremore, Oklahoma Statement of Net Position June 30, 2022

Component Unit

				Component Unit		
				Claremore Industrial and		
		Primary Governme	ent			
	Governmental	Business-type	Total	Economic Development		
ASSETS:	Activities	Activities	Iotai	Authority		
Current Assets:						
Cash and cash equivalents	\$ 10,666,528	\$ 5,181,777	\$ 15,848,305	\$ 836,228		
Cash and cash equivalents - restricted	10,000,520	16,661,793	16,661,793	191,234		
Accounts receivable, net	317,985	6,868,137	7,186,122	18,264		
Interest receivable	10,231	0,000,137	10,231	10,204		
Interest receivable - restricted	-	22,561	22,561	1,657		
Prepaid expenses	53.355	8,896	62,251	34,855		
Inventory	166,344	1,777,505	1,943,849	13,695		
Due from other governments	3,332,665	27,902	3,360,567	-		
Due from related entities	3,332,003	27,302	3,300,307	43,132		
Note receivable, current - restricted		496,997	496,997	653,997		
Total current assets	14,547,108	31,045,568	45,592,676	1,793,062		
	14,347,108	31,043,306	43,392,070	1,793,002		
Noncurrent Assets:						
Investments	17,776,515	1,118,182	18,894,697	3,961,625		
Restricted assets:						
Investments	-	9,100,458	9,100,458	-		
Note receivable, net of current portion	-	-	-	134,225		
Capital assets:						
Land and construction in progress	8,474,599	7,814,200	16,288,799	601,121		
Depreciable buildings, property, and						
equipment, net	44,569,935	81,056,064	125,625,999	3,025,235		
Total noncurrent assets	70,821,049	99,088,904	169,909,953	7,722,206		
Total assets	85,368,157	130,134,472	215,502,629	9,515,268		
DEFERRED OUTFLOWS OF RESOURCES:						
Related to employee benefit plans	6,311,227	704,483	7,015,710	60,581		
Unamortized asset retirement obligation	-	850,500	850,500	-		
Deferred charge on debt refunding	_	1,117,501	1,117,501	_		
Total deferred outflows of resources	6,311,227	2,672,484	8,983,711	60,581		
		2,072,101	0,303,711			
LIABILITIES:						
Current Liabilities:						
Accounts payable and accrued liabilities	1,954,707	3,462,450	5,417,157	136,592		
Accrued interest payable	-	218,170	218,170	2,125		
Unearned income	926,666	-	926,666	-		
Due to related entities	17,594	25,538	43,132	-		
Current portion of long-term debt	125,294	7,185,597	7,310,891	656,549		
Total current liabilities	3,024,261	10,891,755	13,916,016	795,266		
Noncurrent liabilities:						
Deposits subject to refund	-	1,139,422	1,139,422	-		
Net pension liability (asset)	2,427,167	(855,088)	1,572,079	(71,635)		
Other post employment benefits liability	2,904,112	242,351	3,146,463	9,924		
Claims reserve	1,518,061	-	1,518,061	_		
Accrued compensated absences	1,393,309	229,372	1,622,681	-		
Asset retirement obligation	_	882,000	882,000	-		
Noncurrent portion of long-term debt	_	52,460,454	52,460,454	959,853		
Total non-current liabilities	8,242,649	54,098,511	62,341,160	898,142		
Total liabilities	11,266,910	64,990,266	76,257,176	1,693,408		
		·	· · · · · · · · · · · · · · · · · · ·			
DEFERRED INFLOWS OF RESOURCES:	44.650.000	4 204 226	12.050.450	442.026		
Related to employee benefit plans	11,659,223	1,391,236	13,050,459	113,026		
NET POSITION:						
Net investment in capital assets	52,919,240	42,005,003	94,924,243	2,628,951		
Restricted by:						
Enabling legislation	226,273	10,128,691	10,354,964	-		
External contracts	-,	2,744,642	2,744,642	345,148		
Unrestricted	15,607,738	11,547,118	27,154,856	4,795,316		
Total net position	\$ 68,753,251	\$ 66,425,454	\$ 135,178,705	\$ 7,769,415		
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See accompanying notes to the basic financial statements.

City of Claremore, Oklahoma Statement of Activities For the fiscal year ended June 30, 2022

		Program Revenues						Net (Expense) Revenue and Changes in Net Position							
					perating		Capital	-	Primary G	iovernme	nt		Com	ponent Unit	
		C	harges for	G	rants and	Gi	rants and	Go	vernmental	Bus	siness-Type				
Functions/Programs	Expenses		Services	Co	ntributions	Cor	ntributions	Activities		Activities		Total			CIEDA
Primary Government:															
General government	\$ 3,534,232	\$	229,553	\$	710,116	\$	593,463	\$	(2,001,100)	\$	-	\$	(2,001,100)	\$	-
Public safety and judiciary	11,113,905		236,395		923,731		45,392		(9,908,387)		-		(9,908,387)		-
Transportation	3,674,612		-		-		117,994		(3,556,618)		-		(3,556,618)		-
Cultural, parks, recreation and promotion	2,751,742		128,100		17,352		23,219		(2,583,071)		-		(2,583,071)		-
Fleet maintenance	877,504		-		-		-		(877,504)		-		(877,504)		-
Total governmental activities	21,951,995		594,048		1,651,199		780,068		(18,926,680)		-		(18,926,680)		-
Business-type activities:											_				
Electric operations	23,265,050		34,891,233		-		-		-		11,626,183		11,626,183		-
Water operations	3,849,253		4,655,946		-		-		-		806,693		806,693		-
Wastewater operations	3,907,547		2,842,274		-		-		-		(1,065,273)		(1,065,273)		-
Solid waste operations	1,973,092		2,137,154		-		-		-		164,062		164,062		-
Recreation services	2,251,138		916,607		-		-		-		(1,334,531)		(1,334,531)		-
Total business-type activities	35,246,080		45,443,214		-		-		-		10,197,134		10,197,134		-
Total primary government	\$ 57,198,075	\$	46,037,262	\$	1,651,199	\$	780,068		(18,926,680)		10,197,134		(8,729,546)		
Component Unit:															
Economic development	\$ 943,392	\$	426,945	\$	-	\$	-								(516,447)
Airport	701,721		692,987		-		-								(8,734)
Total component unit	\$ 1,645,113	\$	1,119,932	\$	-	\$	-								(525,181)
	General revenues:														
	Taxes:														
	Sales and use tax								16,398,894		-		16,398,894		-
	Franchise and pul	blic sen	rice taxes						721,553		-		721,553		-
	Property tax								-		-		-		197,879
	Intergovernmental		e not restricted	to specifi	c programs				500,420		-		500,420		-
	Investment income	e (loss)							(728,381)		(402,240)		(1,130,621)		56,644
	Loss on disposition	of asse	et .						(136,671)		-		(136,671)		-
	Miscellaneous								254,100		102,620		356,720		-
	Total general								17,009,915		(299,620)		16,710,295		254,523
			sition before tra	nsfers					(1,916,765)		9,897,514		7,980,749		(270,658)
	Transfers - Internal								5,490,752		(5,650,089)		(159,337)		159,337
	Change in		sition						3,573,987		4,247,425		7,821,412		(111,321)
	Net position - begin								65,179,264		62,178,029		127,357,293		7,880,736
	Net position - endin	ng						\$	68,753,251	\$	66,425,454	\$	135,178,705	\$	7,769,415

See accompanying notes to the basic financial statements

City of Claremore, Oklahoma Balance Sheet Governmental Funds June 30, 2022

			S	ales Tax	E	XPO/WWTP		Other		Total
				Street		Sales Tax	Go	vernmental	Go	vernmental
_	(General		Fund		Fund		Funds		Funds
ASSETS:										
Cash and cash equivalents	\$	3,661,231	\$	2,894,872	\$	(212,528)	\$	4,322,953	\$	10,666,528
Prepaid expenses		45,500		-		-		7,855		53,355
Inventory		14,592		82,322		-		69,430		166,344
Investments		4,282,412		8,014,887		3,677,344		1,801,872		17,776,515
Receivables:										-
Court receivables		317,985		-		-		-		317,985
Due from other governments		412,601		876,096		854,239		854,240		2,997,176
Grants		-		1,079		-		334,410		335,489
Accrued interest		2,492		5,185		1,506		1,048		10,231
Total assets	\$	8,736,813	\$	11,874,441	\$	4,320,561	\$	7,391,808	\$	32,323,623
LIABILITIES AND FUND BALANCES: Liabilities:										
Accounts payable and accrued liabilitie	\$	896,978	\$	630,045	\$	59,319	\$	368,362	\$	1,954,704
Unavailable revenue		1,142,050		-		-		-		1,142,050
Claims reserve		1,518,061		_		-		-		1,518,061
Due to other funds		17,594		-		-		-		17,594
Total liabilities		3,574,683		630,045		59,319		368,362		4,632,409
Fund Balances:										
Nonspendable		14,592		82,322		-		-		96,914
Restricted		-		-		-		226,273		226,273
Unrestricted:										
Committed		1,393,309		11,162,074		4,261,242		5,488,811		22,305,436
Assigned		3,575,179		-		-		1,308,362		4,883,541
Unassigned		179,050		-		-		-		179,050
Total fund balances		5,162,130		11,244,396		4,261,242		7,023,446		27,691,214
Total liabilities and fund balances	\$	8,736,813	\$	11,874,441	\$	4,320,561	\$	7,391,808	\$	32,323,623

See accompanying notes to the basic financial statements.

