

City of

CLAREMORE | OK

**ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

THE CITY OF CLAREMORE, OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

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As of and for the Year Ended June 30, 2024**

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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, 2024 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, 2024, 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

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 16, 2025 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.

Hick & Company, PC

Tulsa, Oklahoma
June 16, 2025



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MANAGEMENT DISCUSSION AND ANALYSIS

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Our discussion and analysis of the City of Claremore's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2024, the City's total net position increased by \$1,925,227 or 1.4% from the prior year.
- During the year, the City's expenses for governmental activities were \$34.9 million and were funded by program revenues of \$8.9 million and further funded with taxes and other general revenues that totaled \$37.5 million.
- The City's business-type activities net position decreased by \$9.6 million or 14.2% from the prior year.
- At June 30, 2024, the General Fund reported an unassigned fund balance of \$491,553.
- For budgetary reporting purposes, the General Fund reported revenues over estimates of \$1,234,483 or 4.5%, while expenditures were under the final appropriations by \$3,235,485 or 10%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Claremore (the "City") and its component units using the integrated approach as prescribed by GASB Statements No. 14, 34, 39, and 61. Included in this report are governmental-wide statements for each of two categories of activities – governmental and business-type. The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets), and deferred outflows of resources, as well as all liabilities (including all long-term debt) and deferred inflows of resources.

About the City

The City of Claremore is an incorporated municipality with a population of approximately 20,385 located in northeastern Oklahoma. The City operates under a council-manager form of government with a charter that provides for three branches of government.

- Legislative – the governing body includes an elected eight-member City Council and Mayor
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

The City's Financial Reporting Entity

This annual report includes all activities for which the City Council of the City of Claremore is fiscally responsible. These activities are operated within several separate legal entities that are reported together to make up the City's financial reporting entity.

The City's financial reporting entity includes the City of Claremore and two blended component units.

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Using This Annual Report

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial position and changes therein at two distinct levels:

- **The City as a Whole** (a government-wide presentation)
- **The City's Funds** (a presentation of the City's major and aggregate non-major funds)

The City's various government-wide and fund financial statements are presented throughout this annual report and are accompanied by:

- **Management's Discussion and Analysis** – that provides useful analysis that facilitates a better understanding of the City's financial condition and changes therein.
- **Footnotes** - that elaborate on the City's accounting principles used in the preparation of the financial statements and further explain financial statement elements.
- **Supplemental Information** – that provide additional information about specified elements of the financial statements, such as budgetary comparison information, and capital assets and long-term debt information.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

- **Governmental activities** -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** -- The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's airport, water, sewer, electric, sanitation systems and recreation activities are reported here.

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Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

Governmental funds -- Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental und financial statement.

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

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$142,707,541 at the close of the most recent fiscal year.

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TABLE 1
NET POSITION (in Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>	
Current assets	\$ 43,332	\$ 33,200	31%	\$ 40,456	\$ 36,200	12%	\$ 83,788	\$ 69,400	21%
Capital assets, net	60,689	58,900	3%	93,359	88,600	5%	154,048	147,500	4%
Other non-current assets	194	-	100%	-	-	0%	194	-	100%
Total assets	<u>104,215</u>	<u>92,100</u>	13%	<u>133,815</u>	<u>124,800</u>	7%	<u>238,030</u>	<u>216,900</u>	10%
Deferred outflows	<u>6,656</u>	<u>14,700</u>	-55%	<u>3,374</u>	<u>4,100</u>	-18%	<u>10,030</u>	<u>18,800</u>	-47%
Current liabilities	6,877	5,716	20%	12,142	7,600	60%	19,019	13,316	43%
Non-current liabilities	16,615	18,114	-8%	66,573	52,500	27%	83,188	70,614	18%
Total liabilities	<u>23,492</u>	<u>23,830</u>	-1%	<u>78,715</u>	<u>60,100</u>	31%	<u>102,207</u>	<u>83,930</u>	22%
Deferred inflows	<u>2,574</u>	<u>9,700</u>	-73%	<u>558</u>	<u>1,300</u>	-57%	<u>3,132</u>	<u>11,000</u>	-72%
Net position									
Net investment capital assets	60,689	58,900	3%	40,968	44,600	-8%	101,657	103,500	-2%
Restricted	28,159	200	13980%	1,020	12,200	-92%	29,179	12,400	135%
Unrestricted (deficit)	(4,043)	14,200	128%	15,928	10,700	49%	11,885	24,900	-52%
Total net position	<u>\$ 84,805</u>	<u>\$ 73,300</u>	16%	<u>\$ 57,916</u>	<u>\$ 67,500</u>	-14%	<u>\$ 142,721</u>	<u>\$ 140,800</u>	1%

The largest portion of the City's net position reflects its net investment capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. For 2024, the net investment in capital assets amounted to \$101,657,463. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A major portion of the City's net position, \$29,179,476, also represents resources that are subject to external restrictions on how they may be used.

Explanations of significant changes displayed in Table 1 are as follows:

Governmental Activities:

Current assets— increased \$10.1 million (31%) mainly due to an increase of \$13.4 million in cash and cash equivalents.

Deferred outflows—decreased \$8.1 million (55%) due to changes in pension activity.

Business-Type Activities:

Total Liabilities – increased \$18.6 million (31%) mainly due to a new revenue bond issued in the current period.

Deferred inflows—decreased \$.7 million (57%) due to changes in pension activity.

Changes in Net Position

For the year ended June 30, 2024, net position of the primary government changed as follows:

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TABLE 2
CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>	
Revenues									
Charges for service	\$ 344	\$ 630	-45%	\$ 44,292	\$ 48,301	-8%	\$ 44,636	\$ 48,931	-9%
Operating grants and contributions	7,650	1,965	289%	30	-	-100%	7,680	1,965	291%
Capital grants and contributions	884	1,218	-27%	76	-	-100%	960	1,218	-21%
Taxes	18,824	18,262	3%	-	-	0%	18,824	18,262	3%
Investment income	546	181	202%	2,606	322	709%	3,152	503	527%
Miscellaneous	2,410	1,177	105%	1,181	575	105%	3,591	1,752	105%
Total revenues	<u>30,658</u>	<u>23,433</u>	31%	<u>48,185</u>	<u>49,198</u>	-2%	<u>78,843</u>	<u>72,631</u>	9%
Expenses									
General government	10,610	3,597	195%	-	-	-	10,610	3,597	195%
Public safety	14,286	13,195	8%	-	-	-	14,286	13,195	8%
Transportation	5,046	4,663	8%	-	-	-	5,046	4,663	8%
Culture and recreation	3,695	3,519	5%	-	-	-	3,695	3,519	5%
Fleet Maintenance	1,307	938	39%	-	-	-	1,307	938	39%
Electric	-	-	-	26,232	27,743	-5%	26,232	27,743	-5%
Water	-	-	-	7,284	5,084	43%	7,284	5,084	43%
Wastewater	-	-	-	3,674	3,659	0%	3,674	3,659	0%
Solid waste	-	-	-	1,851	2,023	-9%	1,851	2,023	-9%
Recreation services	-	-	-	2,533	2,447	4%	2,533	2,447	4%
Total expenses	<u>34,944</u>	<u>25,912</u>	35%	<u>41,574</u>	<u>40,956</u>	2%	<u>76,518</u>	<u>66,868</u>	14%
Excess (deficiency) before transfers	(4,286)	(2,479)	-73%	6,611	8,242	-20%	2,325	5,763	-60%
Transfers	15,760	7,057	123%	(16,160)	(7,202)	124%	(400)	(145)	-176%
Change in net position	<u>\$ 11,474</u>	<u>\$ 4,578</u>	151%	<u>\$ (9,549)</u>	<u>\$ 1,040</u>	-1018%	<u>\$ 1,925</u>	<u>\$ 5,618</u>	-66%

Explanations of significant changes in Table 2 are as follows:

Governmental Activities:

Operating grant and contributions – increased 5.7 million (289%) due to an increase in general government grants received in the current year.

General government - increased \$7 million (195%) due to an increase in expenses for the new disaster recovery fund.

Business-Type Activities:

Charges for services - decreased \$4 million (8%) mainly due to a decrease in electric revenues.

Investment income - increase of \$2.3 million (709%) due to an increase in gain on investments in the current year.

Water expenses - increase of \$2.2 million (43%) due to an increase in operating expenses.

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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 or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

TABLE 3
Net Revenue (Expense) of Governmental Activities
(In Thousands)

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>	
General government	\$ 10,610	\$ 3,597	195%	\$ (4,254)	\$ (2,610)	63%
Public safety	14,286	13,193	8%	(12,784)	(11,640)	10%
Transportation	5,046	4,663	8%	(4,489)	(3,754)	20%
Culture, parks and recreation	3,695	3,519	5%	(3,233)	(3,155)	2%
Fleet maintenance	1,307	938	39%	(1,307)	(938)	39%
Total	<u>\$ 34,944</u>	<u>\$ 25,910</u>	35%	<u>\$ (26,067)</u>	<u>\$ (22,097)</u>	18%

For the year ended June 30, 2024 total expenses for governmental activities amounted to approximately \$35 million which was an increase from the prior year of 35%. See Table 2 above for explanations of changes.

Business-type Activities

TABLE 4
Net Revenue (Expense) of Business-Type Activities
(In Thousands)

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>	
Electric	\$ 26,232	\$ 27,743	-5%	\$ 6,346	\$ 9,552	-34%
Water	7,284	5,084	43%	(1,984)	122	-1726%
Wastewater	3,674	3,659	0%	(456)	(1,235)	-63%
Solid waste	1,851	2,023	-9%	318	302	5%
Recreation services	2,533	2,447	4%	(1,399)	(1,396)	0%
Total	<u>\$ 41,574</u>	<u>\$ 40,956</u>	2%	<u>\$ 2,825</u>	<u>\$ 7,345</u>	-62%

The City's business-type activities include economic and development and utility services for water, sewer, and storm water.

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A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2024 fiscal year, the governmental funds reported a combined fund balance of \$36.5 million or a 41% increase of \$10,671,722 from the prior year. The enterprise funds reported combined net position of \$57.9 million or a 14% decrease from 2023.

Fund Balance/Net Position

Governmental Funds		Proprietary Funds	
Nonspendable	\$ 103,088		
Restricted	28,054,182	Net investment in capital assets	\$ 40,968,247
Assigned	7,883,367	Restricted	1,020,670
Unassigned	441,473	Unrestricted	15,927,334
Total Fund Balance	<u>\$ 36,482,110</u>	Total Net Position	<u>\$ 57,916,251</u>

General Fund Budgetary Highlights

For budgetary reporting purposes, the General Fund reported revenues over estimates of \$1,234,483 or 4.5%, while expenditures were under the final appropriations by \$3,235,485 or 10%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2024, the City had \$154 million invested in capital assets, net of depreciation, including buildings and improvements, machinery and equipment, infrastructure, and storm water improvements. (See table below). This represents a net increase of \$6.6 million or 4.5% from the prior year.

TABLE 5
Capital Assets
(In Thousands)
(Net of accumulated depreciation)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 7,091	\$ 6,771	\$ 2,334	\$ 2,316	\$ 9,425	\$ 9,087
Buildings and improvements	6,283	6,608	8,321	8,822	14,604	15,430
Machinery and Equipment	5,442	5,255	3,541	3,114	8,983	8,369
Infrastructure	37,831	36,572	70,286	67,693	108,117	104,265
Construction in progress	4,042	3,660	8,877	2,788	12,919	6,448
Lease asset	-	-	-	3,838	-	3,838
Totals	<u>\$ 60,689</u>	<u>\$ 58,866</u>	<u>\$ 93,359</u>	<u>\$ 88,571</u>	<u>\$ 154,048</u>	<u>\$ 147,437</u>

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This year's more significant capital asset additions placed into service included:

Street repairs	\$2,460,037
Water meters	\$1,800,000
Lake Dam infrastructure	\$1,450,039
WWTP Fence and site improvements	\$387,338
2024 Peterbilt	\$357,558
Land bike trails	\$315,836

See Note 5 to the financial statements for more detail information on the City's capital assets and changes therein.

Long- Term Debt

At year-end, the City had \$72 million in long-term debt outstanding which represents a \$19.4 million increase, or 37%, from the prior year. The City's changes in long-term debt by type of debt are as follows:

TABLE 6
Long-Term Debt
(In Thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Accrued absences	\$ 1,484	\$ 1,490	\$ 236	\$ 257	\$ 1,720	\$ 1,747
Revenue bond payable	-	-	27,430	-	27,430	-
GRDA cost recovery obligation	-	-	2,179	2,530	2,179	2,530
Bond Discount	-	-	(468)	-	(468)	-
Bond Premium	-	-	1,338	-	1,338	-
Right of use lease liability	-	-	-	3,969	-	3,969
Notes Payable - Direct borrowing	-	-	39,920	45,960	39,920	45,960
Totals	<u>\$ 1,484</u>	<u>\$ 1,490</u>	<u>\$ 70,635</u>	<u>\$ 52,716</u>	<u>\$ 72,119</u>	<u>\$ 54,206</u>

See Note 8 to the financial statements for more detail information on the City's long-term debt and changes therein.

Economic Factors and New Year's Budget

The City of Claremore's vision is to lead with intention—delivering excellence in public service by being people-focused, cultivating leadership at every level, and driving strategic economic and community development. Its goal is not only to be a great place to live and work, but to stand out as a high-performing city within both Rogers County and the broader Tulsa MSA.

According to a 2024 analysis by Lightcast, Claremore is outperforming its peers. The city has significantly expanded its job base, contributing to a countywide employment growth rate of 11.6% since 2019—nearly triple the national average. As a regional employment center, Claremore draws more than 10,000 daily commuters while also connecting its residents to opportunities across the metro. Manufacturing continues to be a competitive advantage, with over 5,500 high-wage jobs and strong

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momentum in aerospace fabrication, heat exchanger production, and structural manufacturing—adding more than 1,000 jobs since 2019. Workforce development is anchored by Rogers State University and Northeast Tech, which together produced over 730 completions in 2023 in high-demand fields like nursing, business, skilled trades, and applied engineering. The healthcare sector is also expanding rapidly, with 15% job growth and surging demand in behavioral health and therapeutic services.

