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**CITY OF MCALESTER COMPREHENSIVE ANNUAL FINANCIAL
AND INDEPENDENT AUDITOR'S REPORTS FOR THE YEAR
ENDING JUNE 30, 2020**

THE CITY OF MCALESTER, OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

**Prepared By:
City of McAlester Department of Finance
Sherri Swift, Chief Financial Officer**

**CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

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December 17, 2020

Honorable Mayor, Members of the City Council and the Citizens of the City of McAlester, Oklahoma:

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of McAlester for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the 6th consecutive year that the government has achieved this award. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate. The preparation of this CAFR could not have been accomplished without the efficient and dedicated service of a highly qualified staff in the Finance Department.

Management assumes the responsibility for the completeness and reliability of the information contained in this report. City of McAlester's management is responsible for establishing and maintaining an internal control structure designed to ensure that assets of the City are protected from loss, theft or misuse in order to ensure that adequate accounting data is compiled to allow for the preparation of the financial statements that are free from material misstatements. We believe the information, as presented, is accurate in all material aspects and that all disclosures necessary to enable the reader to gain an adequate understanding of the City's financial activities have been included. The internal control structure is designed to provide reasonable, but not absolute, assurance that the financial statements are free of any material misstatements.

The City's financial statements have been audited by Finley and Cook, a firm of licensed certified public accountants. The independent audit was conducted to provide reasonable assurance that the financial statements of the City are free of material misstatement. The independent auditor has issued an unmodified opinion on the City's financial statements for the year ended June 30, 2020. The independent auditor's report is presented as the first component of the financial section of this report.

Management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

The City is governed by the Council-Manager form of government. This form of government most closely resembles the private sector with the Manager serving as the Chief Executive Officer, the Mayor as the Chairman of the Board, and the Council as the Board of Directors. The City Council is the legislative body for the City of McAlester. It is comprised of the Mayor, Vice-Mayor, and five council members who are elected to serve four-year terms. The council members represent each of the City's six wards while the Mayor is elected at-large.

The City of McAlester provides a variety of municipal services to 18,000+ residents, including police and fire protection, planning and zoning services, parks and recreational activities, the construction and maintenance of streets, and other infrastructure. The City also provides water, wastewater, storm water, and solid waste services to its residents under the legal entity of (MPWA) McAlester Public Works Authority.

The City reports on a fiscal year basis, beginning July 1st and ending June 30th. All funds of the City with revenues and expenditures are required to have annual budgets. The City Manager's proposed operating budget for the fiscal year commencing the following July 1 is submitted to the City Council prior to June 1. A public hearing is held prior to June 15 to obtain citizen comments. Following the public hearing, but not later than seven days prior to July 1, the budget is adopted by Ordinance of the City Council. The adopted budget is filed with the Office of the State Auditor and Inspector. The appropriated budget is prepared by fund, function, and department. All supplemental appropriations require City Council approval. The City Manager may transfer appropriations between departments without City Council approval up to \$25,000. Supplemental appropriations must also be filed with the Office of the State Auditor and Inspector. The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