City of Claremore, Oklahoma Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2022

Fund balances of governmental funds	\$	27,691,214
Amounts reported for governmental activities in the Statement of Net Position are different because	:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of depreciation of \$63,543,185		53,044,534
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are not reported in the funds:		
Unavailable revenue - court fines		215,381
Some liabilities, including pension obligations, are applicable to future periods and, therefore, are not reported in the funds:		
Accrued compensated absences		(1,393,309)
Net pension liability (measurement date is June 30, 2021)		(2,427,167)
Other post employment benefit liability (OPEB)		(2,904,112)
Long term debt		(125,294)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows of resources related to pensions and OPEB		6,311,227
Deferred inflows of resources related to pensions and OPEB		(11,659,223)

68,753,251

Net position of governmental activities

City of Claremore, Oklahoma Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

For the fiscal year ended June 30, 2022

	General	Sales Tax Street Fund	t Sales Tax		es Tax Governmental		Go	Total vernmental Funds
Revenues:								
Taxes	\$ 2,368,545	\$ 4,909,839	\$	4,909,839	\$	4,932,224	\$	17,120,447
Intergovernmental	322,807	177,613		-		-		500,420
Licenses and permits	167,524	-		-		-		167,524
Charges for services	98,000	-		-		92,130		190,130
Fines and forfeitures	226,548	-		-		9,847		236,395
Grants and contributions	710,116	-		-		775,298		1,485,414
Investment income	27,759	(784,860)		21,484		7,236		(728,381)
Miscellaneous	71,355	30,010		-		152,735		254,100
Total Revenues	3,992,654	4,332,602		4,931,323		5,969,470		19,226,049
Expenditures:								
General government	2,776,939	-		116,500		405,315		3,298,754
Public safety and judiciary	9,970,239	-		-		980,943		10,951,182
Transportation	-	2,149,211		-		-		2,149,211
Cultural, parks, recreation and promotion	1,715,685	_		225,000		592,271		2,532,956
Fleet maintenance	_	-		-		900,111		900,111
Capital outlay	24,472	1,662,908		2,886,018		966,531		5,539,929
Debt service:								
Principal retirement	-	-		-		-		_
Interest and fiscal charges	-	-		-		-		_
Total Expenditures	14,487,335	3,812,119		3,227,518	227,518 3,845,			25,372,143
Excess (deficiency) of revenues over								
expenditures	(10,494,681)	520,483		1,703,805		2,124,299		(6,146,094)
Other Financing Sources (Uses):								
Transfers in	11,606,008	77,281		-		1,034,048		12,717,337
Transfers out	(2,423,606)	(639,300)		(4,120,737)		(1,976,127)		(9,159,770)
Total Other Financing Sources (Uses)	9,182,402	(562,019)		(4,120,737)		(942,079)		3,557,567
Net change in fund balances	(1,312,279)	(41,536)		(2,416,932)		1,182,220		(2,588,527)
Fund balances - beginning	6,474,409	11,285,932		6,678,174		5,841,226		30,279,741
Fund balances - ending	\$ 5,162,130	\$ 11,244,396	\$	4,261,242	\$	7,023,446	\$	27,691,214

See accompanying notes to the basic financial statements

City of Claremore, Oklahoma Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the fiscal year ended June 30, 2022

Net change in fund balances - total governmental funds	\$ (2,588,527)
Amounts reported for governmental activities in the Statement of Activities are different because	se:
Governmental funds report capital outlays as expenditures while governmental activit report depreciation expense to allocate those expenditures over the life of the ass Capital asset purchases capitalized Depreciation expense Capital assets sold, salvaged, or transferred (net)	6,966,762 (2,930,335) (125,129)
Revenues in the Statement of Activities that do not provide current financial resource. Court receivables expected to collect after the availability period (60 days)	s 215,384
Repayment of debt principal is an expenditure in the governmental funds, and debt issuance is considered an other financing source, but repayment reduces long-term liabilities in the Statement of Net Position: Principal payments on long term debt	122,654
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: Accrued compensated absences Other post employment benefits	(5,460) (119,478)
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: Employer pension contributions Contributions made by the State of Oklahoma on behalf of City employees Cost of benefits earned net of employee contributions	1,480,576 923,731 (366,191)

3,573,987

Change in net position of governmental activities

City of Claremore, Oklahoma Statement of Net Position Proprietary Funds

June 30, 2022

•		CPWA	CCDA		Total
ASSETS:			 		
Current Assets:					
Cash and cash equivalents	\$	4,333,981	\$ 847,796	\$	5,181,777
Accounts receivable, net		6,867,137	1,000		6,868,137
Due from other governments		27,902	-		27,902
Prepaid expense		8,896	-		8,896
Inventory		1,777,505	-		1,777,505
Restricted assets:					
Cash and cash equivalents		16,661,793	-		16,661,793
Interest receivable		22,561	-		22,561
Note receivable, current portion		496,997	-		496,997
Total current assets		30,196,772	848,796	-	31,045,568
Noncurrent Assets:			 		
Investments		1,118,182	-		1,118,182
Restricted assets:					
Investments		9,100,458	_		9,100,458
Land and construction in progress		6,062,841	1,751,359		7,814,200
Other capital assets, net		71,813,839	9,242,225		81,056,064
Total noncurrent assets		88,095,320	10,993,584		99,088,904
Total assets		118,292,092	11,842,380		130,134,472
DEFERRED OUTFLOWS OF RESOURCES:					
Related to employee benefit plans		570,489	133,994		704,483
Unamortized asset retirement obligation		850,500	-		850,500
Deferred charge on debt refunding		1,117,501	-		1,117,501
Related to defined benefit pension plan		2,538,490	133,994		2,672,484
LIABILITIES:					
Current Liabilities:					
Accounts payable and accrued expenses		3,339,480	122,970		3,462,450
Accrued interest payable		218,170	-		218,170
Due to related entities		25,538	-		25,538
Current portion of long term obligations		7,185,597	-		7,185,597
Total current liabilities		10,768,785	122,970		10,891,755
Noncurrent liabilities:					
Deposits subject to refund		1,134,847	4,575		1,139,422
Net pension liability (asset)		(743,252)	(111,836)		(855,088)
Other post employment benefits liability		191,804	50,547		242,351
Accrued compensated absences		183,885	45,487		229,372
Asset retirement obligation		882,000	-		882,000
Noncurrent portion of long-term obligations	;	52,460,454	-		52,460,454
Total noncurrent liabilities		54,109,738	(11,227)		54,098,511
Total liabilities		64,878,523	111,743		64,990,266
DEFERRED INFLOWS OF RESOURCES:					
Related to employee benefit plans		1,182,857	208,379		1,391,236
NET POSITION:					
Net investment in capital assets		31,011,419	10,993,584		42,005,003
Restricted for:					
Debt service		2,745,409	-		2,745,409
Hospital trust fund		9,597,455	-		9,597,455
Unrestricted		11,414,919	 662,668		12,077,587
Total net position	\$	54,769,202	\$ 11,656,252	\$	66,425,454

See accompanying notes to the basic financial statements

City of Claremore, Oklahoma Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds

For the fiscal year ended June 30, 2022

Enter	

	CPWA			CCDA		Total
Operating revenues:						
Charges for services:						
Electricity charges	\$	34,891,233	\$	-	\$	34,891,233
Water charges		4,655,946		-		4,655,946
Sewer and storm water charges		2,144,411		-		2,144,411
Sanitation charges		2,137,154		-		2,137,154
Recreation services		-		337,730		337,730
Penalties and fees		697,863		-		697,863
Other		102,620		578,877		681,497
Total operating revenues		44,629,227		916,607		45,545,834
Operating expenses:						
Electric		21,503,085		-		21,503,085
Water		1,919,923		-		1,919,923
Sewer		2,182,490		-		2,182,490
Sanitation		1,634,453		-		1,634,453
Recreation		-		1,560,482		1,560,482
Depreciation and amortization		4,552,820		690,656		5,243,476
Total operating expenses		31,792,771		2,251,138		34,043,909
Operating income (loss)	12,836,456 (1,334,53		(1,334,531)	11,501,925		
Non-operating revenues (expenses):						
Investment income (loss)		(402,783)		543		(402,240)
Interest expense and fiscal charges		(1,202,171)		-		(1,202,171)
Total non-operating revenues (expenses)		(1,604,954)		543		(1,604,411)
Net income (loss) before transfers		11,231,502		(1,333,988)		9,897,514
Transfers in		6,087,738		1,226,176		7,313,914
Transfers out		(12,964,003)				(12,964,003)
Change in net position		4,355,237		(107,812)		4,247,425
Net position - beginning		50,413,965		11,764,064		62,178,029
Net position - ending	\$	54,769,202	\$	11,656,252	\$	66,425,454

City of Claremore, Oklahoma Statement of Cash Flows Proprietary Funds

For the fiscal year ended June 30, 2022

	CPWA		CCDA	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 43,089,955	\$	932,457	\$ 44,022,412
Payments to suppliers	(21,914,749)	Ψ.	(690,995)	(22,605,744)
Payments to or on behalf of employees	(3,820,448)		(873,737)	(4,694,185)
Receipts of customer deposits	237,697		6,000	243,697
Customer deposits refunded or applied	(264,076)		(7,450)	(271,526)
Net cash provided by (used in) operating activities	17,328,379		(633,725)	16,694,654
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers from other funds	2,077,932		415,031	2,492,963
Transfers to other funds	(10,943,468)		-	(10,943,468)
Net cash provided by (used in) non-capital and related financing activities	(8,865,536)		415,031	(8,450,505)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(4,131,069)		(254,890)	(4,385,959)
Principal paid on capital debt	(6,924,224)		-	(6,924,224)
Interest and fiscal agent fees paid on capital debt	(1,124,514)		=	(1,124,514)
Transfers from other funds	4,009,806		811,145	4,820,951
Transfers to other funds	(2,021,034)		_	(2,021,034)
Net cash provided by (used in) capital and related financing activities	(10,191,035)		556,255	(9,634,780)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(44,271)		-	(44,271)
Note principal and interest payments from related party	516,877		-	516,877
Interest and dividends	50,299		543	50,842
Net cash provided by investing activities	522,905		543	523,448
Net increase in cash and cash equivalents	(1,205,287)		338,104	(867,183)
Balances - beginning of the year	22,201,061		509,692	22,710,753
Balances - end of the year	\$ 20,995,774	\$	847,796	\$ 21,843,570
Reconciliation to the Statement of Net Position:				
Cash and cash equivalents	\$ 4,333,981	\$	847,796	\$ 5,181,777
Restricted cash and cash equivalents	16,661,793		_	16,661,793
Total cash and cash equivalents	\$ 20,995,774	\$	847,796	\$ 21,843,570
Reconciliation of operating income to net cash provided				
by operating activities:				
Operating income (loss)	\$ 12,836,456	\$ ((1.334.531)	\$ 11.501.925
Adjustments to reconcile operating income to net cash provided			. , , ,	
by operating activities:				
Depreciation and amortization expense	4,552,820		690,656	5,243,476
Change in assets, liabilities, and deferrals:				-
Decrease (Increase) in receivables, net	(1,592,030)		12,950	(1,579,080)
Increase in inventory	(143)		=	(143)
Increase in prepaid expense	(8,896)		_	(8,896)
Increase in accounts payable	1,819,951		42,032	1,861,983
Increase in customer deposits payable	26,379		1,450	27,829
Increase (decrease) in accrued compensated absences	(957)		5,431	4,474
Decrease in carrying values of employee benefit plans	(305,201)		(51,713)	(356,914)
Net cash provided by (used in) operating activities	\$ 17,328,379	\$	(633,725)	\$ 16,694,654

See accompanying notes to the basic financial statements

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1.A. FINANCIAL REPORTING ENTITY

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

Primary Government: City of Claremore

Component Units: Claremore Public Works Authority (CPWA)

Claremore Cultural Development Authority (CCDA)

Claremore Industrial and Economic Development Authority (CIEDA)

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

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

BLENDED COMPONENT UNITS

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

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

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

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

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

DISCRETELY PRESENTED COMPONENT UNIT

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

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

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

1.B. BASIS OF PRESENTATION

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

- 1. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- 2. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- 3. A fund not meeting the criteria of (1) and (2), however management has elected to report the fund as a major fund due to its significance to users of the financial statements.