In the wake of the May 2024 F3 tornado, Claremore demonstrated not only resilience—but resolve. The city has accelerated progress on strategic infrastructure priorities including water quality, electric infrastructure reliability, and roadway enhancements. Complimenting this includes the International award-winning Pattern Zone housing initiative, which expedites development through pre-approved, architecturally designed housing models; the community’s first over-rail highway, opening in 2025; a new turnpike interchange to enhance regional access; and major upgrades to Highway 66 in preparation for its 2026 centennial. These efforts join alongside more than \$11 million invested in city-led street enhancement projects over the past five years—improving mobility, safety, and visual appeal.

Claremore’s commitment to future-ready growth is clear. The City continues to partner with regional leaders to advance public utility infrastructure, attract private investment, and elevate quality of life for residents and employers alike. In a competitive landscape, Claremore is not just keeping pace—it’s setting the pace.

Contacting the City’s Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with an understanding of the City’s finances and to demonstrate the City’s accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the City of Claremore at 918-341-1325.

**CITY OF CLAREMORE, OKLAHOMA
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BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

Government-Wide Statement of Net Position– June 30, 2024

	Primary Government			Component Unit Claremore Industrial and Economic Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and equivalents	\$ 23,782,021	\$ 3,581,794	\$ 27,363,815	\$ 2,005,675
Cash and equivalents- restricted	-	30,530,551	30,530,551	38,138
Investments	11,360,089	1,138,613	12,498,702	5,727,574
Interest receivable	37,348	3,561	40,909	-
Accounts receivable, net	173,879	3,478,179	3,652,058	87,785
Tax receivable, net	3,083,292	86,637	3,169,929	-
Grant receivable, net	4,659,402	29,635	4,689,037	-
Due from other governments	-	14,161	14,161	-
Prepaid expense	51,247	11,233	62,480	-
Inventory	184,714	1,581,664	1,766,378	13,901
Note receivable	-	-	-	205,789
Net pension asset	193,516	-	193,516	-
Capital Assets				
Land and construction in progress	11,133,148	11,211,103	22,344,251	-
Other capital assets, net of depreciation	49,556,068	82,147,760	131,703,828	2,402,578
Total assets	104,214,724	133,814,891	238,029,615	10,481,440
DEFERRED OUTFLOWS:				
Deferred amounts related to pensions	6,434,750	985,466	7,420,216	59,460
Deferred amounts related to OPEB	221,408	526,368	747,776	44,020
Deferred amount on refunding	-	945,578	945,578	-
Deferred amount related to Asset Retirement Obligation	-	916,905	916,905	-
Total deferred outflows of resources	6,656,158	3,374,317	10,030,475	103,480
LIABILITIES				
Accounts payable	5,033,881	3,911,551	8,945,432	26,925
Accrued payroll	119,142	-	119,142	-
Claims liability	1,327,878	-	1,327,878	-
Unearned revenue	247,387	-	247,387	-
Accrued interest payable	-	567,190	567,190	-
Due to depositors	-	1,216,081	1,216,081	-
Long-term liabilities				
Due within one year	148,422	6,447,176	6,595,598	40,657
Due in more than one year	16,614,759	66,573,059	83,187,818	814,959
Total liabilities	23,491,469	78,715,057	102,206,526	882,541
DEFERRED INFLOWS:				
Deferred amounts related to pensions	1,325,361	327,215	1,652,576	22,410
Deferred amounts related to OPEB	1,248,805	230,415	1,479,220	16,080
Total deferred inflows of resources	2,574,166	557,630	3,131,796	38,490
NET POSITION:				
Net investment in capital assets	60,689,216	40,968,247	101,657,463	1,664,633
Net Position:				
Restricted	28,159,395	1,020,081	29,179,476	63,820
Unrestricted (deficit)	(4,043,364)	15,928,193	11,884,829	7,935,436
Total net position	\$ 84,805,247	\$ 57,916,521	\$ 142,721,768	\$ 9,663,889

See accompanying notes to the basic financial statements.

CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Government-Wide Statement of Activities –Year Ended June 30, 2024

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Component Unit Claremore Industrial and Economic Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental Activities								
General Government	\$ 10,610,117	\$ 189,160	\$ 6,167,403	\$ -	\$ (4,253,554)	\$ -	\$ (4,253,554)	\$ -
Public Safety	14,285,789	-	1,416,192	85,784	(12,783,813)	-	(12,783,813)	-
Culture and Recreation	3,694,826	155,072	65,800	241,258	(3,232,696)	-	(3,232,696)	-
Transportation	5,046,421	-	-	557,070	(4,489,351)	-	(4,489,351)	-
Fleet Maintenance	1,307,231	-	-	-	(1,307,231)	-	(1,307,231)	-
Total governmental activities	34,944,384	344,232	7,649,395	884,112	(26,066,645)	-	(26,066,645)	-
Business-type activities								
Electric	26,231,690	32,564,809	12,674	-	-	6,345,793	6,345,793	-
Water	7,283,920	5,283,023	16,961	-	-	(1,983,936)	(1,983,936)	-
Wastewater	3,673,980	3,217,809	-	-	-	(456,171)	(456,171)	-
Solid Waste	1,851,206	2,093,084	-	76,042	-	317,920	317,920	-
Recreation Services	2,532,401	1,133,051	-	-	-	(1,399,350)	(1,399,350)	-
Total business-type activities	41,573,197	44,291,776	29,635	76,042	-	2,824,256	2,824,256	-
Total primary government	\$ 76,517,581	\$ 44,636,008	\$ 7,679,030	\$ 960,154	(26,066,645)	2,824,256	(23,242,389)	-
Component Units								
Economic development	\$ 1,023,859	\$ 358,071	\$ -	\$ 119,169				(546,619)
Airport	723,118	708,090	-	-				(15,028)
Total component units	\$ 1,746,977	\$ 1,066,161	\$ -	\$ 119,169				(561,647)
General revenues:								
Taxes:								
Sales tax					15,472,915	-	15,472,915	-
Use tax					2,239,488	-	2,239,488	-
Property tax					-	-	-	41,135
Cigarette tax					95,159	-	95,159	-
Alcoholic beverage					185,415	-	185,415	-
Gasoline tax					42,958	-	42,958	-
Motor vehicle tax					132,514	-	132,514	-
Franchise tax					655,876	-	655,876	-
Intergovernmental					583	-	583	-
Gain (loss) on asset sale					(10,000)	159,818	149,818	-
Investment income					546,207	2,605,810	3,152,017	2,575,545
Miscellaneous					2,419,837	1,021,036	3,440,873	-
Transfers - internal activity					15,759,943	(16,159,943)	(400,000)	400,000
Total general revenues and transfers					37,540,895	(12,373,279)	25,167,616	3,016,680
Change in net position					11,474,250	(9,549,023)	1,925,227	2,455,033
Net position - beginning					73,330,997	67,465,544	140,796,541	7,208,856
Net position - ending					\$ 84,805,247	\$ 57,916,521	\$ 142,721,768	\$ 9,663,889

See accompanying notes to the basic financial statements.

CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
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BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Governmental Funds Balance Sheet - June 30, 2024

**Claremore
Balance Sheet
Governmental Funds
June 30, 2024**

	General Fund	EXPO/WWT P Sales Tax Fund	Sales Tax Street Fund	Disaster Recovery Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 7,002,881	\$ 1,323,484	\$ 3,594,449	\$ 6,347,302	\$ 5,513,905	\$23,782,021
Investments	-	1,135,885	8,895,391	-	1,328,813	11,360,089
Receivables:						
Accounts receivable	173,879	-	-	-	-	173,879
Grant receivables	1,603	-	19,074	4,361,955	276,770	4,659,402
Taxes receivable	441,216	878,415	885,246	-	878,415	3,083,292
Accrued interest receivable	-	4,808	28,381	-	4,159	37,348
Inventory	97,379	-	87,335	-	-	184,714
Prepaid Expense	36,197	-	-	-	15,050	51,247
Total assets	<u>\$ 7,753,155</u>	<u>\$ 3,342,592</u>	<u>\$13,509,876</u>	<u>\$10,709,257</u>	<u>\$ 8,017,112</u>	<u>\$43,331,992</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,081,263	\$ 77,913	\$ 268,248	\$ 3,020,656	\$ 702,160	\$ 5,150,240
Accrued payroll	1,330,639	-	-	-	22	1,330,661
Unearned revenue	247,387	-	-	-	-	247,387
Total liabilities	<u>2,659,289</u>	<u>77,913</u>	<u>268,248</u>	<u>3,020,656</u>	<u>702,182</u>	<u>6,728,288</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	<u>121,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,594</u>
Fund balances:						
Nonspendable	15,753	-	87,335	-	-	103,088
Restricted	-	3,264,679	13,154,293	4,361,955	7,273,255	28,054,182
Assigned	4,464,966	-	-	3,326,646	91,755	7,883,367
Unassigned	491,553	-	-	-	(50,080)	441,473
Total fund balances	<u>4,972,272</u>	<u>3,264,679</u>	<u>13,241,628</u>	<u>7,688,601</u>	<u>7,314,930</u>	<u>36,482,110</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,753,155</u>	<u>\$ 3,342,592</u>	<u>\$13,509,876</u>	<u>\$10,709,257</u>	<u>\$ 8,017,112</u>	<u>\$43,331,992</u>

See accompanying notes to the basic financial statements.

CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

Governmental Funds Statement of Changes in Fund Balances – Year Ended June 30, 2024

	General Fund	EXPO/WWTP Sales Tax Fund	Sales Tax Street Fund	Disaster Recovery Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 2,889,951	\$ 5,157,638	\$ 5,157,638	\$ -	\$ 5,163,052	\$ 18,368,279
Intergovernmental	3,658,167	-	308,990	4,361,955	959,475	9,288,587
Charges for services	66,015	-	-	-	50,166	116,181
Fines and forfeitures	143,137	-	-	-	-	143,137
Licenses and permits	205,624	-	-	-	-	205,624
Investment income	306,913	70,174	141,991	-	27,129	546,207
Miscellaneous	306,617	-	2,007,549	42,586	88,381	2,445,133
Total revenues	<u>7,576,424</u>	<u>5,227,812</u>	<u>7,616,168</u>	<u>4,404,541</u>	<u>6,288,203</u>	<u>31,113,148</u>
EXPENDITURES						
Current:						
General government	3,892,751	-	-	5,713,476	416,412	10,022,639
Public Safety	13,010,208	-	-	-	815,531	13,825,739
Highways and streets	-	-	2,575,422	-	-	2,575,422
Culture and recreation	1,324,920	1,252,585	-	-	807,171	3,384,676
Cemetery	198,371	-	-	-	-	198,371
Library	467,982	-	-	-	-	467,982
Airport	-	-	-	-	1	1
Fleet Maintenance	1,258,196	-	-	-	-	1,258,196
Capital Outlay	349,814	163,800	2,168,666	102,464	2,350,396	5,135,140
Total expenditures	<u>20,502,242</u>	<u>1,416,385</u>	<u>4,744,088</u>	<u>5,815,940</u>	<u>4,389,511</u>	<u>36,868,166</u>
Excess (deficiency) of revenues over expenditures	(12,925,818)	3,811,427	2,872,080	(1,411,399)	1,898,692	(5,755,018)
OTHER FINANCING SOURCES (USES)						
Transfers in	23,802,817	-	36,392	9,100,000	54,286	32,993,495
Transfers out	(10,613,438)	(4,150,000)	(616,397)	-	(1,186,920)	(16,566,755)
Total other financing sources and uses	<u>13,189,379</u>	<u>(4,150,000)</u>	<u>(580,005)</u>	<u>9,100,000</u>	<u>(1,132,634)</u>	<u>16,426,740</u>
Net change in fund balances	263,561	(338,573)	2,292,075	7,688,601	766,058	10,671,722
Fund balances - beginning June 30, 2024 as previously reported	<u>4,363,940</u>	<u>3,603,252</u>	<u>10,949,553</u>	<u>-</u>	<u>6,893,643</u>	<u>25,810,388</u>
Restatements	<u>344,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(344,771)</u>	<u>-</u>
Fund balances - beginning June 30, 2024 as restated	<u>4,708,711</u>	<u>3,603,252</u>	<u>10,949,553</u>	<u>-</u>	<u>6,548,872</u>	<u>25,810,388</u>
Fund balances - ending	<u>\$ 4,972,272</u>	<u>\$ 3,264,679</u>	<u>\$ 13,241,628</u>	<u>\$ 7,688,601</u>	<u>\$ 7,314,930</u>	<u>\$ 36,482,110</u>

See accompanying notes to the basic financial statements.

CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	\$ 36,482,110
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	60,689,216
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Certain other assets and long-term elements are not available to pay current period expenditures and are either deferred or not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Net pension asset	193,516
Pension related deferred outflows	6,434,750
OPEB related deferred outflows	221,408
Unavailable revenues	121,594

Some liabilities are not due and payable in the current period and they, along with deferred inflows, are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position:

Net pension liability	(13,329,632)
OPEB Liability	(1,949,326)
Pension related deferred inflows	(1,325,361)
OPEB related deferred inflows	(1,248,805)
Accrued compensated absences	(1,484,223)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 84,805,247</u>

See accompanying notes to the basic financial statements.

CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds: \$ 10,671,722

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

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

Capital asset purchases capitalized	5,124,465
Depreciation expense	(3,085,487)
Disposed capital assets	(215,085)

In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as expenditures. This amount represents the difference between pension contributions and calculated pension expense.

(950,193)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in unavailable revenue	(119,835)
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Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in total OPEB liability and related deferrals	43,338
Change in accrued compensated absences	5,325

Change in net position of governmental activities	<u>\$ 11,474,250</u>
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See accompanying notes to the basic financial statements.

CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

Proprietary Funds Statement of Net Position - June 30, 2024

	Enterprise Funds		
	Claremore Public Works Authority	Claremore Cultural Development Authority	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,286,076	\$ 1,295,718	\$ 3,581,794
Cash and cash equivalents, restricted	30,530,551	-	30,530,551
Investments, restricted	858	-	858
Accounts receivable, net	3,563,887	929	3,564,816
Grant receivables	29,635	-	29,635
Accrued interest receivable	3,561	-	3,561
Inventory	1,581,664	-	1,581,664
Due from other governments	14,161	-	14,161
Prepaid expense	11,233	-	11,233
Total current assets	<u>38,021,626</u>	<u>1,296,647</u>	<u>39,318,273</u>
Non-current assets:			
Investments, restricted	1,137,755	-	1,137,755
Capital assets:			
Land, construction in progress	9,764,174	1,446,929	11,211,103
Other capital assets, net of accumulated depreciation	73,352,919	8,794,841	82,147,760
Total non-current assets	<u>84,254,848</u>	<u>10,241,770</u>	<u>94,496,618</u>
Total assets	<u>122,276,474</u>	<u>11,538,417</u>	<u>133,814,891</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred amounts related to pensions	873,056	112,410	985,466
Deferred amounts related to OPEB	468,815	57,553	526,368
Unamortized asset retirement obligation	916,905	-	916,905
Deferred charge on debt refunding	945,578	-	945,578
Total deferred outflow of resources	<u>3,204,354</u>	<u>169,963</u>	<u>3,374,317</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	3,781,444	130,107	3,911,551
Accrued payroll payable	-	-	-
Accrued interest payable	567,190	-	567,190
Accrued compensated absences	18,606	5,030	23,636
Notes payable	6,393,754	-	6,393,754
Total current liabilities	<u>10,760,994</u>	<u>135,137</u>	<u>10,896,131</u>
Non-current liabilities:			
Accrued compensated absences	167,458	45,269	212,727
Due to depositors	1,210,221	5,860	1,216,081
Net pension liability	676,546	100,912	777,458
Total OPEB liability	547,564	87,610	635,174
Refundable deposits	972,405	-	972,405
Revenue bond payable	1,884,921	-	1,884,921
Notes payable, net	62,120,160	-	62,120,160
Total non-current liabilities	<u>67,579,275</u>	<u>239,651</u>	<u>67,818,926</u>
Total liabilities	<u>78,340,269</u>	<u>374,788</u>	<u>78,715,057</u>
DEFERRED INFLOW OF RESOURCES			
Deferred amounts related to pensions	284,743	42,472	327,215
Deferred amounts related to OPEB	199,003	31,412	230,415
Total deferred inflow of resources	<u>483,746</u>	<u>73,884</u>	<u>557,630</u>
NET POSITION			
Net investment in capital assets	40,968,247	-	40,968,247
Restricted for debt service	1,020,081	-	1,020,081
Restricted for other purposes	859	-	859
Unrestricted	4,667,626	11,259,708	15,927,334
Total net position	<u>\$ 46,656,813</u>	<u>\$ 11,259,708</u>	<u>\$ 57,916,521</u>

See accompanying notes to the basic financial statements.

CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

Proprietary Funds Statement of Changes in Net Position - Year Ended June 30, 2024

	Enterprise Funds		
	Claremore Public Works Authority	Claremore Cultural Development Authority	Total
REVENUES			
Charges for services			
Electricity	\$ 32,564,809	\$ -	\$ 32,564,809
Water	5,283,023	-	5,283,023
Sewer and storm water	3,217,809	-	3,217,809
Sanitation	2,093,084	-	2,093,084
Recreation	-	1,073,382	1,073,382
Penalties and fees	717,951	-	717,951
Miscellaneous revenue	22,643	13,430	36,073
Total operating revenues	<u>43,899,319</u>	<u>1,086,812</u>	<u>44,986,131</u>
OPERATING EXPENSES			
Electric	23,473,517	-	23,473,517
Water	3,281,451	-	3,281,451
Sewer and storm water	2,702,809	-	2,702,809
Sanitation	1,637,027	-	1,637,027
Administration charges	1,124,269	-	1,124,269
Recreation	-	1,797,829	1,797,829
Depreciation expense	4,560,579	734,572	5,295,151
Total operating expenses	<u>36,779,652</u>	<u>2,532,401</u>	<u>39,312,053</u>
Operating income (loss)	<u>7,119,667</u>	<u>(1,445,589)</u>	<u>5,674,078</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	2,586,855	18,955	2,605,810
Miscellaneous revenue	266,570	60,111	326,681
Grants	105,677	-	105,677
Capital assets purchased for governmental activities	(587,482)	-	(587,482)
Interest expense and fiscal charges	(2,261,144)	-	(2,261,144)
Gain (loss) on lease agreement cancellation	159,818	-	159,818
Total non-operating revenue (expenses)	<u>270,294</u>	<u>79,066</u>	<u>349,360</u>
Income (loss) before contributions and transfers	<u>7,389,961</u>	<u>(1,366,523)</u>	<u>6,023,438</u>
Contributed capital -governmental activities	837,095	417,184	1,254,279
Transfers in	4,294,389	681,146	4,975,535
Transfers out	(21,802,275)	-	(21,802,275)
Change in net position	<u>(9,280,830)</u>	<u>(268,193)</u>	<u>(9,549,023)</u>
Total net position - beginning	55,937,643	11,527,901	67,465,544
Total net position - ending	<u>\$ 46,656,813</u>	<u>\$ 11,259,708</u>	<u>\$ 57,916,521</u>

See accompanying notes to the basic financial statements.

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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2024

	Enterprise Funds		
	Claremore Public Works Authority	Claremore Cultural Development	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 46,964,318	\$ 1,150,121	\$48,114,439
Payments to suppliers	(27,648,065)	(1,053,084)	(28,701,149)
Payments to employees	(4,265,227)	(632,276)	(4,897,503)
Receipts of customer meter deposits	283,919	20,185	304,104
Refunds of customer meter deposits	(239,514)	(19,605)	(259,119)
Net cash provided by (used in) operating activities	15,095,431	(534,659)	14,560,772
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	4,294,389	681,146	4,975,535
Transfers to other funds	(21,802,275)	-	(21,802,275)
Net cash provided by noncapital financing activities	(17,507,886)	681,146	(16,826,740)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital assets purchased	(11,866,186)	(21,282)	(11,887,468)
Transfer of capital assets to governmental activities	(587,482)	-	(587,482)
Principal paid on debt	(8,873,136)	-	(8,873,136)
Proceeds from capital debt	29,230,000	-	29,230,000
Premium on debt issued	1,351,004	-	1,351,004
Discount on debt issued	(472,334)	-	(472,334)
Interest and fiscal agent fees paid on debt	(1,916,244)	-	(1,916,244)
Net cash provided by (used in) capital and related financing activities	6,865,622	(21,282)	6,844,340
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of investments	9,457,851	-	9,457,851
Interest and dividends	2,602,804	18,955	2,621,759
Net cash provided by investing activities	12,060,655	18,955	12,079,610
Net increase in cash and cash equivalents	16,513,822	144,160	16,657,982
Balances - beginning of year	16,302,805	1,151,558	17,454,363
Balances - end of year	\$ 32,816,627	\$ 1,295,718	\$34,112,345
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 2,286,076	\$ 1,295,718	\$ 3,581,794
Restricted cash and cash equivalents - current	30,530,551	-	30,530,551
Restricted cash and cash equivalents - noncurrent			
Total cash and cash equivalents, end of year	\$ 32,816,627	\$ 1,295,718	\$34,112,345
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 7,119,667	\$ (1,445,589)	\$ 5,674,078
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	4,560,579	734,572	5,295,151
Miscellaneous Income	266,570	60,111	326,681
Capital & operating grants	105,677	-	105,677
Change in assets and liabilities:			
Receivables, net	2,736,548	172	2,736,720
Other receivable	(43,796)	-	(43,796)
Prepaid expense	124	3,026	3,150
Inventory	227,879	-	227,879
Accounts payable	(343,956)	9,957	(333,999)
Refundable deposits	44,405	580	44,985
Total OPEB liability	115,568	8,694	124,262
Net pension liability	325,801	94,628	420,429
Accrued compensated absences	(19,635)	(810)	(20,445)
Net cash provided by (used in) operating activities	\$ 15,095,431	\$ (534,659)	\$14,560,772

See accompanying notes to the basic financial statements.

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FOOTNOTES TO BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

In determining the financial reporting entity, the City uses the integrated approach as prescribed by Governmental Accounting Standards Board Statements No. 14 “The Financial Reporting Entity”, and Statement No. 61, “*The Financial Reporting Entity: Omnibus*”, and includes all component units for which the City is financially accountable/fiscally responsible. The City’s financial reporting entity primary government presentation includes the City of Claremore and the certain component units as follows:

The City of Claremore – that operates the public safety, health and welfare, streets and highways, culture and recreation, and administrative activities.

The City of Claremore is an incorporated municipality with a population of approximately 20,385 located in northeastern Oklahoma. The City operates under a council-manager form of government with a charter that provides for three branches of government:

- Legislative – the governing body includes an elected EIGHT-member City Council and Mayor
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

Blended Component Units (separate legal entities for which the City Council is fiscally responsible, and for which the City Council members serve as the trustees/governing body of the entity):

Claremore Public Works Authority (CPWA) - 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.

Claremore Cultural Development Authority (CCDA) - 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.

Discretely Presented Component Units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending:

Claremore Industrial and Economic Development Authority (CIEDA) 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.

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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.

Each of these component units listed above are Public Trusts established pursuant to Title 60 of Oklahoma State law. 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 Authorities. In accordance with state law, the City Council must approve, by two-thirds vote, all debt obligations of these public trusts prior to incurring the obligation. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

2. Basis of Presentation and Accounting

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein at two distinct levels:

- **The City as a Whole** (a government-wide presentation)
- **The City's Funds** (a presentation of the City's major and aggregate non-major funds)

Government-Wide Financial Statements:

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental activities - Most of the City's basic services are reported here, including the police, fire, general administration, streets, parks and recreation. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.

Business-type activities – Services where the City charges a fee to customers to help it cover all or most of the cost of these services it provides. The City's airport, water, sewer, electric and sanitation systems and recreation activities are reported here.

The Statements of Net Position and Activities are reported on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

Fund Financial Statements:

Governmental Funds:

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds report their activities on the modified accrual basis of accounting and current financial resources measurement focus that is different from other funds. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt

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balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The City's governmental funds include:

Major Funds:

- **General Fund** – It is the primary operating fund of the City and is 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 the other funds. For reporting purposes, the General Fund includes the activities of the Police Juvenile account, Drug Seizure account, Local Seizures account, IRS Seizures account, Animal Control account, and Fleet Maintenance account.
- **EXPO/WWTP Sales Tax Fund** – Primarily used for purposes of acquiring, constructing, equipping, operating and/or maintaining exposition, park and recreational facility capital improvements, waste water treatment facilities and capital improvements, waste water treatment facilities and capital improvements or to be used or pledged toward the payment of principal and interest on any legal indebtedness, including refunding indebtedness, incurred by or on behalf of the City. Capital improvements include all items either new, existing or replacements, not consumed with use but only diminished in value with prolonged use, including but not limited to exposition, park and recreation facilities, roads and streets, drainage improvements, water and sewer improvements, machinery, equipment, furniture and fixtures, all real property, all construction or reconstruction of buildings and improvements to real property. This fund receives 1 penny of sale tax.
- **Sales Tax Street Fund** – Primary funding for the building, rebuilding and repair of streets, alleys, curbs, gutters and storm sewers; and for the removal, rebuilding, relocation and repair of water lines, sanitary sewer lines, electrical lines and other utility lines effected by the building, rebuilding and repair of streets. This fund receives 1 penny of sales tax.
- **Disaster Recovery Fund** – Purpose of this fund is to keep track of all expenses and revenues related to the major disaster we encountered. The revenues consist of transfers from other funds and reimbursements from FEMA and insurance related to the event.

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

Special Revenue Funds:

- **Sales Tax Police Fund** – Purpose of this fund is to account for the day-to-day operations of the Police department. This fund receives \$0.20 of 1 penny for operations.
- **Sales Tax Fire Fund** – Purpose of this fund is to account for the day-to-day operations of the Fire department. This fund receives \$0.20 of 1 penny for operations.
- **Cemetery Care Fund** – Purpose of this fund is to account for the operations of the cemetery.
- **Emergency Taxes** – Purpose of this fund is to account for the revenues and expenses of E911 revenues and 2% inspection fees.

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- Sales tax Park – Purpose of this fund is to account for the operations of the parks department. This fund receives \$0.20 of 1 penny for operations.
- Emergency Management Fund – This fund receives revenue from grants and transfers from other funds to fund emergency operations for the City.
- Library Fund – This fund receives revenue from the State Library Aid grant to fund the day-to-day operations of the library.

Capital Project Funds:

- Capital Improvement Sales Tax Fund – Purpose of this account is to build, repair or maintain capital improvements for the City. This fund receives \$0.40 of 1 penny for capital purposes.
- Airport Fund- Accounts for capital improvements at the airport is funded by federal and state grants, as well as transfers from other funds for capital.
- CDBG Sewer Fund-- Purpose of this fund is to track Community Development Block Grants awarded through the state. It is funded by the grants and City matching funds.
- Bicycle Trail Grant- Purpose of this fund track specific grants for bicycle trails and trail improvements awarded through the state.

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

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

Proprietary Funds:

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

The City's proprietary funds include the following:

Enterprise Funds

Major Funds:

- Claremore Public Works Authority – Accounts for activities of providing electric, water, sewer, storm water, and sanitation services to the public.

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- Claremore Cultural Development Authority – accounts for economic development activities, including issuance of TIF bonds to attract new retail and industrial development.

3. Cash and Cash Equivalents, Deposits and Investments

Cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less, and money market investments. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

Investments consist of long-term certificates of deposits and government money market funds. Certificates of deposit are reported at cost.

Deposits and Investments Risks

The City of Claremore primary government and component units are governed by the deposit and investment limitations of state law and trust indentures. The deposits and investments held at June 30, 2024 by these entities are as follows:

Type	Carrying Value	Credit Rating	Hierarchy
Deposits:			
Demand deposits	\$ 28,872,971	N/A	N/A
Cash on hand	3,333	N/A	N/A
Investments:			
Time deposits	6,350,119	N/A	N/A
U.S. Treasury Securities	1,973,041	N/A	Level 2
U.S. Government Agency Obligations	4,016,657	N/A	Level 2
Federated Hermes Gov Oblig Tax Managed	3,198,147	AAA	Level 1
Federated Treasury Obligation Admin	25,951,877	AAA	Level 1
Cavanal Hill US Treasury - Admin	26,065	AAA	Level 1
Cavanal Hill Govt Sec Mmkt - Admin	858	AAA	Level 1
Sub-Total	<u>\$ 70,393,068</u>		
Reconciliation to Financial Statements:			
Cash and cash equivalents	\$ 57,894,366		
Investments	<u>12,498,702</u>		
	<u>\$ 70,393,068</u>		

GASB Statement No. 72, *Fair Value Measurement and Application*, established a hierarchy based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

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City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. The City's policy limits acceptable collateral to U.S. Treasury securities, federally insured obligations, or direct debt obligations of municipalities, counties, and school districts in Oklahoma.

Also, as required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2024, the City was not exposed to custodial credit risk.