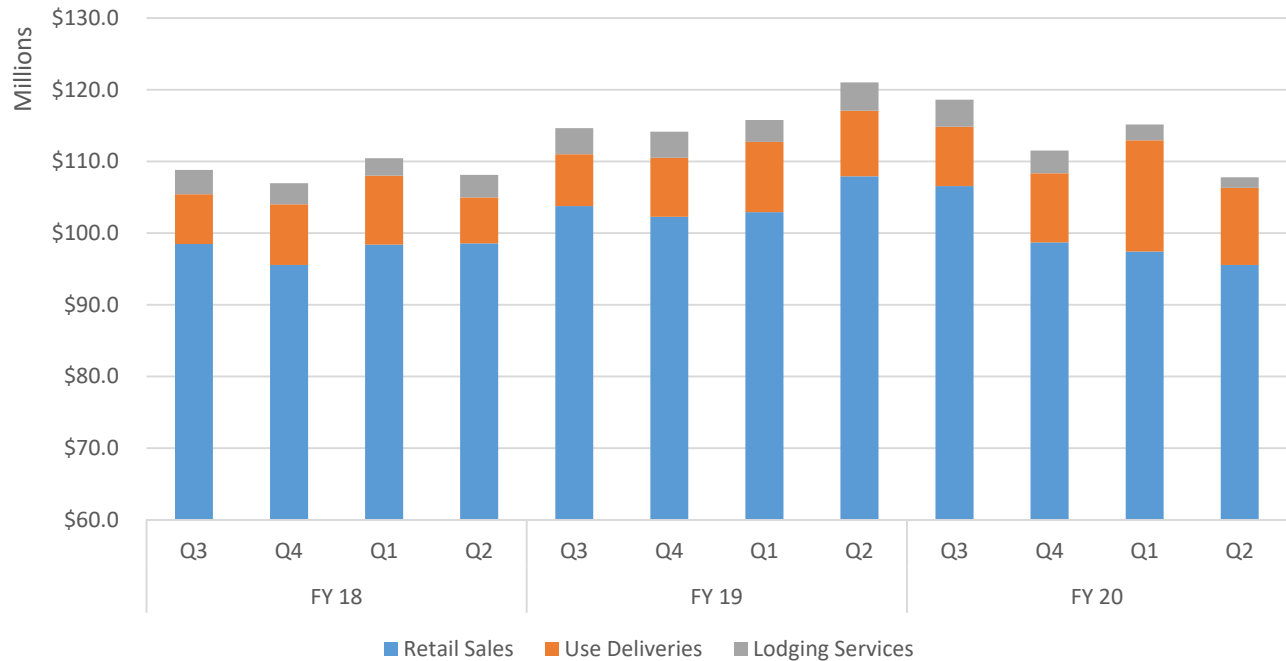
Local Economy

McAlester is the premier trade hub for southeast Oklahoma with a service area covering more than 70,000 residents across 8 counties. These residents rely on McAlester for housing, employment opportunities, retail and dining options, and healthcare services. For those products and services in limited supply in rural Oklahoma, McAlester has convenient access to the markets in Tulsa, Oklahoma City, and Dallas.

Recent economic shocks have destabilized the McAlester economy. The downturn in the oil and gas industry, the recertification of Boeing's 737 Max, and COVID-19 have collectively caused significant unemployment. Several major employers have halted production or announced upcoming closures, including Spirit AeroSystems, STEP Energy, and National Oilwell Varco.

This loss is reflected in our commercial activity, which includes Retail Sales Tax, Use tax, and Lodging tax. From the final quarter in Fiscal Year 2019 to the final quarter in Fiscal Year 2020, there was an approximately 10.9% reduction in commercial activity, reducing the total tax collections the City received.