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

FUND TYPES AND MAJOR FUNDS:

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

GOVERNMENTAL FUNDS

General Fund

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

Special Revenue Funds

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

Capital Project Funds

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

PROPRIETARY FUND TYPES

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

COMPONENT UNIT

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

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

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

Cash and Cash Equivalents

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

Investments

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

Receivables

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

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

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

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Inventories

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

Capital Assets and Depreciation

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

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

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

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

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

Restricted Assets

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

Deferred Outflows of Resources

Deferred outflows are the consumption of net position by the City that are applicable to a future reporting period. At June 30, 2022, the City reported deferred outflows of resources related to its defined benefit pension plans and the unamortized asset retirement obligation.

Long-Term Debt

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

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

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

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

Deferred Inflows of Resources

Deferred inflows are the acquisitions of net position by the City that are applicable to a future reporting period. At June 30, 2022, the City reported deferred inflows of resources related to its defined benefit pension plans and an entitlement for retired employees and their families to participate in the City's health insurance plan.

Compensated Absences

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

Pensions

The City participates in three employee pension systems as follows:

Name of Plan/System

Oklahoma Police Pension and Retirement Plan (OPPRS) Oklahoma Firefighters Pension and Retirement Plan (OFPRS) Oklahoma Municipal Retirement Fund (OMRF) Type of Defined Benefit Plan Cost Sharing Multiple Employer Cost Sharing Multiple Employer Agent Multiple Employer

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

Equity Classifications

Government-Wide Financial Statements:

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

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

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

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

Fund Financial Statements.

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

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

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

1.E. REVENUES, EXPENDITURES AND EXPENSES

Sales Tax

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

- One third is designated for street improvements and is recorded in the Sales Tax Street Fund. This sales tax is permanent (1% of taxable sales).
- One third is designated for repayment of long-term debt of the Expo/Recreation Center and Wastewater Plant and is recorded in the EXPO/WWTP Sales Tax Fund. This sales tax (1% of taxable sales) expires in 2034.
- The remaining third expires on July 1, 2022 (1% of taxable sales) and is split as follows:
 - 40% to the Capital Improvement Sales Tax Fund to be used for capital improvements and maintenance
 - o 20% to the Sales Tax Park Fund to be used for the parks and recreation department
 - o 20% to the Sales Tax Police fund to be used for police operations
 - 20% to the Sales Tax Fire fund to be used for fire operations
- Sales tax resulting from sales occurring prior to yearend and received by the City after year end has been accrued and is included under the caption *Due From Other Governments* because they represent taxes on sales occurring during the reporting period.

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Property Tax

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

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

Pledged Revenue

The City has pledged net revenues from the water and sewer systems and the 1% sales tax levied and reported in the Sales Tax Street Fund to repay the \$21,000,000 Utility System and Sales Tax Revenue Note, Series 2015 which was issued on March 10, 2015 to RCB Bank, which will be used for expansion and renovation of the water treatment plant. The note is payable through March 2030. The total principal and interest payable for the remainder of the life of this note is \$13,770,255. Debt service payments of \$1,696,348 for the current fiscal year were 23.0% of pledged net revenues.

The City has pledged net revenues from the water and sewer systems and the 1% sales tax levied and reported in the Sales Tax Street Fund to repay the \$10,000,000 Utility System and Sales Tax Revenue Note, Series 2019 which was issued on October 15, 2019 to JPMorgan Chase Bank, N.A., which will be used to finance capital asset acquisitions. The note is payable through June 2034. The total principal and interest payable for the remainder of the life of this note is \$10,600,534. Debt service payments of \$361,395 for the current fiscal year were 4.8% of pledged net revenues.

The City has pledged net revenues from the water and sewer systems and the 1% sales tax levied and reported in the Sales Tax Street Fund to repay the \$10,000,000 Utility System and Sales Tax Revenue Note, Series 2020 which was issued on October 15, 2019 to JPMorgan Chase Bank, N.A., which will be used to finance capital asset acquisitions. The note is payable through June 2034. The total principal and interest payable for the remainder of the life of this note is \$10,511,156. Debt service payments of \$321,875 for the current fiscal year were 4.3% of pledged net revenues.

The City has pledged net revenues from the electric system to repay the \$23,175,000 Electric System Revenue Refunding Note, Taxable Series 2021 which was issued on March 1, 2021, to Trust Bank, Charlotte, North Carolina which was used to refund the Utility System Refunding Revenue Bonds, Series 2012, the Capital Improvement Refunding Revenue Bonds, Taxable Series 2013A, the Electric System Refunding Revenue Bonds, Series 2013B, and the Utility System Refunding Revenue Bonds, Series 2013C. The note is payable through July 2035. The total principal and interest payable for the remainder of the life of this note is \$21,468,664. Debt service payments of \$4,232,506 for the current fiscal year were 23.4% of pledged net revenues.

Expenditures and Expenses

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

1.F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

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

Fund Financial Statements:

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

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

Government-Wide Financial Statements:

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

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

1.G. USE OF ESTIMATES

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

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

2.A. DEFICIT FUND BALANCES OR NET POSITION

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

2.B. DEPOSITS AND INVESTMENTS REQUIREMENTS

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

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

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

Public trusts created under O.S. Title 60, are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2022, the City and its public trusts, complied with the above investment restrictions.

2.C. DEBT RESTRICTIONS AND COVENANTS

Revenue Bond Debt

The bond indentures relating to the revenue bond issued by the CPWA contain a number of financial restrictions or covenants. These include covenants requiring flow of funds through special accounts, required reserve account balances and revenue bond debt service coverage requirements. The CPWA complied with the requirements of the bond indentures in all material respects for the fiscal year ended June 30, 2022.

NOTE 3. DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS

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

3.A. DEPOSITS AND INVESTMENTS

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

Deposits

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

As of June 30, 2022, the City was not exposed to custodial credit risk as defined above.

Total bank deposits of \$1,027,462 of the discretely presented component unit were either insured with Federal Deposit Insurance Corporation Insurance or collateralized.

As of June 30, 2022, the City's reporting entity had the following deposits and investments:

		Credit													
Туре	Fair Value	Rating	Maturities in Years												
			On Demand	n Demand Le		Less than one		ess than one		Less than one		than one 1 - 5			6 - 10
Demand deposits and cash on hand	\$ 15,856,515	n/a	\$ 15,856,515	\$	-	\$	-	\$	-						
Money market fund - federal obligations	17,259,237	AAA	-		17,259,237		-		-						
Certificates of deposit	4,804,099	n/a	-		2,904,575		1,899,524		-						
US Treasury securities	22,585,402	n/a	-		-		19,498,818		3,086,584						
	\$ 60,505,253		\$ 15,856,515	\$	20,163,812	\$	21,398,342	\$	3,086,584						
Reconciliation to Statement of net position:															
Cash and cash equivalents	\$ 15,848,305														
Restricted - cash and cash equivalents	16,661,793														
Investments	18,894,697														
Restricted - investments	9,100,458														
	\$ 60,505,253														

Investments

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

3.B. ACCOUNTS RECEIVABLE

Accounts receivable of the governmental activities consists of court receivables, business-type activities consists of customer utilities receivable. Component unit accounts receivable consists of airport hangar and land rentals. Receivables detail at June 30, 2022 is as follows:

	Governmental	Business-Type	Component
	Activities	Activities	Unit (CIEDA)
Accounts Receivable	\$661,512	\$9,684,928	\$18,264
Allowance for uncollectible accounts	(343,527)	(2,816,791)	(-)
Net Accounts Receivable	\$317,985	\$6,868,137	\$18,264

3.C. RESTRICTED ASSETS

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

Restricted Assets:

Cash and cash equivalents	
Meter deposit subject to refund	\$ 1,136,361
Capital projects	12,780,023
Debt service	2,745,409
Total cash and cash equivalents	16,661,793
Investments	
Hospital Trust Agreement	9,100,458
Note receivable	
Hospital Trust Agreement	496,997
Total restricted assets	\$ 26,259,248

3.D. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance <u>July 1, 2021</u>		Additions		letions and ansfers (In)/Out	Balance June 30, 2022		
Governmental Activities:	2	uly 1, 2021		Additions	<u>INCL III</u>	ansiers (m)/Out	<u> </u>	ine 30, 2022
Capital assets not being depreciated:								
Land	\$	4,312,023	\$	2,757,468	\$	318,555	\$	6,750,936
Construction-in-progress	Ψ	2,139,527	Ψ	1,379,951	Ψ	1,795,815	Ψ	1,723,663
Total Capital assets not being depreciated		6,451,550		4,137,419		2,114,370	-	8,474,599
Depreciable assets	-	3/ 132/333		.,23., .23		2/22 1/37 0		0,171,000
Buildings and improvements		15,439,730		199,888		_		15,639,618
Equipment and furniture		15,069,573		917,098		256,330		15,730,341
Infrastructure		72,916,434		3,826,727		-		76,743,161
Total depreciable assets		103,425,737		4,943,713		256,330		108,113,120
Less accumulated depreciation		60,744,051		2,930,335		131,201		63,543,185
Net depreciable assets	-	42,681,686		2,013,378		125,129	-	44,569,935
Governmental activities capital assets, net	\$	49,133,236	\$	6,150,797	\$	2,239,499	\$	53,044,534
Business-type Activities:								
Capital assets not being depreciated:								
Land	\$	2,142,092	\$	-	\$	-	\$	2,142,092
Construction-in-progress		3,117,209		2,783,903		229,004		5,672,108
Total Capital assets not being depreciated		5,259,301		2,783,903		229,004		7,814,200
Depreciable Assets:								
Buildings and improvements		25,734,229		177,010		77,047		25,834,192
Equipment and furniture		13,547,101		229,755		788,663		12,988,193
Infrastructure		102,174,336		6,381,466		(312,804)		108,868,606
Total depreciable assets		141,455,666		6,788,231		552,906		147,690,991
Less accumulated depreciation		62,371,043		5,220,444		956,560		66,634,927
Net depreciable assets		79,084,623		1,567,787		(403,654)		81,056,064
Business-type activities capital assets, net	\$	84,343,924	\$	4,351,690	\$	(174,650)	\$	88,870,264
Component Unit (CIEDA):								
Capital assets not being depreciated:								
Construction-in-progress	\$		\$	601,121	\$	<u> </u>	\$	601,121
Total Capital assets not being depreciated		-		601,121		-		601,121
Depreciable Assets:								
Buildings and improvements	\$	2,613,347	\$	-	\$	-	\$	2,613,347
Equipment and furniture		433,960		-		-		433,960
Infrastructure		2,045,837		-		-		2,045,837
Total depreciable assets		5,093,144		-		-		5,093,144
Less accumulated depreciation		1,923,459		144,450		-		2,067,909
Net depreciable assets		3,169,685		(144,450)		-		3,025,235
Component unit capital assets, net	\$	3,169,685	\$	456,671	\$	-	\$	3,626,356

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

Primary Government:

C	4 - 1	A -+1: .1+1
Governmen	ารลเ	ACTIVITIES.