Investment Credit Risk – The City's investment policy limits investments, excluding retirement trust fund investments, to the following:

- a. Obligations of the U. S. Government, its agencies and instrumentalities;
- b. Collateralized or insured non-negotiable certificates of deposit or other evidences of deposit that are either insured or secured with acceptable collateral with an in-state financial institution, and fully insured deposits in out-of-state institutions;
- c. Insured or fully collateralized negotiable certificates of deposit;
- d. Repurchase agreements that have underlying collateral consisting of those items specified in paragraph a above; and
- e. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraph a.

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

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments by date range.

Restricted Cash and Investments

The amounts reported as restricted assets of the Enterprise Funds on the Statement of Net Position are comprised of amounts held by the Claremore Public Works Authority related to refundable meter deposits and other accounts with restricted uses. The restricted assets as of June 30, 2024, are as follows:

Cash and cash equivalents:	
Meter deposit subject to refund	\$ 1,354,462
Capital Projects	28,156,008
Debt service	1,020,081
Total cash and cash equivalents	<u>\$ 30,530,551</u>
Investments:	
Storm Water	\$ 1,137,755
Hospital Trust Agreement	858
Total Investments	<u>\$ 1,138,613</u>

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4. Receivables

In the government-wide statements, receivables consist of all revenues earned at period-end and not yet received. Allowances for uncollectible accounts receivables are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, police fines, and hotel/motel tax.

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 receivables consist of airport hangar and land rentals receivables.

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Taxreceivables	\$ 3,083,292	\$ -	\$ 3,083,292
Court receivables	840,869	(666,990)	173,879
Grants receivable	4,659,402	-	4,659,402
Interest receivable	37,348	-	37,348
Total Governmental Activities	<u>\$ 8,620,911</u>	<u>\$ (666,990)</u>	<u>\$ 7,953,921</u>
Business-Type Activities:			
Taxreceivables	\$ 86,637	\$ -	\$ 86,637
Utilities receivables	7,248,349	(3,770,170)	3,478,179
Interest receivable	3,561	-	3,561
Grant receivables	29,635	-	29,635
	<u>\$ 7,368,182</u>	<u>\$ (3,770,170)</u>	<u>\$ 3,598,012</u>

5. Capital Assets and Depreciation

Capital Assets:

For the primary government and component units, capital assets are reported at actual or estimated historical cost, net of accumulated depreciation where applicable. Donated capital assets are reported at the acquisition value at date of donation. The capitalization threshold is capital assets with a cost of \$2,000 or more.

For the year ended June 30, 2024, capital assets balances changed as follows:

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	Balance at July 1, 2023	Additions	Transfers/ Deductions	Balance at June 30, 2024
PRIMARY GOVERNMENT:				
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 6,770,783	\$ 320,521	\$ -	\$ 7,091,304
Construction in progress	3,660,213	3,111,903	(2,730,272)	4,041,844
Total capital assets not being depreciated	10,430,996	3,432,424	(2,730,272)	11,133,148
Other capital assets:				
Buildings and improvements	16,612,640	153,030	-	16,765,670
Machinery and Equipment	17,309,788	1,326,568	(215,085)	18,421,271
Infrastructure	80,775,455	212,444	2,730,272	83,718,171
Total other capital assets at historical cost	114,697,883	1,692,042	2,515,187	118,905,112
Less accumulated depreciation for:				
Buildings and improvements	(10,005,075)	(682,652)	205,085	(10,482,642)
Machinery and equipment	(12,054,875)	(924,877)	-	(12,979,752)
Infrastructure	(44,203,607)	(1,683,043)	-	(45,886,650)
Total accumulated depreciation	(66,263,557)	(3,290,572)	205,085	(69,349,044)
Other capital assets, net	48,434,326	(1,598,530)	2,720,272	49,556,068
Governmental activities capital assets, net	\$ 58,865,322	\$ 1,833,894	\$ (10,000)	\$ 60,689,216

	Balance at July 1, 2023	Additions	Transfers/ Deductions	Balance at June 30, 2024
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 2,316,425	\$ 18,071	\$ -	\$ 2,334,496
Construction in progress	2,787,943	8,826,175	(2,737,511)	8,876,607
Total capital assets not being depreciated	5,104,368	8,844,246	(2,737,511)	11,211,103
Other capital assets:				
Buildings and improvements	25,938,050	239,336	-	26,177,386
Machinery and equipment	13,442,780	1,286,000	(151,247)	14,577,533
Infrastructure	110,108,058	2,772,164	2,737,511	115,617,733
Total other capital assets at historical cost	149,488,888	4,297,500	2,586,264	156,372,652
Less accumulated depreciation for:				
Buildings and improvements	(17,116,258)	(891,506)	151,247	(17,856,517)
Machinery and equipment	(10,329,058)	(707,863)	-	(11,036,921)
Infrastructure	(42,415,223)	(2,916,231)	-	(45,331,454)
Total accumulated depreciation	(69,860,539)	(4,515,600)	151,247	(74,224,892)
Other capital assets, net	79,628,349	(218,100)	2,737,511	82,147,760
Lease assets:				
Right of use asset	5,372,857	-	(5,372,857)	-
Less accumulated Amortization	(1,535,103)	(767,551)	2,302,654	-
Net leased assets	3,837,754	(767,551)	(3,070,203)	-
Business-type activities capital assets, net	\$ 88,570,471	\$ 7,858,595	\$ (3,070,203)	\$ 93,358,863

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	July 1, 2023	Additions	Deductions	June 30, 2024
<i>Component Unit (CIEDA):</i>				
Capital assets not being depreciated:				
Construction in progress	\$ 791,611	\$ -	\$ (791,611)	\$ -
Total capital assets not being depreciated	791,611	-	(791,611)	-
Other capital assets:				
Buildings and improvements	1,101,443	-	791,611	1,893,054
Machinery and equipment	453,862	19,781	-	473,643
Infrastructure	2,045,837	-	-	2,045,837
Land improvement	92,002	-	-	92,002
Total other capital assets at historical cost	3,693,144	19,781	791,611	4,504,536
Less accumulated depreciation for:				
Buildings	(1,028,377)	(26,198)	-	(1,054,575)
Machinery and equipment	(303,502)	(4,631)	-	(308,133)
Infrastructure	(670,482)	(97,784)	29,016	(739,250)
Total accumulated depreciation	(2,002,361)	(128,613)	29,016	(2,101,958)
Other capital assets, net	1,690,783	(108,832)	820,627	2,402,578
Business-type activities capital assets, net	\$ 2,482,394	\$ (108,832)	\$ 29,016	\$ 2,402,578

Depreciation:

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

- Buildings 25-50 years
- Improvements other than buildings 20-50 years
- Stormwater improvements 15-50 years
- Infrastructure 15-50 years
- Machinery and equipment 3–10 years

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

Governmental Activities:

General Government	\$ 223,372
Public Safety	675,607
Transportation	2,050,415
Culture and Recreation	341,178
Total	<u>\$ 3,290,572</u>

Business-Type Activities:

Electric	\$ 727,090
Water	1,360,479
Sewer	1,479,280
Solid Waste	214,179
Recreation	734,572
Total	<u>\$ 4,515,600</u>

6. Internal and Interfund Transfers

The City's policy is to eliminate interfund transfers between funds in the Statement of Activities to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-

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type activities are reported as internal transfers and then offset in the total column. Internal activities between funds and activities for the year ended June 30, 2024 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Nature of Interfund Transfer</u>
* General Fund	** Animal control	\$ 25,000	Operating subsidy
* General Fund	CPWA	145,905	Operating subsidy
* General Fund	CCDA	176,904	Operating subsidy
* General Fund	** Fleet maintenance	300,000	Operating subsidy
* General Fund	CCDA	341,302	Hotel room tax agreement
* General Fund	CPWA	74,995	Workers compensation subsidy
* General Fund	CCDA	12,940	Workers compensation subsidy
* General Fund	* Sales Tax Street	36,392	Workers compensation subsidy
* General Fund	Disaster Recovery Fund	9,100,000	Operating subsidy
CPWA	* General Fund	9,950,000	Operating subsidy
CPWA	* General Fund	838,573	Shared overhead reimbursement
Sale Tax Fire	* General Fund	503,836	Shared overhead reimbursement
Sale Tax Park	* General Fund	168,514	Shared overhead reimbursement
Sales Tax Police	* General Fund	503,619	Shared overhead reimbursement
* Sales Tax Street	* General Fund	616,397	Shared overhead reimbursement
Cemetery Care	* General Fund	10,951	Shared overhead reimbursement
CPWA	* General Fund	10,885,927	Hospital trust
CPWA	CDBG Sewer	40,019	Hospital trust
CPWA	CDBG Sewer	14,267	reclassify grant expense
* Expo/Rec Sales Tax Fund	CPWA	4,000,000	Debt service
* Expo/Rec Sales Tax Fund	CCDA	150,000	Operating subsidy
*** Storm Water	CPWA	73,489	Capital asset transfer
* General Fund	CIEDA	400,000	Operating subsidy
		<u>\$ 38,369,030</u>	

Reconciliation to fund financial statements:	<u>Transfers from Other Funds</u>	<u>Transfers to Other Funds</u>	<u>Net Transfers</u>
Governmental Funds	\$ 32,993,495	\$ (16,566,755)	\$ 16,426,740
Enterprise Funds	4,975,535	(21,802,275)	(16,826,740)
Internal Service Funds	-	-	-
Totals	<u>\$ 37,969,030</u>	<u>\$ (38,369,030)</u>	<u>\$ (400,000)</u>

Reconciliation to Statement of Activity:	<u>Governmental</u>	<u>Business-Type</u>	<u>Net Transfers</u>
Net Transfers	\$ 16,426,740	\$ (16,826,740)	\$ (400,000)
Capital asset transfers from governmental to business-type activity	(1,254,279)	1,254,279	-
Capital asset transfers to governmental from business-type activity	587,482	(587,482)	-
Total statement of activity	<u>\$ 15,759,943</u>	<u>\$ (16,159,943)</u>	<u>\$ (400,000)</u>
Transfer to CIEDA	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 400,000</u>
Total net transfers	<u>\$ 16,159,943</u>	<u>\$ (16,159,943)</u>	<u>\$ -</u>

- * Major governmental fund
** Account of the general fund
*** Account of the CPWA

7. 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, 2024, the following districts had been created:

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

Changes in Tax Anticipation Receivables:

	<u>Balance</u> <u>July 1, 2023</u>	<u>Advanced</u>	<u>Received</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Due Within</u> <u>One Year</u>
TIF District -Due from NXTNano	\$ 134,225	\$ -	\$ (108,543)	\$ 25,682	\$ 25,682

8. Long-Term Debt

The City's long-term debt consists of notes payable, GRD Cost recovery obligation, and accrued compensated absences.

For the year ended June 30, 2024, the City's long-term debt balances changed as follows:

Primary Government:

<u>Type of Debt</u>	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Accrued Compensated Absences	\$ 1,489,548	\$ 2,199,253	\$ 2,204,578	\$ 1,484,223	\$ 148,422
Total Governmental Activities	<u>\$ 1,489,548</u>	<u>\$ 2,199,253</u>	<u>\$ 2,204,578</u>	<u>\$ 1,484,223</u>	<u>\$ 148,422</u>
Plus: Net pension liability				13,329,632	-
OPEB liability				1,949,326	-
				<u>\$ 16,763,181</u>	<u>\$ 148,422</u>
Reconciliation to Statement of Net Position:					
Due within one year				\$ 148,422	
Due in more than one year				16,614,759	
				<u>\$ 16,763,181</u>	

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<u>Type of Debt</u>	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Notes Payable - Direct borrowings	\$ 45,959,999	\$ 1,800,000	\$ (7,839,999)	\$ 39,920,000	\$ 5,720,000
Revenue Bond Payable	-	27,430,000	-	27,430,000	380,000
Unamortized Bond Discount	-	(472,334)	4,575	(467,759)	(16,011)
Unamortized Bond Premium	-	1,351,004	(13,085)	1,337,919	45,797
GRDA cost recovery obligation	2,530,443	-	(351,768)	2,178,675	293,754
Right of use lease liability	3,969,405	-	(3,969,405)	-	-
Accrued Compensated Absences	256,808	350,233	(370,678)	236,363	23,636
Total Business-Type Activities	<u>\$ 52,716,655</u>	<u>\$ 30,458,903</u>	<u>\$ (12,540,360)</u>	<u>70,635,198</u>	<u>6,447,176</u>
Plus: Total OPEB liability				635,174	-
Net pension liability				777,458	-
Asset retirement obligation				972,405	-
				<u>\$ 73,020,235</u>	<u>\$ 6,447,176</u>
Reconciliation to Statement of Net Position:					
Due within one year				\$ 6,447,176	
Due in more than one year				66,573,059	
				<u>\$ 73,020,235</u>	

<u>Type of Debt</u>	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Component Unit (CIEDA):					
Notes Payable - Direct borrowings	774,479	-	(36,534)	737,945	38,595
Accrued Compensated Absences	20,329	291	-	20,620	2,062
Total CIEDA	<u>\$ 794,808</u>	<u>\$ 291</u>	<u>\$ (36,534)</u>	<u>758,565</u>	<u>40,657</u>
Plus: Total OPEB liability				43,805	-
Net pension liability				53,246	-
				<u>\$ 855,616</u>	<u>\$ 40,657</u>
Reconciliation to Statement of Net Position:					
Due within one year				\$ 40,657	
Due in more than one year				814,959	
				<u>\$ 855,616</u>	

Governmental activities long-term debt payable from property tax levies or other governmental revenues includes the following:

Accrued Compensated Absences:

Accrued compensated absences reported in the Governmental activities are comprised of accrued vacation leave, sick leave, call back, holiday, Kelly day fire and compensatory time.

Current portion	\$1,335,801
Non-current portion	<u>148,422</u>
	<u>\$1,484,223</u>

Business-type activities long-term debt payable from net revenues generated by and taxes pledged to the City's business-type activities include the following:

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Note Payable Direct Borrowings:

Series 2015 Claremore PWA Utility System and Sales Tax Revenue Note, 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. In the event of default, the lender may: 1) file suit for specific performance of covenants contained in the indenture; 2) accelerate maturity; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action or inaction of parties under provisions of the agreement. (direct borrowing)

\$9,540,000

Series 2019 Claremore PWA Utility System and Sales Tax Revenue Note, 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. In the event of default, the lender may: 1) file suit for specific performance of covenants contained in the indenture; 2) accelerate maturity; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action or inaction of parties under provisions of the agreement. (direct borrowing)

\$9,000,000

Series 2020 Claremore PWA Utility System and Sales Tax Revenue Note, 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. In the event of default, the lender may: 1) file suit for specific performance of covenants contained in the indenture; 2) accelerate maturity; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action or inaction of parties under provisions of the agreement. (direct borrowing)

\$9,200,000

Series 2021 Claremore PWA Electric System Revenue Refunding Note, original issue 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. In the event of default, the lender may: 1) file suit for specific performance of covenants contained in the indenture; 2) accelerate maturity; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action or inaction of parties under provisions of the agreement. (direct borrowing)

\$10,380,000

Note payable for Grid solution buyout for \$1,800,000 due June 30th 2025.