General government	\$362,594
Public safety and judiciary	574,701
Culture, parks, and recreation	325,576
Transportation	1,667,464
Total depreciation expense - governmental activities	\$ <u>2,930,335</u>

Business-Type Activities:

Electric	\$1,472,723
Water	1,284,000
Wastewater	1,457,458
Solid waste	338,639
Recreation	690,656
Total depreciation expense - business-type activities	\$5,243,476

Discretely Presented Component Unit:

CIEDA:

Airport	\$ 29,016
Railroad spur	<u>115,435</u>
Total depreciation expense – component unit	<u>\$ 144,451</u>

3.E.TAX ANTICIPATION RECEIVABLES

In 2011, CIEDA proposed, and the City adopted, a resolution which declared the City's intent to create a "reinvestment area" pursuant to the provisions of the Oklahoma Local Development Act, Title 62, Section 850 of the Oklahoma Statutes. The resolution also directed the City's Local Development Act Review Committee to analyze the area and determine the potential of creating tax increment districts within the City. As of June 30, 2022, the following districts had been created:

TIF District #1 -Baker Hughes Increment District Project

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

The Claremore Public Works Authority issued Tax Apportionment/Utility Revenue Note Series 2014B to CIEDA in the amount of \$3,480,000, bearing interest at 4% and payable in 10 annual installments with interest only being paid the first two payments and \$516,877 each year hereafter with the final payment due June 1, 2022, secured by an electric substation at the City's industrial park.

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

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

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

Payments on the note are reported as "contributions to primary government" in the statement of revenues, expenses, and changes in net position.

TIF District #2 - NXTGen Filterworks

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

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

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

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

TIF District #3 - Promise Hotels

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

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

Changes in Tax Anticipation Receivables

	Balance ne 30, 2021	Adv	anced_	Re	ceived	_	Salance e 30, 2022	 ue within ne Year
TIF District #1 - Due From CPWA TIF District #2 - Due From	\$ 974,879	\$	-	\$ 4	177,882	\$	496,997	\$ 496,997
NXTNano TIF District #3 - Due From RH	204,225		-		35,000		169,225	35,000
Hospitality, LLC	239,000		-	1	117,000		122,000	122,000
Total TIF receivable	\$ 1,418,104	\$	-	\$ 6	629,882	\$	788,222	\$ 653,997

3.F. LONG-TERM DEBT

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

Governmental Activities

As of June 30, 2022, the long-term debt payable from governmental activities resources consisted of the following:

Capital Leases:

Equipment lease payable to RCB Bank, original issue amount of \$600,625, secured by a fire pumper truck, nominal annual rate of 2.15%, with final maturity of November 2022.

All is current		<u>\$</u>	125,294
	Total long-term debt payable from governmental resources	<u>\$</u>	125,294

Business-Type Activities:

As of June 30, 2022, the long-term debt payable from business-type activities resources consisted of the following:

Notes Payable:

Claremore PWA Utility Revenue Note, Series 2013B, original issue amount of \$3,480,000, secured by an electric system substation at the Claremore Industrial Park, interest rate of 4.00%, and final maturity June 2023. Note was issued to CIEDA, a related party, to construct an electric system substation and annual debt service may be offset from incremental property taxes received related to the project.

All is current \$ 496,996

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

Current portion \$1,390,000 non-current portion \$10,970,000

12,360,000

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

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

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

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

Current portion \$3,925,000, non-current portion \$16,390,000 20,315,000

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

Current portion \$259,613, non-current portion \$2,531,050

2,790,663

Right of Use Lease Obligation:

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

Current portion \$713,987, non-current portion \$3,969,405

4.683.392

Total Long Term Debt outstanding – Business-type	<u>\$59,646,051</u>
Current portion	\$ 7,185,597
Non-current portion	<u>52,460,454</u>
Total Long Term Debt outstanding – Business-type	\$59,646,051

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Component Unit (CIEDA):

Notes payable:

Note payable to BancFirst executed on July 20, 2018 in the amount of \$1,111,499, bearing interest at 5.25% per annum, payable in 59 monthly installments of \$7,412 and a final payment of \$967,790.93 due July 15, 2023, and secured by a commercial building. This direct borrowing includes a power of sale that, upon default, allows the mortgagee to take the property and sell it without going to court in a foreclosure action.

Current portion \$37,552, non-current portion \$959,853

997,405

CIEDA Tax Apportionment/Utility Revenue Note Series 2013A, original issue amount of \$1,740,000, secured by an electric system substation at the Claremore Industrial Park, interest rate of 4.00%, and final maturity June 2022. Note was issued to the Hospital Sale Trust Fund, a related party, to partially fund the note issued by CPWA as discussed above.

All is current 248,498

CIEDA Tax Apportionment/Utility Revenue Note Series 2013B, original issue amount of \$1,740,000, secured by an electric system substation at the Claremore Industrial Park, interest rate of 4.00%, and final maturity June 2022. Note was issued to the Hospital Sale Trust Fund, a related party, to partially fund the note issued by CPWA as discussed above.

All is current 248,499

CIEDA Tax Apportionment Revenue Note Series 2014B&C, original issue amount of \$750,000, secured by commercial real estate and equipment and a note receivable in the same amount and terms from RC Hospitality, Inc., interest rate of 4.60%, and final maturity June 2023. This direct placement borrowing is subject to acceleration, foreclosure of the secured real estate, and/or sale of the equipment in the event of default.

Note was issued to Patriot Bank to provide construction financing to RC Hospitality, LLC.

All is current			122,000
Total Long-Term Debt	t outstanding – Component Unit	<u>\$ 1</u>	1,616,402
Current portion		\$	656,549
Non-current portion		_	959,853
Total Notes Payable		<u>\$ 1</u>	<u>1,616,402</u>

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

	<u>Ju</u>	Balance ne 30, 2021	<u>Additions</u>		<u>Additions</u>		<u>Additions</u>		<u>R</u>	etirements	<u>Ju</u>	Balance ne 30, 2022	nounts Due One Year
Governmental Activities:													
Capital lease payable	\$	247,948	\$		\$	122,654	\$	125,294	\$ 125,294				
Total Governmental Activities	\$	247,948	\$	-	\$	122,654	\$	125,294	\$ 125,294				
Business-type Activities:													
Notes from direct borrowings													
and direct placements	\$	57,259,878	\$	-	\$	5,087,882	\$	52,171,996	\$ 6,211,997				
Right of use lease liabilitiy		-		5,372,857		689,465		4,683,392	713,987				
GRDA cost recovery obligation		3,937,540		-		1,146,877		2,790,663	259,613				
Total Business-type Activities	\$	61,197,418	\$	5,372,857	\$	6,924,224	\$	59,646,051	\$ 7,185,597				
Component Unit - CIEDA:													
Tax anticipation notes	\$	1,213,879	\$	-	\$	594,882	\$	618,997	\$ 618,997				
Notes from direct borrowings		1,032,336		-		34,931		997,405	37,552				
Total Component Unit - CIEDA	\$	2,246,215	\$	-	\$	629,813	\$	1,616,402	\$ 656,549				

Payment requirements to maturity:

		Governmen	vernmental Activities			Business Type Activities			Business Type Activities			Component Unit (CIEDA)		
Year Ending		Capital Lea	se Pa	yable	Bonds and Notes Payable					Notes I	Payable			
June 30,	F	Principal]	Interest		Principal Interest				Principal		Interest		
2023		125,294		2,696		7,185,597		1,149,205		656,549		76,884		
2024		-		-		6,826,891		991,249		959,853		4,193		
2025		-		-		6,981,325		849,815		-		-		
2026		-		-		6,756,942		700,204		-		-		
2027		-		-		5,248,782		572,532		-		-		
2028-2032		-		-		20,696,514		1,264,070		-		-		
2033-2037		-		-		5,950,000		107,170		-		-		
2038-2042		-		-		-		-		-		-		
Total	\$	125,294	\$	2,696	\$	59,646,051	\$	5,634,245	\$	1,616,402	\$	81,077		

3.G. INTERFUND TRANSACTION AND BALANCES

Interfund transfers for the year ended June 30, 2022 were as follows:

	Transfer from		Transfer to	Amount	Nature of Interfund Transfer
*	General Fund	*	CCDA	\$ 182,912	General operations
*	General Fund	*	CCDA	19,700	Donations
*	General Fund	*	CCDA	226,763	Hotel room tax agreement
*	General Fund	*	CPWA	1,225,000	GRDA Ice Storm Agreement
*	General Fund	*	CPWA, CCDA, Sales Tax Street	206,597	Workers compensation subsidy
	Capital Improvement Sales Tax	*	CPWA	75,069	Fixed asset acquisitions
	Capital Improvement Sales Tax	*	CCDA	74,041	Fixed asset acquisitions
*	Expo/Rec Sales Tax Fund	*	CCDA	721,012	Fixed asset acquisitions
*	Expo/Rec Sales Tax Fund	*	CPWA	3,450,000	Debt service
*	General Fund	*	CPWA	740,568	Fixed asset acquisitions
*	CDBG	*	CPWA	126,370	Fixed asset acquisitions
	CPWA	*	General Fund	9,950,000	General operations
*	CPWA	*	General Fund	786,551	Shared overhead reimbursement
	Sale Tax Fire	*	General Fund	491,875	Shared overhead reimbursement
	Sale Tax Park	*	General Fund	161,462	Shared overhead reimbursement
	Sales Tax Police	*	General Fund	491,248	Shared overhead reimbursement
*	Sales Tax Street	*	General Fund	600,958	Shared overhead reimbursement
	Cemetery Care	*	General Fund	9,794	Shared overhead reimbursement
*	General Fund		Animal Control	25,000	General operations
*	General Fund		Airport Fund	23,814	Grant match - airport improvements
*	General Fund		Emergency Management	688	Reimbursement
*	General Fund		CIEDA (Component unit)	400,000	Airport management, economic incentives
*	General Fund		CIEDA (Component unit)	72,115	Incremental hotel and sales tax (TIF3)
*	CPWA		CIEDA (Component unit)	163,113	Incremental utility revenue (TIF1)
	CIEDA (Component Unit)	*	CPWA	516,877	TIF Baker Hughes - Hospital Trust payment
*	CPWA		Governmental activities	1,933,185	Fixed asset transfer (non-cash), net
				\$ 22,674,712	
					•

^{*} Represents major fund

Reconciliation to Fund Financial Statements:

Governmental Funds Proprietary Funds

Total funds

 $\label{thm:continuous} \textbf{Fixed asset transfer to governmental from business-type activities, net}$

Total primary government

Component unit (CIEDA)

Total government wide

Transfers in			nsfers ou	ut	Total			
\$ 12,7	17,337	\$	9,159,77	0 \$	3,557,567			
7,33	13,914		12,964,00	3	(5,650,089)			
20,03	31,251		22,123,77	3	(2,092,522)			
1,90	67,247		34,06	2	1,933,185			
21,99	98,498		22,157,83	5	(159,337)			
6	76,214		516,87	7	159,337			
\$ 22,67	74,712	\$	22,674,71	2 \$	-			