\$1,800,000

Total Notes Payable – Direct Borrowings

\$39,920,000

Current portion

\$5,720,000

Non-current portion

34,200,000

Total Notes Payable – Direct Borrowings

\$39,920,000

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Revenue Bonds Payable:

2023 B Series State Loan Program Revenue Bond, dated August 1, 2023, issued by Oklahoma Water Resources Board, original issue amount of \$27,430,000, secured by utility revenues and pledged sales tax, interest rates at 3.00% to 5.00%, final maturity July 1, 2047.

\$27,430,000

Total Revenues Bonds Payable	<u>\$27,430,000</u>
Plus: Unamortized Premium	1,337,920
Less: Unamortized Discount	<u>(467,759)</u>
Total Revenues Bonds Payable, net	<u>\$28,300,161</u>

Current portion	\$409,786
Non-current portion	<u>27,890,375</u>
	<u>\$28,300,161</u>

GRDA Cost Recovery Obligation-:

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 (\$1,000,000) was paid in November 2022 and the rest will be financed by GRDA over a period of 10 years at 3% interest.

Current portion	\$293,754
Non-current portion	<u>1,884,921</u>
Total GRDA Cost Recovery Obligation	<u>\$2,178,675</u>

Accrued Compensated Absences:

Accrued compensated absences reported in the business-type activities are comprised of accrued vacation leave, sick leave, call back, and compensatory time.

Current portion	\$23,636
Non-current portion	<u>212,727</u>
Total Accrued Compensated Absences	<u>\$236,363</u>

Component Unit (CIEDA) Long-term Debt

Note Payable:

Note payable to the Oklahoma Industrial Finance Authority, secured by airport property, executed on September 19, 2022, in the amount of \$797,747, bearing interest at a variable rate equal to the Wall Street Journal Prime, adjusted every three years with a floor of 3.50% per annum. The initial interest is 5.50% per annum until the first-rate change adjustment on October 1, 2025. The note is payable in 180 monthly installments with the first thirty-six monthly installments in the amount of \$6,518 beginning on November 1, 2022. This direct borrowing includes a provision that, if not paid within 10 days of the due date, it shall bear interest at the rate of 14% per annum from its due date until paid. If any amount is not paid when due, the holder may declare the entire unpaid principal and accumulated interest due and payable.

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Current portion	\$38,595
Non-current portion	<u>699,350</u>
Total Note payable	<u>\$737,945</u>

Accrued Compensated Absences:

Accrued compensated absences reported as a fund liability within the CIEDA component unit statement of net position at June 30, 2024, are as follows:

Current portion	\$2,062
Non-current portion	<u>18,558</u>
Total Accrued Compensated Absences	<u>\$20,620</u>

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

Business-Type Activities						
Year Ending June 30,	Notes Payable-Direct Borrowings		Revenue Bonds Payable		GRDA Cost Recovery Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 5,720,000	\$ 684,234	\$ 380,000	\$ 1,251,448	\$ 293,754	\$ 61,321
2026	5,680,000	570,242	440,000	1,230,128	293,754	52,508
2027	4,135,000	479,709	460,000	1,206,728	293,754	43,696
2028	4,250,000	399,558	485,000	1,182,158	293,754	34,883
2029	4,365,000	317,545	510,000	1,156,288	293,754	26,071
2030-2034	15,105,000	627,967	2,985,000	5,342,690	709,905	26,621
2035-2039	665,000	10,534	3,845,000	4,459,210	-	-
2040-2044	-	-	4,895,000	3,402,310	-	-
2045-2049	-	-	6,015,000	2,255,855	-	-
2050-2053	-	-	7,415,000	828,777	-	-
Total	<u>\$ 39,920,000</u>	<u>\$ 3,089,789</u>	<u>\$ 27,430,000</u>	<u>\$ 22,315,592</u>	<u>\$ 2,178,675</u>	<u>\$ 245,100</u>

Component Unit - CIEDA

Year Ending June 30,	Note Payable	
	Principal	Interest
2025	\$ 38,595	\$ 39,624
2026	40,772	37,447
2027	43,072	35,147
2028	45,502	32,717
2029	48,069	30,151
2030-2034	284,205	106,890
2035-2039	237,730	22,971
Total	<u>\$ 737,945</u>	<u>\$ 304,947</u>

Pledge of Future Revenues

Pledged 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 \$21,000,000 Utility System and Sales Tax Revenue Note,

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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 \$10,364,269.

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 \$9,888,188.

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 \$9,874,908.

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 \$11,082,424.

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.

9. Net Position and Fund Balances

Government-wide net position is displayed in three components:

- a. *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 improvements of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

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- c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

It is the 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 position are available.

Fund Balance:

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

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- 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 (city manager) when the city council has delegated that authority. Assignments for revenues in other 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.

The City’s policy for the use of fund balance amounts require that committed amounts would be reduced first followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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

	Restricted	Nonspendable	Assigned	Unassigned	Total
General Fund	\$ -	\$ 15,753	\$ 4,464,966	\$ 491,553	\$ 4,972,272
Sales Tax Street Fund	13,154,293	87,335	-	-	13,241,628
EXPO/WWTP Sales Tax Fund	3,264,679	-	-	-	3,264,679
Disaster Recovery Fund	4,361,955	-	3,326,646	-	7,688,601
Sales Tax Police Fund	626,228	-	-	-	626,228
Sales Tax Fire Fund	902,429	-	-	-	902,429
Cemetery Care Fund	214,239	-	-	-	214,239
Emergency Taxes Fund	162,708	-	-	-	162,708
Sales Tax Park Fund	1,834,164	-	-	-	1,834,164
Emergency Management Fund	96,047	-	-	-	96,047
Library Fund	-	-	91,755	-	91,755
Capital Improvement Sales Tax Fund	2,979,107	-	-	-	2,979,107
Airport Fund	-	-	-	(50,080)	(50,080)
CDBG Sewer Fund	250,193	-	-	-	250,193
Bicycle Trail Grant Fund	208,140	-	-	-	208,140
TOTAL FUND BALANCE	\$ 28,054,182	\$ 103,088	\$ 7,883,367	\$ 441,473	\$ 36,482,110

10. Revenues

Program Revenues:

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

- Public Safety – Fire, Police, Court, Civil Defense, fire run charges, police sentinel charges for services, restricted operating grants, 911 revenue, court and restricted capital grants
- Streets – Commercial vehicle and gasoline excise tax shared by the State
- Culture, recreation, and library –pool fees, library fees, fishing permits, recreation fees, operating and capital grants
- General Government – license and permits, fines, cemetery revenue, and operating grants
- Economic Development – rents, operating grants

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

11. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters. The City manages these various risks of loss with purchased commercial insurance for all major programs except workers' compensation

Self-insured workers compensation program

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 four prior years. 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.

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.

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 \$2,029,600 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.

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For the self-insured worker's compensation program and medical self-Insurance, changes in the claims liability for the City from July 1, 2023 through June 30, 2024 are as follows:

	<u>Worker's</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total</u>
Claim liability, June 30, 2023	\$ 1,270,339	\$ 62,444	\$ 1,332,783
IBNR	1,000,000	-	1,000,000
Reserves per open claims	<u>216,801</u>	<u>111,077</u>	<u>327,878</u>
Change in Liability	<u>(53,538)</u>	<u>48,633</u>	<u>(4,905)</u>
Claim liability, June 30, 2024	<u>\$ 1,216,801</u>	<u>\$ 111,077</u>	<u>\$ 1,327,878</u>

The City to assume the risk of loss for workers compensation, the claims incurred but not reported have 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 \$1,000,000, or total claims reserve of \$1,216,801 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.

12. 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, 2024 the only remaining outstanding note was one that was issued on behalf of the Northeast Technology Center with a balance of \$4.5 million, maturing June 2027.

13. Retirement Plan Participation

The City of Claremore participates in five pension or retirement plans:

- Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Oklahoma Municipal Retirement Fund (OkMRF) – agent multiple-employer defined contribution plan
- City employee Pension Plan—defined contribution plan
- Other Post Employment Benefits (OPEB)

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The following is a summary of the deferred outflows, deferred inflows and net pension liability by the various plans as of June 30, 2024:

	Governmental	Business Type	CIEDA	Total
Deferred Outflows:				
Police Pension	\$ 2,071,181	\$ -	\$ -	\$ 2,071,181
Fire Pension	3,209,221	-	-	3,209,221
OkMRF	1,154,348	985,466	59,457	2,199,271
Total	<u>\$ 6,434,750</u>	<u>\$ 985,466</u>	<u>\$ 59,457</u>	<u>\$ 7,479,673</u>
Deferred Inflows:				
Police Pension	\$ 391,063	\$ -	\$ -	\$ 391,063
Fire Pension	444,889	-	-	444,889
OkMRF	489,409	327,215	-	816,624
Total	<u>\$ 1,325,361</u>	<u>\$ 327,215</u>	<u>\$ -</u>	<u>\$ 1,652,576</u>
Net Pension Liability:				
Fire Pension	\$ 12,243,020	\$ -	\$ -	\$ 12,243,020
OkMRF	1,086,612	777,458	-	1,864,070
Total	<u>\$ 13,329,632</u>	<u>\$ 777,458</u>	<u>\$ -</u>	<u>\$ 14,107,090</u>
Net Pension Asset:				
Police Pension	\$ 193,516	\$ -	\$ -	\$ 193,516
Total	<u>\$ 193,516</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,516</u>

City Employee Pension Plan – Defined Contribution Plans

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.

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.

Oklahoma Firefighter’s Pension – Statewide Cost Sharing Plan

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

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

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disability and to survivors upon death of eligible members. The Plan's benefits are established and amended by Oklahoma statute. Retirement provisions are as follows:

Normal Retirement:

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

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

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

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$762,284. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$1,333,899 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$1,084,497. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2024, the City reported a liability of \$12,243,020 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for

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all participating employers as of June 30, 2023. Based upon this information, the City's proportion was .948887%.

For the year ended June 30, 2024, the City recognized pension expense of 1,470,012. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,456,035	\$ 15,543
Changes of assumptions	-	19,631
Net difference between projected and actual earnings on pension plan investments	807,660	-
Changes in proportion	-	409,715
Contributions during the measurement date	183,242	-
Contributions subsequent to the measurement date	762,284	-
Total	<u>\$ 3,209,221</u>	<u>\$ 444,889</u>

In the year ending June 30, 2025, \$762,284 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	\$ 613,447
2026	162,849
2027	1,298,250
2028	(72,498)
Total	<u>\$ 2,002,048</u>

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

Mortality rates were based on the Pub-2010 Public Safety Table, with adjustments for generational mortality improvement using scale MP-2018 for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of

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return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.80%
Domestic equity	42%	9.49%
International equity	15%	11.55%
Real estate	10%	9.48%
Other assets	8%	6.47%

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

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

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension liability	\$ 15,953,184	\$ 12,243,020	\$ 9,140,342

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

Oklahoma Police Pension – Statewide Cost Sharing Plan

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

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

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as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

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

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

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$444,102. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$356,915 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$281,695. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2024, the City reported an asset of \$193,516 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2023. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2023. Based upon this information, the City's proportion was .633648%.

For the year ended June 30, 2024, the City recognized pension expense of \$548,062. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 529,751	\$ 29,845
Changes of assumptions	-	361,218
Net difference between projected and actual earnings on pension plan investments	958,794	-
Changes in proportion	61,441	-
Contributions during measurement date	77,093	-
Contributions subsequent to the measurement date	444,102	-
Total	<u>\$ 2,071,181</u>	<u>\$ 391,063</u>

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In the year ending June 30, 2025, \$444,102 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of or addition to the net pension liability (asset) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	\$	210,695
2026		33,794
2027		777,866
2028		200,654
2029		13,007
Total	\$	<u>1,236,016</u>

Actuarial Assumptions-The total pension asset was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation: 2.75%

Salary increases: 3.5% to 12% average, including inflation

Investment rate of return: 7.5% net of pension plan investment expense

Cost-of-living adjustments: Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).

Mortality rates: Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.

Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.

Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years.

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the following table:

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<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	5.78%
Domestic equity	7.73%
International equity	11.55%
Real estate	7.66%
Private Equity	11.64%

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

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

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

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension liability (asset)	\$ 1,827,112	\$ (193,516)	\$ (1,904,354)

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

Oklahoma Municipal Retirement Plan (OkMRF)

Plan Description- The City contributes to the OkMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: www.okmrf.org/reports.html. Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

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Eligibility Factors and Benefit Provisions

<u>Provision</u>	<u>OkMRF Plan</u>
a. Eligible to Participate	Full-time, non-uniformed employees of the City or Authority upon hire if less than age 60.
b. Contribution Requirements:	
- Authorization	By City ordinance
- Actuarially Determined	Yes
- Employer Rate	9.95% of covered payroll
- Employee Rate	6.00% of covered payroll
c. Period Required to Vest	5 years of credited service; July 2011-new hires 7 years of credited service.
d. Eligibility for Distribution	- Normal retirement at age 65 with 5 years of service - Early retirement at age 55 with 5 years of service - Disability retirement upon disability with 5 years of service - 50% death benefit with 5 years of service for married employees
e. Benefit Determination Base	Final average salary – the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	
- Normal Retirement	3.0% of final average salary multiplied by credited years of service
- Early Retirement	Actuarially reduced benefit based upon age and years of service at termination
- Disability Retirement	Benefit computed as for normal retirement based upon age and service at termination
- Death Benefit	50% of employee's accrued benefit, but terminates upon spouse re-marriage
- Prior to 5 Years Service	Return of employee contributions with accrued interest
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent.

Employees Covered by Benefit Terms

Active Employees	147
Deferred Vested Former Employees	18
Retirees or Retiree Beneficiaries	<u>62</u>
Total	<u>227</u>

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Contribution Requirements- The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 3.17% of covered payroll as of 7-1-23. For the year ended June 30, 2024, the City recognized \$881,179 of employer contributions to the plan which was more than the actuarially determined amount based on covered payroll of \$8,863,241.

Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2023
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.50%
c. Projected Salary Increase	Varies between 7.50% and 4.50% based on age
d. Post Retirement Cost-of-Living Increase	Benefits (attributable to service prior to 1/1/2010) in payment status are adjusted each July 1 st based on the percentage change in the CPI. The maximum increase or decrease in any year is 3%.
e. Inflation Rate	2.75%
f. Mortality Table	UP 1994, with projected mortality improvement
g. Percent of married employees	100%
h. Spouse age difference	3 years (female spouses younger)
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are added during the first 5 years: Year 1: 225 Year 2: 140 Year 3: 100 Year 4: 70 Year 5: 40
j. Date of last experience study	September 2012 for fiscal years 2007 through 2011

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Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.50% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments.

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of July 1, 2023 are summarized in the following table:

	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
Large cap stocks S&P 500	25%	4.55%	1.14%
Small/mid cap stocks Russell 2500	10%	5.00%	0.50%
Long/short equity MSCI ACWI	20%	6.20%	1.24%
International stocks MSCI EAFE	5%	6.40%	0.32%
Private equity MSCI ACWI	5%	6.05%	0.30%
Fixed income bonds Barclay's Capital Aggregate	20%	2.55%	0.51%
Real estate NCREIF	15%	4.95%	0.74%
Cash equivalents 3 month Treasury	0%	15.00%	0.00%
		Average Real Return	4.75%
		Inflation	2.75%
		Long-term expected return	<u>7.50%</u>

Changes in Net Pension Liability (Asset) – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2023, 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, 2023 and the City’s report ending date of June 30, 2024, that would have had a significant impact on the net pension liability (asset). The following table reports the components of changes in net pension liability (asset):

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	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances Beginning of Year	<u>\$ 21,099,292</u>	<u>\$20,155,254</u>	<u>\$ 944,038</u>
Changes for the Year:			
Service cost	560,711	-	560,711
Interest expense	1,537,528	-	1,537,528
Differences between expected and actual			
Experience losses (gains)	(130,278)	-	(130,278)
Changes of assumptions	-	-	-
Contributions--City	-	805,179	(805,179)
Contributions--Members	-	345,825	(345,825)
Net investment income	-	1,839,594	(1,839,594)
Benefit payments, including refunds of employee contributions	(1,219,880)	(1,219,880)	-
Benefit changes due to plan amendments	2,018,022	-	2,018,022
Plan administrative expenses	-	(45,643)	45,643
Net Changes	<u>2,766,103</u>	<u>1,725,075</u>	<u>1,041,028</u>
Balances End of Year	<u>\$ 23,865,395</u>	<u>\$21,880,329</u>	<u>\$ 1,985,066</u>
Reconciliation to Statement of net Position:			
CIEDA			(53,246)
Heritage Hills COOP (entity not reported in the financials)			(67,750)
Total City's net pension liability			<u>\$ 1,864,070</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate- The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.5%	1% Increase 8.50%
Net Pension Liability (Asset)	<u>\$ 5,279,266</u>	<u>\$ 1,985,066</u>	<u>\$ (664,819)</u>

The City reported \$2,528,021 in pension expense for the year ended June 30, 2024. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 40,167	\$ 522,207
Changes of assumptions	41,490	284,750
Net difference between projected and actual earnings on plan investments	1,103,838	-
Changes in proportion and differences between contributions and proportionate share of contributions	162,436	32,077
City contributions subsequent to the measurement date	851,340	-
Total	<u>\$ 2,199,271</u>	<u>\$ 839,034</u>

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\$851,340 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Amortization of Pension Deferrals - Amounts reported as deferred outflows of resources (excluding deferred outflows of resources related to contributions made subsequent to the measurement date) and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:

2025	\$	39,468
2026		(95,519)
2027		666,343
2028		(102,822)
2029		1,429
	\$	<u>508,899</u>

14. Other Post-Employment Benefits

Plan Description. The City sponsors medical and prescription drug, qualifying retirees and their dependents. Coverage is provided through fully-insured arrangements that collectively operate as a substantive single-employer defined benefit plan.

Benefits provided. The Plan covers retirees with at least 7 years of service and who are at least 55 years old at time of termination. Police and Firefighters: retirement under the statewide retirement system which the City contributes. Retirees must contribute the average cost of the City's plan for active employees (100% of the average employee premium). An additional contribution is required for spouse's coverage. Benefits cease at age 65 or when retiree contributions stop.

The amount of benefit payments during the fiscal year ended June 30, 2024 were \$48,577.

Employees Covered by Benefit Terms

Active Employees	242
Inactive or beneficiaries receiving benefits	<u>13</u>
Total	<u>255</u>

Total OPEB Liability. The total OPEB liability was determined based on an alternative measurement method valuation performed as of June 30, 2024. The measurement date used was June 30, 2023.

Actuarial Assumptions. The total OPEB liability in the June 30, 2024 valuation was determined using the following actuarial assumptions:

- Actuarial Cost Method – Entry Age
- Discount Rate – 4.09% based on the 20 year municipal bond yield
- Retirement Age – Civilian – 55 with 7 years of service, Police and Fire - 20 years of service
- Health Care Cost Trend Rates:
 - 2013 4.62%
 - 2014 7.35%

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○ 2015	5.01%
○ 2016	6.12%
○ 2017	6.09%
○ 2018	6.05%
○ 2019	6.02%
○ 2020	5.99%
○ 2025	5.86%
○ 2030	5.99%
○ 2035	5.87%
○ 2040	5.33%
○ 2045	5.15%
○ 2050	5.03%
○ 2060	4.87%

Changes in Total OPEB Liability

	Total OPEB Liability
Balances at Beginning of Year	<u>\$ 2,483,400</u>
Changes for the Year:	
Service cost	161,728
Interest expense	108,186
Change of benefit terms	-
Change in assumptions	(45,967)
Difference between expected and actual experience	13,340
Benefits paid	<u>(48,577)</u>
Net Changes	<u>188,710</u>
Balances End of Year	<u>2,672,110</u>
Reconciliation to Statement of Net Position:	
CIEDA	(43,805)
Heritage Hills COOP (entity not reported in the financials)	<u>(43,805)</u>
Total City's OPEB liability	<u><u>\$ 2,584,500</u></u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2024, the City recognized OPEB expense of \$92,513. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 35,799	\$ 308,613
Changes of assumptions	147,642	627,370
Changes in proportion	505,693	554,617
City Contributions during measurement date	35,671	4,700
Benefits paid subsequent to the measurement date	66,991	-
Total	<u><u>\$ 791,796</u></u>	<u><u>\$ 1,495,300</u></u>

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

Year Ended June 30:		
2025	\$	(162,124)
2026		(142,788)
2027		(92,217)
2028		(75,430)
2029		(93,878)
Thereafter		(204,058)
	\$	<u>(770,495)</u>

Sensitivity of the City's total OPEB liability to changes in the discount rate. The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13%) or 1-percentage-point higher (5.13%) than the current discount rate:

	Current Discount Rate		
	1% Decrease (3.13%)	(4.13%)	1% Increase (5.13%)
Employers' total OPEB liability	\$ 2,978,160	\$ 2,672,110	\$ 2,402,736

Sensitivity of the City's total OPEB liability to changes in the healthcare cost trend rate. The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (4.91%) or 1-percentage point higher (6.91%) than the current healthcare cost trend rate:

	Current Discount Rate		
	1% Decrease (4.91% decreasing to 3.87%)	(5.91% decreasing to 4.87%)	1% Increase (6.91% decreasing to 5.87%)
Employers' total OPEB liability	\$ 2,367,264	\$ 2,672,110	\$ 3,035,435

17. Commitments and Contingencies

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 accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. 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.

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Grant Programs

The City of Claremore participates in various federal or state grant/loan programs from year to year. In 2024, the City's involvement in federal and state award programs was significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

18. Accounting Changes & Error Corrections

Beginning with the fiscal year ended June 30th 2024, the Police Juvenil Fund, Drug Seizure Fund, Local Seizures fund, IRS Seizures Fund, Animal Control Fund, and Fleet Maintenance Fund did not meet the requirements of presentation as special revenue funds after the GASB 54 fund type classification analysis and are not considered part of the General Fund. Due to this change, the Statement of Revenues, Expenditures and Changes in Fund balance for Other Governmental Funds total beginning fund balance does not match the ending total fund balance of the prior fiscal year's financial statements. The effects of this accounting change to or within the financial reporting entity are summarized in the reconciliation below.

Reconciliation of Changes to or Within the Financial Reporting Entity—Year Ended June 30, 2024

	Balance Before Restatement	Restatement for Reclassification of Police Juvenile Fund	Restatement for Reclassification of Drug Seizure Fund	Restatement for Reclassification of Local Seizures Fund	Restatement for Reclassification of IRS Seizures	Restatement for Reclassification of Animal Control Fund	Reclassification of Fleet Maintenance Fund	Balance After Restatement 6/30/24
Statement of Revenues, Expenditures and Changes in Fund Balance Other Governmental Funds -- Fund balances-- Beginning	\$ 6,893,643	\$ (69,565)	\$ (113)	\$ (53,353)	\$ (40,260)	\$ (74,565)	\$ (106,915)	\$6,548,872
Statement of Revenues, Expenditures and Changes in Fund Balance General Fund Combining -- Fund balances-- Beginning	\$ 4,363,940	\$ 69,565	\$ 113	\$ 53,353	\$ 40,260	\$ 74,565	\$ 106,915	\$4,708,711

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2024

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budget basis)	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 5,358,432	\$ 4,101,175	\$ 4,363,940	\$ 262,765
Resources (Inflows):				
Taxes	2,196,000	2,196,000	2,932,930	736,930
Licenses and permits	198,530	198,530	200,199	1,669
Charges for services	56,350	256,350	196,653	(59,697)
Fines and forfeitures	262,900	262,900	166,383	(96,517)
Investment income	75,000	75,000	306,913	231,913
Miscellaneous	1,065,000	1,065,000	123,435	(941,565)
Intergovernmental	322,700	1,694,076	1,981,898	287,822
Transfers in	11,963,890	21,463,890	22,537,818	1,073,928
Total Resources (Inflows)	<u>16,140,370</u>	<u>27,211,746</u>	<u>28,446,229</u>	<u>1,234,483</u>
Amounts available for appropriation	<u>21,498,802</u>	<u>31,312,921</u>	<u>32,810,169</u>	<u>1,497,248</u>
Charges to Appropriations (Outflows):				
General Government	4,800,090	5,107,573	4,512,480	595,093
Police	6,861,943	6,902,854	5,596,354	1,306,500
Fire	5,494,214	5,494,214	5,447,273	46,941
Parks and recreation	1,256,837	1,292,562	1,306,617	(14,055)
Library	485,854	485,854	460,997	24,857
Cemetery	201,404	201,404	195,188	6,216
Transfers out	2,398,460	11,828,460	10,558,527	1,269,933
Total Charges to Appropriations	<u>21,498,802</u>	<u>31,312,921</u>	<u>28,077,436</u>	<u>3,235,485</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,732,733</u>	<u>\$ 4,732,733</u>

See accompanying notes to this schedule.

	SALES TAX STREET			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budget basis)	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 2,582,762	\$ 2,637,762	\$ 10,949,553	\$ 8,311,791
Resources (Inflows):				
Taxes	4,416,667	4,416,667	5,157,638	740,971
Investment income	35,000	35,000	884,500	849,500
Miscellaneous	84,000	1,336,150	1,265,042	(71,108)
Intergovernmental	-	-	322,764	322,764
Total Resources (Inflows)	<u>4,535,667</u>	<u>5,787,817</u>	<u>7,629,944</u>	<u>1,842,127</u>
Amounts available for appropriation	<u>7,118,429</u>	<u>8,425,579</u>	<u>18,579,497</u>	<u>10,153,918</u>
Charges to Appropriations (Outflows):				
Highways and streets	6,502,032	7,809,182	4,672,332	3,136,850
Transfers out	616,397	616,397	651,760	(35,363)
Total Charges to Appropriations	<u>7,118,429</u>	<u>8,425,579</u>	<u>5,324,092</u>	<u>3,101,487</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,255,405</u>	<u>\$ 13,255,405</u>

See accompanying notes to this schedule.

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	EXPO/WWTP SALES TAX			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budget basis)	Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 1,568,342	\$ 1,568,342	\$ 3,603,253	\$ 2,034,911
Resources (Inflows):				
Taxes	4,416,667	4,416,667	5,157,639	740,972
Investment income	15,000	15,000	70,173	55,173
Total Resources (Inflows)	<u>4,431,667</u>	<u>4,431,667</u>	<u>5,227,812</u>	<u>796,145</u>
Amounts available for appropriation	<u>6,000,009</u>	<u>6,000,009</u>	<u>8,831,065</u>	<u>2,831,056</u>
Charges to Appropriations (Outflows):				
Culture and recreation	5,850,009	5,850,009	5,416,385	433,624
Transfers out	150,000	150,000	150,000	-
Total Charges to Appropriations	<u>6,000,009</u>	<u>6,000,009</u>	<u>5,566,385</u>	<u>433,624</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,264,680</u>	<u>\$ 3,264,680</u>

See accompanying notes to this schedule.