Interfund balances on June 30, 2022 were as follows:

	Receivable Fund	Payable Fund		mount	Natur	e of Interfund	Balance	<u> </u>
*	CIEDA (Component Unit) *	CPWA	\$	25,538	Increm	nental electric r	evenue ((TIF)
*	CIEDA (Component Unit) *	General Fund		17,594	Increm	nental sales tax	, hotel ta	ax (TIF)
	Total		\$	43,132				
			D	ue From	[Due To	N	et Internal
	Reconciliation to Fund Financia	al Statements:	Rela	ted Entities	Relat	ted Entities	ı	Balances
	Governmental Funds		\$	-	\$	17,594	\$	(17,594)
	Proprietary Funds			-		25,538		(25,538)
	Total fund financial stateme	ents	\$	-	\$	43,132	\$	(43,132)
	CIEDA (Component Unit)			43,132		-		43,132
	Total (memo only)		\$	43,132	\$	43,132	\$	-
*	Fund is a major fund							

3.H. FUND BALANCES AND NET POSITION

Government-Wide Financial Statements

Net position restrictions at June 30, 2022 were as follows:

Fund	Restricted By	Amount
Cemetery Care Fund	State statute	226,273
CPWA	Debt covenants - external	2,744,642
CPWA	Hospital Trust Agreement	10,128,691
		\$13,099,606

Fund Level Financial Statement.	s. [.]
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	_		EXPO/WWTP	Other	
	General	Sales Tax	Sales Tax	Governmental	Takal
Fund Balance:	Fund	Street Fund	Fund	Fund	Total
Nonspendable:	f 14502	¢ 02.222	.	.	¢ 00.014
Inventory Restricted For:	\$ 14,592	\$ 82,322	\$ -	\$ -	\$ 96,914
				226 272	226 272
Cemetery				226,273	226,273
Committed For:		44 462 074			44.462.074
Street improvements - city ordinance	-	11,162,074		-	11,162,074
Debt service - city ordinance	-	-	4,261,242	-	4,261,242
Park improvements -city ordinance	-	-	-	1,514,348	1,514,348
Police operations - city ordinance	-	-	-	778,607	778,607
Fire service - city ordinance	-	-	-	947,644	947,644
Capital improvement - city ordinance	-	-	-	2,248,212	2,248,212
Accrued leave - state constitution	1,393,309	-	-	-	1,393,309
Sub-total committed	1,393,309	11,162,074	4,261,242	5,488,811	22,305,436
Assigned for:					
Budgetary - council resolution	3,575,179	-	-	-	3,575,179
Police and judiciary -council resolution	-	-	-	404,583	404,583
Emergency management -council resolution	-	-	-	148,719	148,719
Fleet management -council resolution	-	-	-	218,296	218,296
Library operations-council resolution	-	-	-	94,012	94,012
Capital improvements -council resolution	-	-	-	442,752	442,752
Sub-total assigned	3,575,179	-	-	1,308,362	4,883,541
Unassigned:	179,050	-	-	-	179,050
TOTAL FUND BALANCE	\$ 5,162,130	\$ 11,244,396	\$ 4,261,242	\$ 7,023,446	\$ 27,691,214

NOTE 4. OTHER NOTES

4.A. DEFINED BENEFIT PENSION PLANS

The City participates in three employee pension systems as follows:

Name of Plan/System

Oklahoma Police Pension and Retirement Plan (OPPRS)
Oklahoma Firefighters Pension and Retirement Plan (OFPRS)

Oklahoma Municipal Retirement Fund (OMRF)

Type of Defined Benefit Plan Cost Sharing Multiple Employer Cost Sharing Multiple Employer Agent Multiple Employer

Plan Descriptions

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

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

The overall operations of the OMRF are supervised by a nine-member Board of Trustees elected by the participating municipalities. JPMorgan Chase Bank ("JPMorgan") acts as securities custodian. The Fund utilizes mutual funds, collective trust funds of banks and trust companies, or separate accounts specifically tailored for the Fund by investment advisors. At July 1, 2021, the City's OMRF plan had 149 active participants, 46 retired participants in payment status, 6 survivors in payment status, 8 disabled participants, and 16 deferred vested former employees.

Plan Benefits

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

OPPRS

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

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

OFPRS

Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service.

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

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

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

OMRF

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

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Member and Employer Contributions

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

OPPRS

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

OFPRS

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

OMRF

Employee contribution rates are set by ordinance by the City Council at 6% for employees hired before 7/1/2010 and 3.75% for employees hired after 7/1/2010. Since employee contributions are set by ordinance, the employer contributions are determined to be the amount to meet the Plan's actuarial requirements. The actuarial report prepared 7/1/2020 set the employer contribution rate at 6.50% and 6.44% of covered payroll for the fiscal year ended June 30, 2021 and 2022, respectively. OMRF participating employees include employees of the City's governmental activities, business-type activities, and CIEDA, a discretely presented component unit. Total employer contributions in the fiscal year ended June 30, 2022 from all sources totaled \$705,345 which equals the actuarially determined amount based on a covered payroll of \$10,952,562.

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

At June 30, 2022, the City of Claremore reported a liability for its proportionate share of the net pension liability for the OFPRS, OPPRS, and OMRF. The net pension liability (asset) for all three plans was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of July 1, 2021. The City's proportionate share of the net pension liability was based on the City's share of contributions in the respective pension plan relative to the total contributions of all participating OPPRS or OFPRS Plan employers since the plans are cost sharing-multiple employer type plans. At June 30, 2021, the City's proportionate share was 0.6328 percent of the total OPPRS plan and 1.0205 percent of the total OFPRS plan. Since the OMRF is an agent multiple employer plan, the net pension liability (asset) is determined for the City's plan alone.

For the year ended June 30, 2022, the City recognized pension credit of \$303,891 and expense of \$582,691 for the OPPRS and OFPRS plans, respectively, and a \$264,486 credit for the OMRF plan. At June 30, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to the three defined benefit pension plans from the following sources:

	Deferred Outflows	Deferred Inflows		
OPPRS	of Resources	of Resources		
Difference between expected and actual plan experience	\$ 43,587	\$ 119,823		
Net difference between projected and actual earnings on				
pension plan investments	742,769	2,957,286		
Changes in assumptions	46,165	-		
Contributions subsequent to the measurement date	405,143	-		
OFPRS				
Difference between expected and actual plan experience	2,437,534	118,031		
Net difference between projected and actual earnings on				
pension plan investments	660,921	6,003,784		
Changes in assumptions	-	149,070		
Contributions subsequent to the measurement date	698,522	-		
OMRF				
Difference between expected and actual plan experience	281,180	462,861		
Changes in assumptions	286,789	-		
Net difference between projected and actual earnings on				
pension plan investments	433,611	2,964,217		
Contributions subsequent to the measurement date	705,345			
	\$ 6,741,566	\$ 12,775,072		
Reconciliation to the Statement of Net Position:				
Governmental activities	\$ 6,311,228	\$ 11,659,223		
Business-type activities	704,482	1,391,236		
Discretely presented component unit (CIEDA)	60,581	113,026		
Subtract OPEB (to reconcile, see Note 4C)	(334,725)	(388,413)		
Total pension related	\$ 6,741,566	\$ 12,775,072		

Amounts reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension expense in the year ending June 30, 2023 as follows: \$1,485,875 for governmental activities, \$299,593 for business-type activities, and \$23,542 for CIEDA, a discretely presented component unit.

The average of the expected remaining service lives of all employees that are provided with pensions through the Statewide Systems (active and inactive employees) determined at July 1, 2020 the beginning of the measurement period ended June 30, 2021 is 5.82 years for the OPPRS and 4.42 years for the OPPRS.

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

Year ended June 30:	
2023	\$(1,475,340)
2024	(1,553,947)
2025	(2,002,887)
2026	(2,803,931)
2025	(6,409)
Total	<u>\$(7,842,516)</u>

Actuarial Assumptions

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

The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The most recent experience study for OPPRS and OFPRS considered actual System experience for the period July 2012 through June 30, 2017. The last Analysis of Demographic Experience of the OMRF considered Fund experience for the years

2017-2021. Total Pension Liability for both Plans as of June 30, 2021 is based on the results of an actuarial valuation date of July 1, 2021.

The long-term expected rate of return on pension plan investments for all plans was determined using the building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major class included in each pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

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

Discount Rate

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

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

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2021 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2021 and the City's report ending date of June 30, 2022 that would have had a significant impact on the net pension asset. The following table reports the components of changes in net pension asset for the OMRF plan:

CHANGES IN NET PENSION LIABILITY (OMRF PLAN)

	Increase (Decrease)						
	Total Pension			Plan Fiduciary			et Pension
		Liability		Ν	et Position	Lia	bility (Asset)
Balance at 7/1/2020	\$	20,338,333		\$	18,552,241	\$	1,786,092
Changes for the Year: Service cost		557,446					557,446
Interest cost		1,480,185					1,480,185
Difference between expected and actual experience		(184,021)					(184,021)
Assumption changes		-					-
Contributions - Employer					484,186		(484,186)
Contributions - Employee					299,986		(299,986)
Net investment income					5,078,948		(5,078,948)
Benefit payments, including refunds							
of employee contributions		(1,227,253)			(1,227,253)		-
Benefit changes due to plan amendments		-					-
Administrative expense			_		(38,727)		38,727
Net changes		626,357	_		4,597,140		(3,970,783)
Balance at 7/1/2021	\$	20,964,690	_	\$	23,149,381	\$	(2,184,691)

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

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

City of Claremore's Net Pension Liability (Asset)

				Current		
	19	6 Decrease		Discount	1%	Increase
Discount rate used>		6.50%	R	ate 7.50%		8.50%
Cost sharing plans - proportionate share						
OPPRS	\$	(1,138,439)	\$	(3,035,808)	\$	(46,340)
OFPRS		10,502,862		6,720,943		3,554,699
Total net pension liability - cost sharing		9,364,423		3,685,135		3,508,359
Agent plan - "stand alone" determination:						
OMRF		4,363,068		(2,184,691)		(315,555)
Total - All city of Claremore's Plans	\$ 1	13,727,491	\$	1,500,444	\$ 3	3,192,804
Reconciliation to the Statement of Net Pos	sitio	n:				
Governmental activities			\$	2,427,167		
Business-type activities				(855,088)		
Discretely presented component unit (CIEI	OA)			(71,635)		
Total net pension liability			\$	1,500,444		

Pension plan fiduciary net position

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

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

Payables to the pension plans

At June 30, 2022 the City reported no payables to the defined benefit pension plans for legally required employer contributions.

4.B. DEFINED CONTRIBUTION PLAN

The City offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457 ("the Plan"). The Plan, available to all City employees, permits them to defer a portion of their current salary to future years. Each participant may direct the Plan to invest his or her account balance in one or more of several investment funds. The Plan offers a variety of investment options that will provide participants with a reasonable opportunity to build diversified portfolios.

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

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

4.C. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Postemployment Health Insurance Implicit Rate Subsidy Plan

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

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

The amount of benefit payments during fiscal year June 30, 2022 were \$80,272.

Employees Covered by Benefit Terms

Active Employees	228
Inactive not yet receiving benefits	0
Inactive or beneficiaries receiving benefits	10
Total	<u>238</u>

<u>Total OPEB Liability</u> – The total OPEB liability was determined based on an alternative measurement method valuation performed as of June 30, 2021 which is also the measurement date.

<u>Actuarial Assumptions</u>- The total OPEB liability in the June 30, 2021 valuation, was determined using the following actuarial assumptions:

- Actuarial Cost Method Entry Age Normal Cost Method
- Discount Rate 2.21% based on the 20 year municipal bond yield
- Retirement Age Civilians 55 with 7 years of service, Police and Fire 20 years of service
- Medical Trend Rates

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

<u>Changes in Total OPEB Liability</u> –

Total OPEB Liability

Balances at Beginning of Year	\$ 2,969,192
Changes for the Year:	
Service cost	199,012
Interest expense	70,017
Differences between expected	
and actual experience	(25,751)
Change in assumptions	24,189
Benefits paid	(80,272)
Net Changes	187,195
Balances End of Year	\$ 3,156,387

OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2022, the City recognized OPEB expense of \$82,880. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	red Outflows Resources	rred Inflows Resources
Differences between expected and actual experience Changes of assumptions City Contributions subsequent to the measurement date	\$ 35,719 216,126 82,880	\$ 167,363 221,050
Total	\$ 334,725	\$ 388,413

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

Year Ended June 30:	
2023	\$ (57,792)
2024	(57,792)
2025	(53,822)
2026	(34,162)
2027	17,250
Thereafter	49,750
	\$(136,568)

Sensitivity of the City's total OPEB liability to changes in the discount rate- The following presents the City's net OPEB liability, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	19	% Decrease	Current Discount			1% Increase	
		(1.16%)		Rate (2.16%)	(3.16%)		
_							
Employers' total OPEB liability	\$	3,538,610	\$	3,156,387	\$	2,819,987	

<u>Sensitivity of the City's OPEB liability to changes in the healthcare cost trend rates</u> - The following presents the City's net OPEB liability, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.99 percent decreasing to 3.87 percent) or 1-percentage-point higher (6.99 percent decreasing to 5.87 percent) than the current healthcare cost trend rates:

	1% Decrease		Curre	nt Discount	1% Increase			
	(4.99% decreasing		Rate (5.94 %		(6.99)	% decreasing		
	to 3.87%)		decreasing to 4.87%)		to 5.87%)			
Employers' total OPEB liability	\$	2,788,207	\$	3,156,387	\$	3,599,255		

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

4.D. TAX ABATEMENTS

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

RC Hospitality, LLC (the Developer) received rebated sales and hotel tax credits during 2022 that offset a portion of the payments due related to a development financing note issued to CIEDA on December 29, 2014. The agreement is for a maximum of 10 years from the effective date of the establishment of the Promise Hotel Increment District (TIF District #3). As part of the agreement, the Developer has constructed an 80-room hotel and conference center. The credit offsets are calculated as the amount of additional incremental sales and hotel tax revenue, over the established base, that is generated within the Promise Hotel Increment District. In the event that credits exceed the amount necessary to amortize the note, CIEDA retains the excess to be applied against the subsequent note payment.

4.E. CONDUIT DEBT OBLIGATIONS

Component Unit (CIEDA)

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

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

At June 30, 2022 the only remaining outstanding note was one that was issued on behalf of the Northeast Technology Center with a balance of \$6.1 million, maturing June 2027.

4.F. RISK MANAGEMENT

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

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

368,495

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirement of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. For the self-insured worker's compensation program, changes in the claims liability for the City from July 1, 2020 through June 30, 2022 are as follows:

Claims liability analysis:

Claims liability, June 30, 2020	\$ 497,460
Claims and changes in estimates	105,141
Claim payments	(223,002)
Claims liability, June 30, 2021	379,599
Claims and changes in estimates	70,503
Claim payments	(206,597)
Claim liability, June 30, 2022	\$ 243,505

Assets available to pay claims at June 30, 2022 <u>\$ 420,956</u>

Because the year ended June 30, 2022 is the sixth year for the City to assume the risk of loss for workers compensation, the claims incurred but not reported has been estimated as the amount necessary to bring the total expense to the level the City previously incurred for insured coverage. This has resulted in the establishment of a reserve for incurred but not reported claims of \$914,474, or total claims reserve of \$1,157,979 including reported claims. The City has purchased reinsurance for individual claims more than \$750,000 for electric utility workers and \$500,000 for all others.

Medical Self Insurance

Effective July 1, 2021, the City implemented a self-insurance program for employee medical insurance, administered by BlueCross BlueShield of Oklahoma (BCBS). Also effective July 1, 2021, the City has purchased a Stop Loss Coverage Policy from BCBS with a minimum Aggregate Point of Attachment of \$1,957,854 and with an Employer's Run-Off Claim Liability equal to 15% of the annualized Employer Claim Liability based on the participation of the two calendar months immediately preceding termination.

Claims liability analysis:

Claims liability, June 30, 2021	\$	0
Claims and changes in estimates		2,962,228
Claim payments	(2,602,146)
Claim liability, June 30, 2022	\$	360,082

Assets available to pay claims at June 30, 2022

4.G. COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

Contingencies

Grant Program Involvement

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

Litigation

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

Subsequent Events

Management has evaluated subsequent events through the date of this report and has determined that no additional information needs to be added to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

CITY OF CLAREMORE BUDGETARY COMPARISON SCHEDULE (UNAUDITED) GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Ori	ginal Budget	Fin	al Budget		Actual		ance to final rable (unfav)
Beginning budgetary fund balance	\$	2,196,868	\$	2,813,651	\$	6,474,409	\$	3,660,758
Resources (inflows)								
Taxes								
Use tax		1,400,000		1,400,000		1,669,377		269,377
Franchise tax		518,000		518,000		699,168		181,168
Total taxes	<u></u>	1,918,000		1,918,000		2,368,545		450,545
Intergovernmental								
Alcoholic beverage tax		165,000		165,000		209,537		44,537
Tobacco tax		116,000		116,000		113,270		(2,730)
Grants and contributions		-		1,500,000		710,116		(789,884)
Total intergovernmental		281,000		1,781,000		1,032,923		(748,077)
Licenses and permits								
Occupational licenses		15,800		15,800		27,277		11,477
Construction Permits		124,450		124,450		88,305		(36,145)
Animal license		5,500		5,500		5,390		(110)
Inspection fees		14,000		14,000		10,220		(3,780)
Miscellaneous licenses and permits		31,550		31,550		36,332		4,782
Total licenses and permits		191,300		191,300		167,524		(23,776)
Charges for services								
Ambulance		100		100		315		215
Plots and interment		35,000		35,000		57,773		22,773
Miscellaneous fees		6,600		6,600		39,912		33,312
Total charges for services		41,700		41,700		98,000		56,300
Fines and forfeitures		253,000		253,000		226,548		(26,452)
Other income								
Investment income		35,000		35,000		27,759		(7,241)
Miscellaneous income		68,500		68,500		71,355		2,855
Total other income		103,500		103,500		99,114		(4,386)
Other financing sources								
Overhead transfers		1,628,950		1,701,888		1,656,008		(45,880)
Transfers in		9,950,000		9,950,000		9,950,000		-
		11,578,950		11,651,888		11,606,008		(45,880)
Amounts available for appropriation		16,564,318		18,754,039	_	22,073,071		3,319,032
							(Co	ONTINUED)

CITY OF CLAREMORE BUDGETARY COMPARISON SCHEDULE (UNAUDITED) GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(CONTINUED)	Original Budget	Final Budmat	Actual	Variance to final
	Original Budget	Final Budget	Actual	Favorable (unfav)
Charges to appropriations (outflows)				
General government:	F20 224	F27.14C	F12 401	22.745
Information technology	529,334	537,146	513,401	23,745
Human resources	225,184	277,378	264,195	13,183
City clerk	138,818	157,041	153,922	3,119
Managerial	386,853	352,954	330,155	22,799
Finance	408,392	432,497	421,259	11,238
General government	971,870	961,870	310,139	651,731
Development services	662,165	773,820	648,915	124,905
Custodial	90,472	91,293	89,023	2,270
Non departmental	225,000	100,000	45,930	54,070
Total general government	3,638,088	3,683,999	2,776,939	907,060
Public safety and judiciary				
Police and court	4,440,843	5,605,204	4,515,589	1,089,615
Fire	4,986,501	5,477,500	5,454,650	22,850
Total public safety and judiciary	9,427,344	11,082,704	9,970,239	1,112,465
Cultural, parks, recreation, and promotion				
Library	418,317	432,226	420,492	11,734
Cemetery	157,594	161,141	152,050	9,091
Recreation	718,402	737,746	741,634	(3,888)
Senior Citizens	378,596	432,495	401,509	30,986
Total cultural, parks, recreation, and				
promotion	1,672,909	1,763,608	1,715,685	47,923
Capital outlay	-	-	24,472	(24,472)
Other financing uses				
Transfers to other funds	40,000	1,574,028	1,910,505	(336,477)
Hotel room tax agreement	151,200	151,200	113,101	38,099
Contributions to CIEDA	397,621	498,500	400,000	98,500
Total other financing uses	588,821	2,223,728	2,423,606	(199,878)
Total charges to appropriations	15,327,162	18,754,039	16,910,941	1,843,098
Ending budgetary fund balance	\$ 1,237,156	\$ -	\$ 5,162,130	\$ 5,162,130

CITY OF CLAREMORE BUDGETARY COMPARISON SCHEDULE (UNAUDITED) SALES TAX STREET FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Origi	nal Budget	Fir	nal Budget	Actual	Variance to final Favorable (unfav)		
Beginning budgetary fund balance	udgetary fund balance \$ 1,4		\$	2,111,071	\$ 11,285,932	\$	9,174,861	
Resources (inflows)								
Taxes								
Sales tax		3,750,000		3,750,000	 4,909,839		1,159,839	
Intergovernmental								
Gasoline excise tax		34,000		34,000	34,893		893	
Commercial vehicle fee		140,000		140,000	142,720		2,720	
Miscellaneous		3,000		3,000	30,010		27,010	
Total intergovernmental		177,000		177,000	207,623		30,623	
Other income								
Investment income		-		-	(784,860)		(784,860)	
Transfer in		-		-	77,281		77,281	
Total other income		-		-	(707,579)		(707,579)	
Amounts available for appropriation		5,398,071		6,038,071	 15,695,815		9,657,744	
Charges to appropriations (outflows)								
Personal services		1,619,282		1,735,447	1,662,775		72,672	
Material and supplies		831,000		831,000	486,436		344,564	
Capital outlay		2,750,666		2,870,666	1,662,908		1,207,758	
Transfer to other funds		-		-	38,342		(38,342)	
Overhead transfers		580,350		600,958	600,958		-	
Total charges to appropriations		5,781,298		6,038,071	4,451,419		1,586,652	
Ending budgetary fund balance	\$	(383,227)	\$	-	\$ 11,244,396	\$	11,244,396	