Schedule Footnotes to Budgetary Comparison:

1. The budgetary comparison schedules and budgetary fund balance amounts are reported on a non-GAAP basis that report revenues on a cash basis, and expenditures in the period the invoice is received, except for payroll expenditures that are recorded when paid. In addition, obligations that are required to be funded from ending budgetary fund balances are subtracted from total ending budgetary fund balances to arrive at the unassigned budgetary fund balance. This presentation of unassigned fund balances on a budgetary basis is used to demonstrate compliance with Article 10, § 26 of the Oklahoma State Constitution.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.
3. The budgetary basis differs from the modified accrual (GAAP) basis as shown in the schedule below:

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Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$28,446,229
Differences - budget to GAAP:	
State payments made on-behalf of police pension not considered a budgetary resources	1,690,814
Adjustments to properly report expenses	(88,490)
Revenues from combined accounts:	
Police Juvenile Fund	7,717
Local Seizures Fund	1
Animal Control Fund	63,731
Fleet Maintenance	1,259,239
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$31,379,241</u>
Uses/Outflows of appropriations	
Actual amounts (budgetary basis) "total appropriations" from the budgetary comparison schedule	\$28,077,436
Differences - budget to GAAP:	
State payments made on-behalf of police pension not considered a	1,690,814
Adjustments to properly report expenses	33,869
Expenditures from combined accounts:	
Police Juvenile Fund	1,200
Animal Control Fund	51,117
Fleet Maintenance	1,261,244
Total expenditures and transfers out as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$31,115,680</u>
	31,115,680
	\$ -
	<u>Sales Tax Street</u>
Sources/Inflows of resources	
Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$ 7,629,944
Differences - budget to GAAP:	
Adjustments to properly report expenses	22,616
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 7,652,560</u>
Uses/Outflows of appropriations	
Actual amounts (budgetary basis) "total appropriations" from the budgetary comparison schedule	\$ 5,324,092
Differences - budget to GAAP:	
Adjustments to properly report expenses	36,393
Total expenditures and transfers out as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 5,360,485</u>

Over-expenditures at the legal level of control

General Fund:

Parks and recreation \$14,055

Sales Tax Street:

Transfers out \$35,363

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Pension Information

Schedules of Required Supplementary Information
SCHEDULE OF THE CITY OF CLAREMORE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City's proportion of the net pension liability	0.987600%	1.025700%	1.0032000%	0.9962000%	1.0249000%	0.978200%	0.985000%	1.020500%	1.001500%	0.948887%
City's proportionate share of the net pension liability	\$10,155,561	\$10,887,371	\$12,256,138	\$12,529,415	\$11,536,306	\$10,335,850	\$12,133,753	\$6,720,943	\$13,096,745	\$ 12,243,020
City's covered-employee payroll	\$ 2,636,429	\$ 2,802,586	\$ 2,806,136	\$ 2,638,707	\$ 3,048,129	\$ 3,024,864	\$ 3,161,621	\$3,037,053	\$ 3,227,316	\$ 3,629,923
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	385%	388%	437%	475%	378%	342%	384%	221%	406%	337%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	68.12%	69.49%	70.85%

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contribution	\$ 644,595	\$ 645,411	\$ 617,625	\$ 617,110	\$ 636,090	\$ 727,173	\$ 696,458	\$ 698,522	\$ 742,283	\$ 762,284
Contributions in relation to the statutorily required contribution	\$ 644,595	\$ 645,411	\$ 617,625	\$ 617,110	\$ 636,090	\$ 727,173	\$ 696,458	\$ 698,522	\$ 742,283	\$ 762,284
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$2,636,429	\$2,802,586	\$2,638,707	\$3,048,129	\$3,024,864	\$3,161,621	\$3,028,078	\$3,037,052	\$3,227,317	\$3,629,923
Contributions as a percentage of covered-employee payroll	24%	23%	23%	20%	21%	23%	23%	23%	23%	21%

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Schedules of Required Supplementary Information

SCHEDULE OF THE CITY OF CLAREMORE PORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
City's proportion of the net pension liability (asset)	0.6911%	0.7120%	0.6799%	0.6660%	0.6495%	0.6230%	0.6768%	0.6328%	0.6728%	0.6336%
City's proportionate share of the net pension liability (asset)	\$ (232,695)	\$ 29,030	\$1,041,153	\$ 51,225	\$ (300,409)	\$ (39,770)	\$ 777,304	\$ (3,035,808)	\$ (539,514)	\$ (193,516)
City's covered-employee payroll	\$1,933,492	\$2,012,431	\$2,004,941	\$ 1,985,885	\$1,981,294	\$2,025,826	\$2,266,817	\$ 2,189,926	\$2,409,842	\$2,620,347
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-12.03%	1.44%	51.93%	2.58%	-15.16%	-1.96%	34.29%	-138.63%	-22.39%	-7.39%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.8%	117.07%	102.74%	101.02%

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

SCHEDULE OF CITY CONTRIBUTIONS

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Statutorily required contribution	\$ 342,113	\$ 340,840	\$ 356,470	\$ 338,030	\$ 341,104	\$ 385,359	\$ 372,273	\$ 405,143	\$ 405,277	\$ 444,102
Contributions in relation to the statutorily required contribution	\$ 342,113	\$ 340,840	\$ 356,470	\$ 338,030	\$ 341,104	\$ 385,359	\$ 372,273	\$ 405,143	\$ 405,277	\$ 444,102
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$1,933,492	\$2,012,431	\$1,985,885	\$1,981,294	\$2,025,826	\$2,266,817	\$2,189,841	\$2,383,194	\$2,383,982	\$2,620,347
Contributions as a percentage of covered-employee payroll	18%	17%	18%	17%	17%	17%	17%	17%	17%	17%

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Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total pension liability										
Service cost	\$ 392,034	\$ 430,513	\$ 427,908	\$ 416,087	\$ 387,969	\$ 490,120	\$ 566,779	\$ 557,446	\$ 564,339	\$ 560,711
Interest	1,104,147	1,141,576	1,198,906	1,247,790	1,252,829	1,326,189	1,453,353	1,480,185	1,531,746	1,537,528
Differences between expected and actual experience	-	(144,982)	(164,055)	(578,646)	65,428	603,554	(480,078)	(184,021)	(384,690)	(130,278)
Changes of assumptions	-	-	-	459,160	-	623,450	-	-	(474,027)	-
Benefit changes due to plan amendments	-	-	-	-	514,960	-	-	-	-	2,018,022
Benefit payments, including refunds of member contrib	(601,302)	(641,828)	(734,641)	(933,036)	(947,751)	(1,549,219)	(1,138,940)	(1,227,253)	(1,102,766)	(1,219,880)
Net change in total pension liability	894,879	785,279	728,118	611,355	1,273,435	1,494,094	401,114	626,357	134,602	2,766,103
Total pension liability - beginning	14,150,059	15,044,938	15,830,217	16,558,335	17,169,690	18,443,125	19,937,219	20,338,333	20,964,690	21,099,292
Total pension liability - ending (a)	\$15,044,938	\$15,830,217	\$16,558,335	\$17,169,690	\$18,443,125	\$19,937,219	\$20,338,333	\$20,964,690	\$21,099,292	\$23,865,395
Plan fiduciary net position										
Contributions - employer	\$ 298,424	\$ 283,641	\$ 262,743	\$ 281,445	\$ 227,354	\$ 290,784	\$ 466,760	\$ 484,186	\$ 721,700	\$ 805,179
Contributions - member	235,846	240,326	236,875	233,785	216,650	299,314	291,897	299,986	309,554	345,825
Net investment income	2,232,743	438,366	140,981	1,934,393	1,273,203	1,151,291	743,105	5,078,948	(2,882,849)	1,839,594
Benefit payments, including refunds of member contrib	(601,302)	(641,828)	(734,641)	(933,036)	(947,751)	(1,549,219)	(1,138,940)	(1,227,253)	(1,102,766)	(1,219,880)
Administrative expense	(33,001)	(32,586)	(31,565)	(34,814)	(35,969)	(36,733)	(38,655)	(38,727)	(39,766)	(45,643)
Net change in plan fiduciary net position	2,132,710	287,919	(125,607)	1,481,773	733,487	155,437	324,167	4,597,140	(2,994,127)	1,725,075
Plan fiduciary net position - beginning	13,562,355	15,695,065	15,982,984	15,857,377	17,339,150	18,072,637	18,228,074	18,552,241	23,149,381	20,155,254
Plan fiduciary net position - ending (b)	\$15,695,065	\$15,982,984	\$15,857,377	\$17,339,150	\$18,072,637	\$18,228,074	\$18,552,241	\$23,149,381	\$20,155,254	\$21,880,329
Net pension liability (asset) - ending (a) - (b)	\$ (650,127)	\$ (152,767)	\$ 700,958	\$ (169,460)	\$ 370,488	\$ 1,709,145	\$ 1,786,092	\$ (2,184,691)	\$ 944,038	\$ 1,985,066
Reconciliation to Statement of net Position:										
CIEDA										\$ (53,246)
Heritage Hills COOP (entity not reported in the financials)										(67,750)
Total City's net pension liability										\$ 1,864,070
Plan fiduciary net position as a percentage of the total pension liability	104.32%	100.97%	95.77%	100.99%	97.99%	91.43%	91.22%	110.42%	95.53%	91.68%
Covered employee payroll	\$ 5,230,443	\$ 5,452,954	\$ 5,600,491	\$ 5,927,200	\$ 6,095,827	\$ 6,789,906	\$ 6,555,590	\$ 6,783,215	\$ 7,170,955	\$ 8,119,955
Net pension liability (asset) as a percentage of covered-employee payroll	-12.43%	-2.80%	12.52%	-2.86%	6.08%	25.17%	27.25%	-32.21%	13.16%	24.45%

Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Employer Contributions

Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution	\$ 277,010	\$ 268,264	\$ 281,445	\$ 254,129	\$ 307,385	\$ 487,174	\$ 505,390	\$ 705,345	\$ 818,113	\$ 881,152
Contributions in relation to the actuarially determined contribution	277,010	268,264	281,445	254,129	307,385	487,174	505,390	705,345	818,113	881,152
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 5,452,954	\$ 5,600,491	\$ 5,927,200	\$ 6,095,827	\$ 6,789,906	\$ 6,555,590	\$ 7,775,231	\$ 10,952,562	\$ 8,778,036	\$ 8,863,241
Contributions as a percentage of covered-employee payroll	5.1%	4.8%	4.7%	4.2%	4.5%	7.4%	6.5%	6.4%	6.8%	9.9%

Notes to Schedule:

1. Latest Valuation Date: July 1, 2023
2. Actuarially determined contribution rate is calculated as of July 1, 2023.
FY23-24 contributions were at a rate of % 6.31
3. Methods and assumptions used to determine contribution rates:
 - Actuarial cost method - Entry age normal
 - Amortization method - Level percent of payroll, closed
 - Remaining amortization period - 27 years
 - Asset valuation method - Actuarial:
 - Smoothing period - 5 years
 - Recognition method - Non-asymptotic
 - Corridor - 70% - 130%
 - Salary increases - 5% to 8% (varies by attained age)
 - Investment rate of return - 7.25%

CITY OF CLAREMORE, OKLAHOMA
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Schedules of Required Supplementary Information

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
EMPLOYMENT HEALTH INSURANCE IMPLICIT RATE SUBSIDY PLAN

Last 10 Fiscal Years*

	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability							
Service cost	\$ 183,075	\$ 168,230	\$ 157,279	\$ 159,587	\$ 199,012	\$ 223,807	\$ 161,728
Interest	80,015	102,946	101,586	92,998	70,017	73,012	108,186
Change of benefit terms	-	-	-	-	-	-	-
Changes in assumptions	(172,326)	(259,971)	(46,817)	255,184	24,189	(642,706)	(45,967)
Differences between expected and actual experience	-	(162,476)	(101,292)	46,813	(25,751)	(282,072)	13,340
Benefit payments	(82,790)	(88,401)	(80,942)	(82,880)	(80,272)	(45,028)	(48,577)
Net change in total OPEB liability	7,974	(239,672)	29,814	471,702	187,195	(672,987)	188,710
Balances at Beginning of Year	2,699,374	2,707,348	2,467,676	2,497,490	2,969,192	3,156,387	2,483,400
Balances End of Year	\$ 2,707,348	\$ 2,467,676	\$ 2,497,490	\$ 2,969,192	\$ 3,156,387	\$ 2,483,400	2,672,110
Reconciliation to Statement of net Position:							
CIEDA							\$ (43,805)
Heritage Hills COOP (entity not reported in the financials)							(43,805)
Total City's OPEB liability							\$ 2,584,500
Covered employee payroll	\$ 11,332,000	\$ 10,580,000	\$ 11,290,000	\$ 10,851,000	\$ 11,315,000	\$ 13,040,000	\$ 13,241,000
Total OPEB liability as a percentage of covered-employee payroll	23.89%	23.32%	22.12%	27.36%	27.90%	19.04%	20.18%

Notes to Schedule:

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

CITY OF CLAREMORE, OKLAHOMA
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OTHER SUPPLEMENTARY INFORMATION

CITY OF CLAREMORE, OKLAHOMA
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As of and for the Year Ended June 30, 2024

Combining Balance Sheet – General Fund Accounts - June 30, 2024

	<u>General Fund</u>	<u>Police Juvenile Account</u>	<u>Drug Seizure Account</u>	<u>Local Seizures Account</u>	<u>IRS Seizures Account</u>	<u>Animal Control Account</u>	<u>Fleet Maintenance</u>	<u>Total General Fund</u>
ASSETS								
Cash and cash equivalents	\$ 6,629,061	\$ 76,082	\$ 113	\$ 53,354	\$ 40,260	\$ 89,940	\$ 114,071	\$ 7,002,881
Receivables:								
Court receivable	173,879	-	-	-	-	-	-	173,879
Grant receivable	1,603	-	-	-	-	-	-	1,603
Taxes receivable, net	441,216	-	-	-	-	-	-	441,216
Inventories	15,753	-	-	-	-	-	81,626	97,379
Prepaid expenses	36,197	-	-	-	-	-	-	36,197
Total assets	<u>\$ 7,297,709</u>	<u>\$ 76,082</u>	<u>\$ 113</u>	<u>\$ 53,354</u>	<u>\$ 40,260</u>	<u>\$ 89,940</u>	<u>\$ 195,697</u>	<u>\$ 7,753,155</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 990,476	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,787	\$ 1,081,263
Accrued payroll	1,327,878	-	-	-	-	2,761	-	1,330,639
Unearned revenue	247,387	-	-	-	-	-	-	247,387
Total liabilities	<u>2,565,741</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,761</u>	<u>90,787</u>	<u>2,659,289</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	121,594	-	-	-	-	-	-	121,594
Fund balances:								
Nonspendable	15,753	-	-	-	-	-	-	15,753
Assigned	4,103,068	76,082	113	53,354	40,260	87,179	104,910	4,464,966
Unassigned	491,553	-	-	-	-	-	-	491,553
Total fund balances	<u>4,610,374</u>	<u>76,082</u>	<u>113</u>	<u>53,354</u>	<u>40,260</u>	<u>87,179</u>	<u>104,910</u>	<u>4,972,272</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,297,709</u>	<u>\$ 76,082</u>	<u>\$ 113</u>	<u>\$ 53,354</u>	<u>\$ 40,260</u>	<u>\$ 89,940</u>	<u>\$ 195,697</u>	<u>\$ 7,753,155</u>

CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund
Accounts – Year Ended June 30, 2024