CITY OF CLAREMORE BUDGETARY COMPARISON SCHEDULE (UNAUDITED) EXPO/WWTP SALES TAX FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

						Variance to final Favorable (unfav)		
	Orig	ginal Budget	Fi	nal Budget	Actual			
Beginning budgetary fund balance		1,210,849	\$	3,960,849	\$ 6,678,174	\$	2,717,325	
Resources (inflows)								
Taxes								
Sales tax		3,750,000		3,750,000	4,909,839		1,159,839	
Other income								
Investment income		-		-	21,484		21,484	
Amounts available for appropriation		4,960,849	_	7,710,849	11,609,497		3,898,648	
Charges to appropriations (outflows)								
Material and supplies					341,500		(341,500)	
Capital outlay		300,000		3,861,100	2,886,018		975,082	
Transfers out		-		3,849,749	4,120,737		(270,988)	
Total charges to appropriations		300,000	_	7,710,849	7,348,255		362,594	
Ending budgetary fund balance	\$	4,660,849	\$	-	\$ 4,261,242	\$	4,261,242	

CITY OF CLAREMORE, OKLAHOMA NOTES TO REQUIRED SUPPLEMENTARY INFORMATION ON BUDGETARY ACCOUNTING AND CONTROL FOR THE FISCAL YEAR ENDED JUNE 30, 2022

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

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

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

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

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

Budgetary Accounting

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

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

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

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

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS DEFINED BENEFIT PENSION PLANS

		<u>2022</u>		<u>2021</u>		<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u> 2016</u>	<u> 2015</u>
Oklahoma Police Pension and Retirement Plan											
Statutorily required contribution	\$	405,143	\$	372,273	\$	385,359	\$ 341,104	\$ 338,030	\$ 356,470	\$ 340,840	\$ 342,113
Contributions related to the statutorily required											
contributions (does not include State contributions)		405,143		372,273		385,359	341,104	338,030	356,470	340,840	342,113
Contribution (deficiency) excess		-		-		-	-	-	-	-	-
City's covered-employee payroll	\$	2,383,194	\$	2,189,841	\$	2,266,817	\$2,025,826	\$1,981,294	\$1,985,885	\$2,012,431	\$1,933,492
Contributions as a percentage of covered-employee payroll		17%		17%		17%	17%	17%	18%	17%	18%
Oklahoma Firefighters Pension and Retirement Plan											
Statutorily required contribution	\$	698,522	\$	696,458	\$	727,173	\$ 636,090	\$ 617,110	\$ 617,625	\$ 645,411	\$ 644,595
Contributions related to the statutorily required											
contributions (does not include State contributions)		698,522		696,458		727,173	636,090	617,110	617,625	645,411	644,595
Contribution (deficiency) excess		-		-		-	-	-	-	-	-
City's covered-employee payroll	\$	3,037,052	\$	3,028,078	\$	3,161,621	\$3,024,864	\$3,048,129	\$2,638,707	\$2,802,586	\$ 2,636,429
Contributions as a percentage of covered-employee payroll		23%		23%		23%	21%	20%	23%	23%	24%
contributions as a percentage of covered employee payron		2370		2370		2370	2170	2070	2570	2370	2470
Employee Retirement System of Claremore, Oklahoma (OM	RF)										
Statutorily required contribution	\$	705,345	\$	505,390	\$	487,174	\$ 307,385	\$ 254,129	\$ 281,445	\$ 268,264	\$ 277,010
Contributions related to the statutorily required											
contributions		705,345		505,390		487,174	307,385	254,129	281,445	268,264	277,010
Contribution (deficiency) excess		-		-		-	=	-	-	- -	-
•	\$1	10,952,562	\$	7,775,231	\$	6,555,590	\$6,789,906	\$6,095,827	\$5,927,200	\$5,600,491	\$5,452,954
Contributions as a percentage of covered-employee payroll	·	6.44%	Ċ	6.50%	Ċ	7.43%	4.53%	4.17%	4.75%	4.79%	5.08%
Statutorily required contribution Contributions related to the statutorily required contributions Contributions Contribution (deficiency) excess City's covered-employee payroll	\$	705,345 - 10,952,562	·	505,390 - 7,775,231		487,174 - 6,555,590	307,385 - \$6,789,906	254,129 - \$6,095,827	281,445 - \$5,927,200	268,264 - \$5,600,491	277,010 - \$ 5,452,954

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

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

2022			2021		2020	2019			2018
\$ 19	99,012	\$	159,587	\$	157,279	\$	168,230	\$	183,075
-	70,017		92,998		101,586		102,946		80,015
(2	25,751)		46,813		(101,292)		(162,476)		-
2	24,189		255,184		(46,817)		(259,971)		(172,326)
(8)	30,272)		(82,880)		(80,942)		(88,401)		(82,790)
18	37,195		471,702		29,814		(239,672)		7,974
2,96	59,192		2,497,490		2,467,676		2,707,348		2,699,374
\$ 3,1!	56,387	\$	2,969,192	\$	2,497,490	\$	2,467,676	\$	2,707,348
\$11,33	15,000	\$1	10,851,000	\$	11,290,000	\$:	10,580,000	\$1	1,332,000
2	27.90%		27.36%		22.12%		23.32%		23.89%
	(2,96 \$ 3,1! \$11,33	\$ 199,012 70,017 (25,751) 24,189 (80,272) 187,195 2,969,192 \$ 3,156,387 \$11,315,000	70,017 (25,751) 24,189 (80,272) 187,195 2,969,192 \$ 3,156,387 \$	70,017 92,998 (25,751) 46,813 24,189 255,184 (80,272) (82,880) 187,195 471,702 2,969,192 2,497,490 \$ 3,156,387 \$ 2,969,192 \$11,315,000 \$10,851,000	70,017 92,998 (25,751) 46,813 24,189 255,184 (80,272) (82,880) 187,195 471,702 2,969,192 2,497,490 \$ 3,156,387 \$ 2,969,192 \$ \$11,315,000 \$10,851,000 \$	70,017 92,998 101,586 (25,751) 46,813 (101,292) 24,189 255,184 (46,817) (80,272) (82,880) (80,942) 187,195 471,702 29,814 2,969,192 2,497,490 2,467,676 \$ 3,156,387 \$ 2,969,192 \$ 2,497,490 \$11,315,000 \$10,851,000 \$11,290,000	70,017 92,998 101,586 (25,751) 46,813 (101,292) 24,189 255,184 (46,817) (80,272) (82,880) (80,942) 187,195 471,702 29,814 2,969,192 2,497,490 2,467,676 \$ 3,156,387 \$ 2,969,192 \$ 2,497,490 \$ \$11,315,000 \$10,851,000 \$11,290,000 \$ 3	70,017 92,998 101,586 102,946 (25,751) 46,813 (101,292) (162,476) 24,189 255,184 (46,817) (259,971) (80,272) (82,880) (80,942) (88,401) 187,195 471,702 29,814 (239,672) 2,969,192 2,497,490 2,467,676 2,707,348 \$ 3,156,387 \$ 2,969,192 \$ 2,497,490 \$ 2,467,676 \$ 11,315,000 \$ 10,851,000 \$ 11,290,000 \$ 10,580,000	70,017 92,998 101,586 102,946 (25,751) 46,813 (101,292) (162,476) 24,189 255,184 (46,817) (259,971) (80,272) (82,880) (80,942) (88,401) 187,195 471,702 29,814 (239,672) 2,969,192 2,497,490 2,467,676 2,707,348 \$ 3,156,387 \$ 2,969,192 \$ 2,497,490 \$ 2,467,676 \$ \$11,315,000 \$ 10,851,000 \$ 11,290,000 \$ 10,580,000 \$ 1

Notes to Schedule:

Only 5 fiscal years are presented because 10-year data is not yet available

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OTHER INFORMATION

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

Such statements and schedules include:

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

CITY OF CLAREMORE, OKLAHOMA COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2022

SPECIAL REVENUE FUNDS

ASSETS	Ju	Police uvenile Fund	Se	Orug eizure und		Sales Tax Park		IRS Seizures Fund		Local Seizures Fund		Sales Tax Police		Sales Tax Fire	Anir Cont Fur	trol		nergency Taxes		emetery Care Fund
Cash	\$	66,618	\$	113	¢	1,183,091	\$	40,260	\$	51,293	\$	593,001	\$	748,387	\$ 62	384	\$	76,877	\$	24,096
Prepaid Expenses	Ψ	-	ф	-	Ф	1,103,031	Ψ		Ψ	J1,293 -	Ф	4,168	Ψ	1,204	\$ 02	,304	Ψ	70,077	Ψ	24,030
Inventory		_		_		_		_		_		-,100		-		_		_		_
Investments		_		_		212,037		_		_		51,560		56,396		_		113,224		216,511
Receivables:						212,037						31,300		30,330				113,224		210,311
Due from other governments		_		_		170,848		_		_		170,848		170,848		_		_		_
Grants		_		_		-		_		_		1,200		2,599		_		_		_
Accrued interest		_		_		123		_		_		30		33		_		66		126
Total assets	\$	66,618	\$	113	\$	1,566,099	\$	40,260	\$	51,293	\$	820,807	\$	979,467	\$ 62	,384	\$	190,167	\$	240,733
LIABILITIES Accounts payable and accrued liabilities Total liabilities	\$	-	\$	-	\$	51,751 51,751	\$	<u>-</u>	\$	<u>-</u>	\$	42,200 42,200	\$	31,823 31,823		,381 ,381	\$	1,871 1,871	\$	14,460 14,460
FUND BALANCES																				
Restricted		_		_		_		_		_		_		_		_		_		226,274
Committed		_		_		1,514,348		_		_		778,607		947,644		_		_		
Assigned		66,618		113		-		40,260		51,293		-		-	58	,003		188,296		(1)
Total fund balances		66,618		113		1,514,348		40,260		51,293		778,607		947,644		,003		188,296		226,273
Total liabilities and fund balances	\$	66,618	\$	113	\$	1,566,099	\$	40,260	\$	51,293	\$	820,807	\$	979,467	\$ 62	,384	\$	190,167	\$	240,733

(CONTINUED)

CITY OF CLAREMORE, OKLAHOMA COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2022

Total		
lonmaior		
Nonmajor		
/ernmental		
Funds		
4,322,953		
7,855		
69,430		
1,801,872		
854,240		
334,410		
1,048		
7,391,808		
368,362		
368,362		
226,274		
5,488,811		
1,308,361		
7,023,446		
7,391,808		