	General Fund	Police Juvenile Account	Drug Seizure Account	Local Seizures Account	IRS Seizures Account	Animal Control Account	Fleet Maintenance	Total General Fund
REVENUES								
Taxes	\$ 2,889,951	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,889,951
Intergovernmental	3,658,167	-	-	-	-	-	-	3,658,167
Charges for services	41,228	-	-	-	-	24,787	-	66,015
Fines and forfeitures	135,420	7,717	-	-	-	-	-	143,137
Licenses and permits	205,624	-	-	-	-	-	-	205,624
Investment income	306,913	-	-	-	-	-	-	306,913
Miscellaneous	273,433	-	-	1	-	13,944	19,239	306,617
Total revenues	7,510,736	7,717	-	1	-	38,731	19,239	7,576,424
EXPENDITURES								
Current:								
General government	3,892,751	-	-	-	-	-	-	3,892,751
Public safety	12,957,891	1,200	-	-	-	51,117	-	13,010,208
Culture and recreation	1,324,920	-	-	-	-	-	-	1,324,920
Cemetery	198,371	-	-	-	-	-	-	198,371
Library	467,982	-	-	-	-	-	-	467,982
Fleet maintenance	-	-	-	-	-	-	1,258,196	1,258,196
Capital Outlay	346,766	-	-	-	-	-	3,048	349,814
Total expenditures	19,188,681	1,200	-	-	-	51,117	1,261,244	20,502,242
Excess (deficiency) of revenues over expenditures	(11,677,945)	6,517	-	1	-	(12,386)	(1,242,005)	(12,925,818)
OTHER FINANCING SOURCES (USES)								
Transfers in	22,537,817	-	-	-	-	25,000	1,240,000	23,802,817
Transfers out	(10,613,438)	-	-	-	-	-	-	(10,613,438)
Total other financing sources and uses	11,924,379	-	-	-	-	25,000	1,240,000	13,189,379
Net change in fund balances	246,434	6,517	-	1	-	12,614	(2,005)	263,561
Fund balances- beginning June 30, 2024 as previously reported	4,363,940	-	-	-	-	-	-	4,363,940
Restatements	-	69,565	113	53,353	40,260	74,565	106,915	344,771
Fund balances - beginning	4,363,940	69,565	113	53,353	40,260	74,565	106,915	4,708,711
Fund balances - ending	\$ 4,610,374	\$ 76,082	\$ 113	\$ 53,354	\$ 40,260	\$ 87,179	\$ 104,910	\$ 4,972,272

CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

Combining Balance Sheet - Non-Major Governmental Funds - June 30, 2024

	Special Revenue Fund							Capital Project Fund				
	Sales Tax Police	Sales Tax Fire	Cemetery Care Fund	Emergency Taxes	Sales Tax Park	Emergency Management	Library Fund	Capital Improvement Sales Tax	Airport Fund	CDBG Sewer Fund	Bicycle Trail Grant	TOTALS
ASSETS												
Cash and cash equivalents	\$ 518,064	\$ 750,914	\$ 216,670	\$ 164,931	\$ 1,547,931	\$ 97,527	\$ 101,286	\$ 1,969,074	\$ (259,423)	\$ 198,791	\$ 208,140	5,513,905
Investments	-	-	-	-	156,501	-	-	1,172,312	-	-	-	1,328,813
Grant receivable	4,713	-	-	-	-	-	-	-	219,862	52,195	-	276,770
Taxes Receivable	175,683	175,683	-	-	175,683	-	-	351,366	-	-	-	878,415
Accrued interest receivable	-	-	-	-	490	-	-	3,669	-	-	-	4,159
Prepaid expenses	11,464	936	-	-	-	1,650	-	1,000	-	-	-	15,050
Total assets	<u>\$ 709,924</u>	<u>\$ 927,533</u>	<u>\$ 216,670</u>	<u>\$ 164,931</u>	<u>\$ 1,880,605</u>	<u>\$ 99,177</u>	<u>\$ 101,286</u>	<u>\$ 3,497,421</u>	<u>\$ (39,561)</u>	<u>\$ 250,986</u>	<u>\$ 208,140</u>	<u>\$ 8,017,112</u>
LIABILITIES, AND FUND BALANCES												
Liabilities:												
Accounts payable and accrued liabilities	\$ 83,696	\$ 25,104	\$ 2,431	\$ 2,223	\$ 46,441	\$ 3,130	\$ 9,509	\$ 518,314	\$ 10,519	\$ 793	\$ -	\$ 702,160
Accrued payroll	-	-	-	-	-	-	22	-	-	-	-	22
Total liabilities	<u>83,696</u>	<u>25,104</u>	<u>2,431</u>	<u>2,223</u>	<u>46,441</u>	<u>3,130</u>	<u>9,531</u>	<u>518,314</u>	<u>10,519</u>	<u>793</u>	<u>-</u>	<u>702,182</u>
Fund balances:												
Restricted	626,228	902,429	214,239	162,708	1,834,164	96,047	-	2,979,107	-	250,193	208,140	7,273,255
Assigned	-	-	-	-	-	-	91,755	-	-	-	-	91,755
Unassigned (deficit)	-	-	-	-	-	-	-	-	(50,080)	-	-	(50,080)
Total fund balances	<u>626,228</u>	<u>902,429</u>	<u>214,239</u>	<u>162,708</u>	<u>1,834,164</u>	<u>96,047</u>	<u>91,755</u>	<u>2,979,107</u>	<u>(50,080)</u>	<u>250,193</u>	<u>208,140</u>	<u>7,314,930</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 709,924</u>	<u>\$ 927,533</u>	<u>\$ 216,670</u>	<u>\$ 164,931</u>	<u>\$ 1,880,605</u>	<u>\$ 99,177</u>	<u>\$ 101,286</u>	<u>\$ 3,497,421</u>	<u>\$ (39,561)</u>	<u>\$ 250,986</u>	<u>\$ 208,140</u>	<u>\$ 8,017,112</u>

CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2024

	Special Revenue Fund												
	Sales Tax Police		Cemetery Care Fund	Police Juvenile Fund	Emergency Taxes		Emergency Management	Drug Seizure Fund	Library Fund	Local Seizures Fund	IRS Seizures Fund	Animal Control Fund	Fleet Maintenance
	Sales Tax Fire					Sales Tax Park							
REVENUES													
Taxes	\$ 1,031,528	\$ 1,031,528	\$ -	\$ -	\$ 5,413	\$ 1,031,528	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	59,346	62,494	-	-	-	-	65,000	-	15,182	-	-	-	-
Charges for services	-	-	36,571	-	-	-	-	-	13,595	-	-	-	-
Investment income	657	719	2,760	-	1,443	3,193	-	-	-	-	-	-	-
Miscellaneous	25,265	8,329	-	-	-	22,481	800	-	10,844	-	-	-	-
Total revenues	1,116,796	1,103,070	39,331	-	6,856	1,057,202	65,800	-	39,621	-	-	-	-
EXPENDITURES													
Current:													
General government	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	478,851	329,398	-	-	24,999	-	2,764	-	-	-	-	-	-
Culture and recreation	-	-	12,323	-	-	467,230	-	-	37,628	-	-	-	-
Airport	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	215,368	67,342	36,495	-	-	180,719	38,527	-	-	-	-	-	-
Total Expenditures	694,219	396,740	48,818	-	24,999	647,949	41,291	-	37,628	-	-	-	-
Revenues over (under) expenditures	422,577	706,330	(9,487)	-	(18,143)	409,253	24,509	-	1,993	-	-	-	-
OTHER FINANCING SOURCES (USES)													
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(503,619)	(503,836)	(10,951)	-	-	(168,514)	-	-	-	-	-	-	-
Total other financing sources (uses)	(503,619)	(503,836)	(10,951)	-	-	(168,514)	-	-	-	-	-	-	-
Net change in fund balances	(81,042)	202,494	(20,438)	-	(18,143)	240,739	24,509	-	1,993	-	-	-	-
Fund balances- beginning June 30, 2024 as previously reported	707,270	699,935	234,677	69,565	180,851	1,593,425	71,538	113	89,762	53,353	40,260	74,565	106,915
Restatements	-	-	-	(69,565)	-	-	-	(113)	-	(53,353)	(40,260)	(74,565)	(106,915)
Fund balances - beginning June 30, 2024 as restated	707,270	699,935	234,677	-	180,851	1,593,425	71,538	-	89,762	-	-	-	-
Fund balances - ending	\$ 626,228	\$ 902,429	\$ 214,239	\$ -	\$ 162,708	\$ 1,834,164	\$ 96,047	\$ -	\$ 91,755	\$ -	\$ -	\$ -	\$ -

(Continued)

CITY OF CLAREMORE, OKLAHOMA
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As of and for the Year Ended June 30, 2024

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended June 30, 2024
Continued

	Capital Project Fund				
	Capital Improvement Sales Tax	Airport Fund	CDBG Sewer Fund	Bicycle Trail Grant	TOTALS
REVENUES					
Taxes	\$ 2,063,055	\$ -	\$ -	\$ -	\$ 5,163,052
Intergovernmental	-	557,070	200,383	-	959,475
Charges for services	-	-	-	-	50,166
Investment income	18,357	-	-	-	27,129
Miscellaneous	20,662	-	-	-	88,381
Total revenues	<u>2,102,074</u>	<u>557,070</u>	<u>200,383</u>	<u>-</u>	<u>6,288,203</u>
EXPENDITURES					
Current:					
General government	362,640	-	53,772	-	416,412
Public safety	(20,481)	-	-	-	815,531
Culture and recreation	289,990	-	-	-	807,171
Airport	-	1	-	-	1
Capital Outlay	<u>948,270</u>	<u>662,728</u>	<u>200,947</u>	<u>-</u>	<u>2,350,396</u>
Total Expenditures	<u>1,580,419</u>	<u>662,729</u>	<u>254,719</u>	<u>-</u>	<u>4,389,511</u>
Revenues over (under) expenditures	521,655	(105,659)	(54,336)	-	1,898,692
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	54,286	-	54,286
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,186,920)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>54,286</u>	<u>-</u>	<u>(1,132,634)</u>
Net change in fund balances	521,655	(105,659)	(50)	-	766,058
Fund balances- beginning June 30, 2024 as previously reported	<u>2,457,452</u>	<u>55,579</u>	<u>250,243</u>	<u>208,140</u>	<u>6,893,643</u>
Restatements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(344,771)</u>
Fund balances - beginning June 30, 2024 as restated	<u>2,457,452</u>	<u>55,579</u>	<u>250,243</u>	<u>208,140</u>	<u>6,548,872</u>
Fund balances - ending	<u>\$ 2,979,107</u>	<u>\$ (50,080)</u>	<u>\$ 250,193</u>	<u>\$ 208,140</u>	<u>\$ 7,314,930</u>

CITY OF CLAREMORE, OKLAHOMA
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As of and for the Year Ended June 30, 2024

Schedule of Federal Awards –Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal AL Number	Grant I.D. Number	Federal Expenditures
Federal Awards:			
U.S. Department of Transportation			
Federal Aviation Administration	20.106	n/a	\$ 366,733
Federal Aviation Administration	20.106	n/a	95,884
Oklahoma Dept of Transportation	20.205	TAP grants	160,757
Total U.S. Department of Transportation			<u>623,374</u>
U.S. Department of Justice			
Bureau of Justice Assistance	16.607	n/a	9,345
Total U.S. Department of Justice			<u>9,345</u>
U.S. Department of Homeland Security			
Oklahoma Dept of Emergency Management	97.042	EMPG 23	7,500
Oklahoma Dept of Emergency Management	97.042	EMPG 24	7,500
Oklahoma Dept of Emergency Management	97.042	PA-06-OK-4721-PW-0022(15)	114,444
Oklahoma Dept of Emergency Management	97.042	PA-06-OK-4721-PW-00010(5)	9,618
Oklahoma Dept of Emergency Management	97.042	PA-06-OK-4721-PW	76,042
Subtotal AL #97.042			<u>215,104</u>
Oklahoma Dept of Emergency Management	97.039	FEMA-DR-4530-0011-OK	16,961
Oklahoma Dept of Emergency Management	97.036	FIPS# 131-14700-00	4,361,955
Oklahoma Dept of Homeland Security	97.067	DHS-22-GPD-067-000-02	4,671
Oklahoma Dept of Homeland Security	97.067	DHS-22-GPD-067-000-02	7,823
Subtotal AL #97.067			<u>12,494</u>
Total U.S. Department of Homeland Security			<u>4,606,514</u>
U.S. Department of Housing and Urban Development			
Oklahoma Dept of Commerce	14.228	18112 CDBG CV 2021- relief for utilities	39,626
Oklahoma Dept of Commerce	14.228	18465 CDBG CV - Senior food grant	14,850
Total U.S. Department of Housing and Urban Development			<u>54,476</u>
U.S. Department of the Interior			
Cherokee Nation ARPA funds - Aid to Tribal Governments	15.020	Cherokee Nation ARPA funds donation	35,814
Cherokee Nation ARPA funds - Aid to Tribal Governments	15.020	Cherokee Nation ARPA funds donation	45,373
Total U.S. Department of the Interior			<u>81,187</u>
U.S. Department of the Treasury			
Oklahoma Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA funds for City	1,660,709
Total U.S. Department of the Treasury			<u>1,660,709</u>
Total Federal Awards			<u>\$ 7,035,605</u>

CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE

CITY OF CLAREMORE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of 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, 2024, 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 16, 2025.

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.

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.

Hick & Company, PC

Tulsa, Oklahoma
June 16, 2025





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, 2024. 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, 2024.

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.

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, 2024 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 16, 2025, 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 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.

Hick & Company, PC

Tulsa, Oklahoma
June 16, 2025



City of Claremore
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Summary of Auditor's Results

1. The opinion expressed in the independent auditor's report was:
- ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed
2. The independent auditor's report on internal control over financial reporting described:
- Significant deficiencies ☐ Yes ☒ None reported
- Material weaknesses? ☐ Yes ☒ No
3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No
4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:
- Significant deficiencies? ☐ Yes ☒ None reported
- Material weaknesses? ☐ Yes ☒ No
5. The opinion expressed in the independent auditor's report on compliance for major federal awards was:
- ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed
6. The audit disclosed findings required to be reported by the Uniform Guidance? ☐ Yes ☒ No
7. The City's major program was:
- | Cluster/Program | Assistance Listing Number |
|-----------------------------|---------------------------|
| FEMA - Emergency Management | 97.036 |
8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was \$750,000.
9. The City qualified as a low-risk auditee as that term is defined in Uniform Guidance. ☐ Yes ☒ No

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

None to report for the year ended June 30, 2024.

City of Claremore
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

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

None to report for the year ended June 30, 2024.

City of Claremore
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2024

No matters were reportable.