CITY OF CLAREMORE, OKLAHOMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SPECIAL REVENUE FUNDS

	Police Juvenile Fund	Drug Seizure Fund	Sales Tax Park	IRS Seizures Fund	Local Seizures Fund	Sales Tax Police	Sales Tax Fire	Animal Control Fund	Emergency Taxes	Cemetery Care Fund	
REVENUES	_	_		_							
Taxes	\$ -	\$ -	\$ 981,968	\$ -	\$ -	\$ 981,968	\$ 981,968	\$ -	\$ 22,384	\$ -	
Grants	-	-	-	-	-	8,970	-	-	-	-	
Charges for services	-	-	-	-	-	-	-	21,802	-	54,503	
Fines and forfeitures	9,847	-	-	-	-	-	-	-	-	-	
Investment income	-	-	806	-	-	197	214	-	431	824	
Miscellaneous	1,280		22,249			42,347	15,341	6,049	-	3,469	
Total revenues	11,127		1,005,023			1,033,482	997,523	27,851	22,815	58,796	
EXPENDITURES											
General government	-	-	-	-	-	-	-	-	-	-	
Public safety	3,687	-	-	-	990	442,297	286,803	42,095	22,469	-	
Transportation	-	-	-	-	-	-	-	-	-	_	
Cultural, Parks, Recreation	-	-	518,979	-	-	-	-	-	-	17,180	
Fleet maintenance	-	-	-	-	-	-	-	-	-	-	
Debt service											
Principal	-	-	-	-	-	-	-	-	-	_	
Interest	-	-	-	-	-	-	-	-	-	_	
Capital outlay	-	-	184,557	-	25,887	48	-	-	-	28,578	
Total expenditures	3,687	-	703,536	-	26,877	442,345	286,803	42,095	22,469	45,758	
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	-	-	45,880	-		25,000	-	(9,794)	
Transfers out	-	_	(161,462)	-	-	(491,248)	(491,875)	-	-	-	
Total other financing			(- , - ,			(- , -,	(- , ,				
sources (uses)			(161,462)		45,880	(491,248)	(491,875)	25,000		(9,794)	
NET CHANGE IN FUND BALANCES	7,440	-	140,025	-	19,003	99,889	218,845	10,756	346	3,244	
FUND BALANCES - BEGINNING	59,178	113	1,374,323	40,260	32,290	678,718	728,799	47,247	187,950	223,029	
FUND BALANCES - ENDING	\$ 66,618	\$ 113	\$ 1,514,348	\$ 40,260	\$ 51,293	\$ 778,607	\$ 947,644	\$ 58,003	\$ 188,296	\$ 226,273	

CITY OF CLAREMORE, OKLAHOMA

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	SPECIAL R	EVENUE FUNDS (0	CONT'D)					
	(CONTINUED) Emergency Management	Fleet Maintenance	Library Fund	Capital Improvement Sales Tax	Airport Fund	CDBG Sewer Fund	Bicycle Trails Grant	Total Nonmajor Governmental Funds
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ 1,963,936	\$ -	\$ -	\$ -	\$ 4,932,224
Grants	23,371	-	31,500	-	117,994	593,463	-	775,298
Charges for services	-	-	15,825	-	-	-	-	92,130
Fines and forfeitures	-	-	-	-	-	-	-	9,847
Investment income	-	-	-	4,764	-	-	-	7,236
Miscellaneous		38,296	9,071	14,633				152,735
Total revenues	23,371	38,296	56,396	1,983,333	117,994	593,463	-	5,969,470
EXPENDITURES								
General government	-	-	-	293,369	-	111,946	-	405,315
Public safety	13,852	-	-	168,750	-	-	-	980,943
Transportation	· -	-	-	-	-	-	-	· -
Cultural, Parks, Recreation	-	-	45,414	10,698	-	-	-	592,271
Fleet maintenance	-	890,605	-	9,506	-	-	-	900,111
Debt service								
Principal	_	-	_	-	-	-	-	_
Interest	_	-	_	-	-	-	-	_
Capital outlay	-	-	-	643,183	84,278	-	-	966,531
Total expenditures	13,852	890,605	45,414	1,125,506	84,278	111,946	-	3,845,171
OTHER FINANCING SOURCES (USES)								
Transfers in	688	851,368	_	_	23,814	97,092	_	1,034,048
Transfers out	-	-	_	(267,070)		(564,472)	_	(1,976,127)
Total other financing				(- //		(= = , , ,		() /
sources (uses)	688	851,368	_	(267,070)	23,814	(467,380)		(942,079)
NET CHANGE IN FUND BALANCES	10,207	(941)	10,982	590,757	57,530	14,137	-	1,182,220
FUND BALANCES - BEGINNING	138,512	219,237	83,030	1,657,455	66,046	96,899	208,140	5,841,226
FUND BALANCES - ENDING	\$ 148,719	\$ 218,296	\$ 94,012	\$ 2,248,212	\$ 123,576	\$ 111,036	\$ 208,140	\$ 7,023,446

OTHER INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Agency Grantor/Program Title	Federal CFDA# Number	Pass-through Identifying Number	Federal Expenditures
FEDERAL AWARDS:			
U. S. DEPARTMENT OF JUSTICE:			
Bulletproof Vest Partnership Program Total US Department of Justice	16.607	Direct	\$8,970 8,970
US DEPARTMENT OF TRANSPORTATION			
Airport Improvement Program Airport Improvement Program COVID 19 Airport Improvement Program Total US Department of Transportation	20.106 20.106 20.106	GCM Apron Rehabilitation Airport Rescue Grant Airport Coronavirus Response	85,994 32,000 13,000 130,994
US DEPARTMENT OF HOMELAND SECURITY			
Passed through the Oklahoma Department of Emergency Mana	agement		
Emergency Management Performance Grant	97.042	EMPG 21	7,500
Emergency Management Performance Grant	97.042	EMPG 22	7,500
Total US Department of Homeland Security			15,000
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passetd through the Oklahoma Department of Commerce:			
Community Development Block Grant	14.228	18262 CDBG SC 21	170,505
Community Development Block Grant	14.228	18112 CDBG CR 20	422,958
Total US Department of Housing and Urban Development			593,463
U. S. DEPARTMENT OF THE TREASURY			
Coronavirus State and Local Fiscal Recovery Funds	21.027	City allocation	710,116
Coronavirus State and Local Fiscal Recovery Funds	21.027	Claremore Library allocation	17,352
Total US Department of the Treasury			727,468
TOTAL FEDERAL AWARDS			\$1,475,895

CITY OF CLAREMORE, OKLAHOMA ANNUAL FINANCIAL REPORT AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORT For the fiscal year ended June 30, 2022

OTHER INFORMATION

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

This schedule includes the federal grant activity of the City of Claremore, Oklahoma under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") Because the schedule presents only a selected portion of the operations of the City of Claremore, Oklahoma, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City of Claremore, Oklahoma.

Note 2. Summary of Significant Accounting Policies

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

Note 3. De Minimis Indirect Cost Rate

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

OTHER INFORMATION

CLAREMORE PUBLIC WORKS AUTHORITY SCHEDULE OF REVENUE BOND AND NOTE COVERAGE FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Electric	Wa	ter & Sewer
Gross Revenue Available for Debt Service:			
Electric system revenues (1) Water and sewer systems revenues (1)	\$ 34,891,233	\$	- 6,800,357
Investment income (split evenly)	-201,392		(201,392)
Sales tax revenues (2)	 4,909,839		4,909,839
Total Gross Revenues Available	39,599,681		11,508,805
System operating expenses (3)	21,503,085		4,102,413
Net revenues available for debt service	\$ 18,096,596	\$	7,406,392
Average Annual Debt Service Requirements for Term:			
CPWA Utility Revenue Note, Series 2013B	\$ 516,877	\$	_
CPWA Utility System and Sales Tax Revenue Note, Series 2015	-		1,701,124
CPWA Utility System and Sales Tax Revenue Note, Series 2019	-		358,015
CPWA Utility System and Sales Tax Revenue Note, Series 2020	-		319,375
CPWA Electric System Revenue Refunding Note, Taxable, Series 2021	4,232,506		_
Total average annual debt service	\$ 4,749,383		2,378,514
Computed Coverage	 3.81		3.11
Coverage Requirement - Revenue Bond and Note Indentures	1.25		1.25

- (1) Water and sewer system are pledged to the 2015, 2019, and 2020 CPWA Revenue Notes, electric revenue is pledged to all others
- (2) Sales tax revenues deposited to the Sales Tax Street Fund are pledged to the 2015, 2019, and 2020 CPWA Revenue Notes, EXPO/WWTP Sales Tax Fund are dedicated for all others
- (3) Excludes depreciation.
- (4) Note Series 2013B debt service may be offset by incremental property taxes as specified by TIF #1

COMPLIANCE SECTION



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

City Council
City of Claremore
Claremore, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Claremore (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 21, 2023.

Report on Internal Control over Financial Reporting

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

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

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

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City Council City of Claremore Page 2

Report on Compliance and Other Matters

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

Purpose of this Report

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

Hill & Compay.pc

Tulsa, Oklahoma June 21, 2023





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

City Council
City of Claremore
Claremore, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Claremore's (the City) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

5028 E. 101st Street

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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



Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the City as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 21, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of



City Council City of Claremore Page 4

America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hill & Compay.pc

Tulsa, Oklahoma June 21, 2023



City of Claremore

Schedule of Findings and Questioned Costs Year Ended June 30, 2022

Summary of Auditor's Results

1.	The opinion expressed in the independent auditor's report was:										
	oximes Unmodified $oximes$ Qualified $oximes$ Adverse $oximes$ Disclaime	d									
2.	The independent auditor's report on internal control over financi	al re	porting d	esc	ribed:						
	Significant deficiencies	Ye	es	\boxtimes	None re	eported					
	Material weaknesses?	Υe	es	\times	No						
3.	Noncompliance considered material to the financial statements disclosed by the audit?	was] Ye		\boxtimes	No						
4.	The independent auditor's report on internal control over comprograms disclosed:	pliar	nce for m	najo	r federa	l awards					
	Significant deficiencies?	Ye	es	\times	None r	eported					
	Material weaknesses?] Y €	es	X	No						
5.	The opinion expressed in the independent auditors' report on columns:	mpli	ance for r	najo	or federa	al awards					
	oximes Unmodified $oximes$ Qualified $oximes$ Adverse $oximes$ Disclaime	d									
6.	The audit disclosed findings required to be reported by the Uniform Guidance?	s	⊠ No								
7.	The City's major program was: Cluster/Program		CFD	A N	umber						
	Oklahoma Coronavirus State and Local Fiscal Recovery Fund	ds		21.	027	_					
8.	The threshold used to distinguish between Type A and Type defined in the Uniform Guidance was \$750,000.	Вр	orograms	as	those to	erms are					
9.	The City qualified as a low-risk auditee as that term is defined in Uniform Guidance.	1	\boxtimes	Yes	s 🗆	No					

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

None to report for the year ended June 30, 2022.

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

None to report for the year ended June 30, 2022.

City of Claremore
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2022

No matters were reportable.