Quarterly Commercial Activity

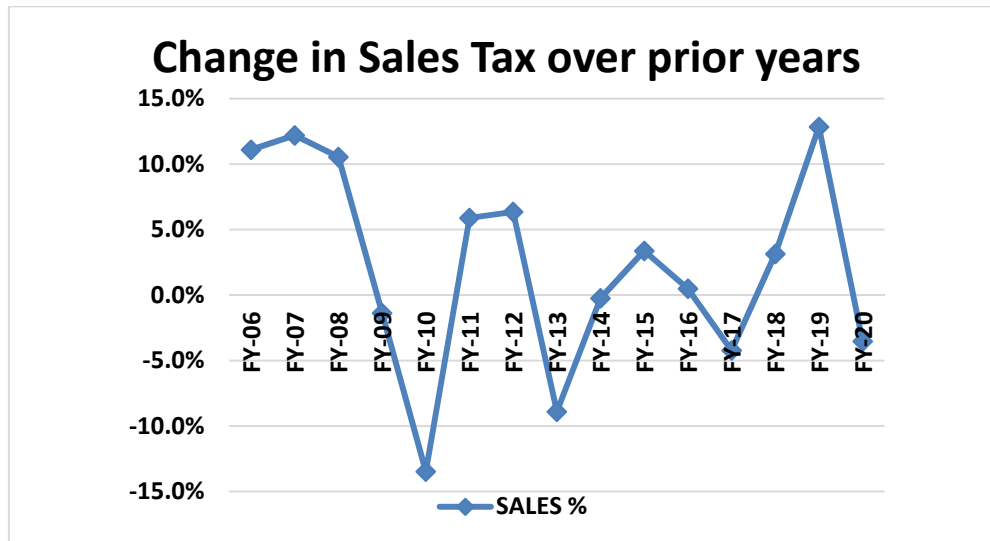


The City of McAlester, like most cities in the State of Oklahoma, relies on sales tax. Sales tax can be a volatile revenue. Consequently, the City’s finances are directly impacted by economic conditions. Our local economy shows signs of cautiously optimistic indicators. Use tax continues to rise above expectations and was over budget. Sales tax represents more than 50% of the City’s total General Fund Revenue and was slightly under budget. Our local economy continues demonstrating stability and strength.

As the worldwide economic effects of the COVID-19 pandemic took hold in the Spring of 2020, the City of McAlester directly and indirectly benefitted from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The economic stimulus provisions providing direct payments, temporary student loan payment relief, and additional unemployment benefits allowed citizens to continue a relatively stable standard of living. The payroll protection program aided small businesses to continue offering services to citizens and further stabilizing the local economy. Additionally, the City received more than \$1.3 million in direct reimbursements for COVID related expenses.

The initial response to a downturn in revenue collections at the onset of the pandemic included a decrease in expenditures, early retirement buyouts, long-term and short-term furloughs, and a temporary reduction in benefits for non-uniform employees.

The long-term effects from the COVID-19 pandemic are still developing. Annual trends in City sales tax are illustrated below:



Major Initiatives

The City continued to focus on capital needs and infrastructure projects during Fiscal Year 2019-2020. Our comprehensive Storm Water Study is funded and will help prepare us for the repair or replacement of our storm water infrastructure. Numerous storm water projects were planned and completed this year. Several of our needed water treatment infrastructure repairs or replacements have been completed and will continue; particularly in the Connally Addition. We are systematically replacing our aging water and waste-water infrastructure. It will mirror what we have accomplished in our streets department panel replacement and asphalt overlay programs. With the streets study that was accomplished a few years ago that identified the conditions and needs of our streets, we have been able to systematically repair and replace major thoroughfares.

List of 2019-2020 initiatives:

- New website
- Formal adoption of *Moving McAlester Forward* Comprehensive Plan
- Completion of downtown streetscape project
- E911 Technology Equipment Upgrade
- Canal Bank Stabilization
- 20-inch main water line replacement at Talawanda Lake
- 30-inch raw water line and valves replaced at Lake McAlester Dam
- Bicycle lanes on Monroe and 9th/Hardy Springs
- Sewer upgrades in Connally Addition
- OKLA Theater acquisition
- Washington Street Reconstruction
- Arvest Park Development
- Leadership Park improvements
- New playground equipment at Connally Park
- Continued progress on Shops at McAlester – groundbreaking
- Re-establishing Coal Creek Pump Station as a secondary water source

The preparation of this Comprehensive Annual Financial Report is a combined effort of the Finance Department and the professional assistance of Crawford & Associates, P.C. Our sincere appreciation is extended to all who contributed to its preparation.

Finally, we would like to thank the Mayor, the members of the City Council, and the members of the Audit and Finance Committee for their policy guidance which is contained in this document. As the governing body, we appreciate their leadership, encouragement, and support in strengthening and improving the fiscal policies of the City of McAlester.

Respectfully Submitted,



Peter Stasiak
City Manager



Sherri Swift
Chief Financial Officer

CITY OF MCALESTER, OKLAHOMA

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2020

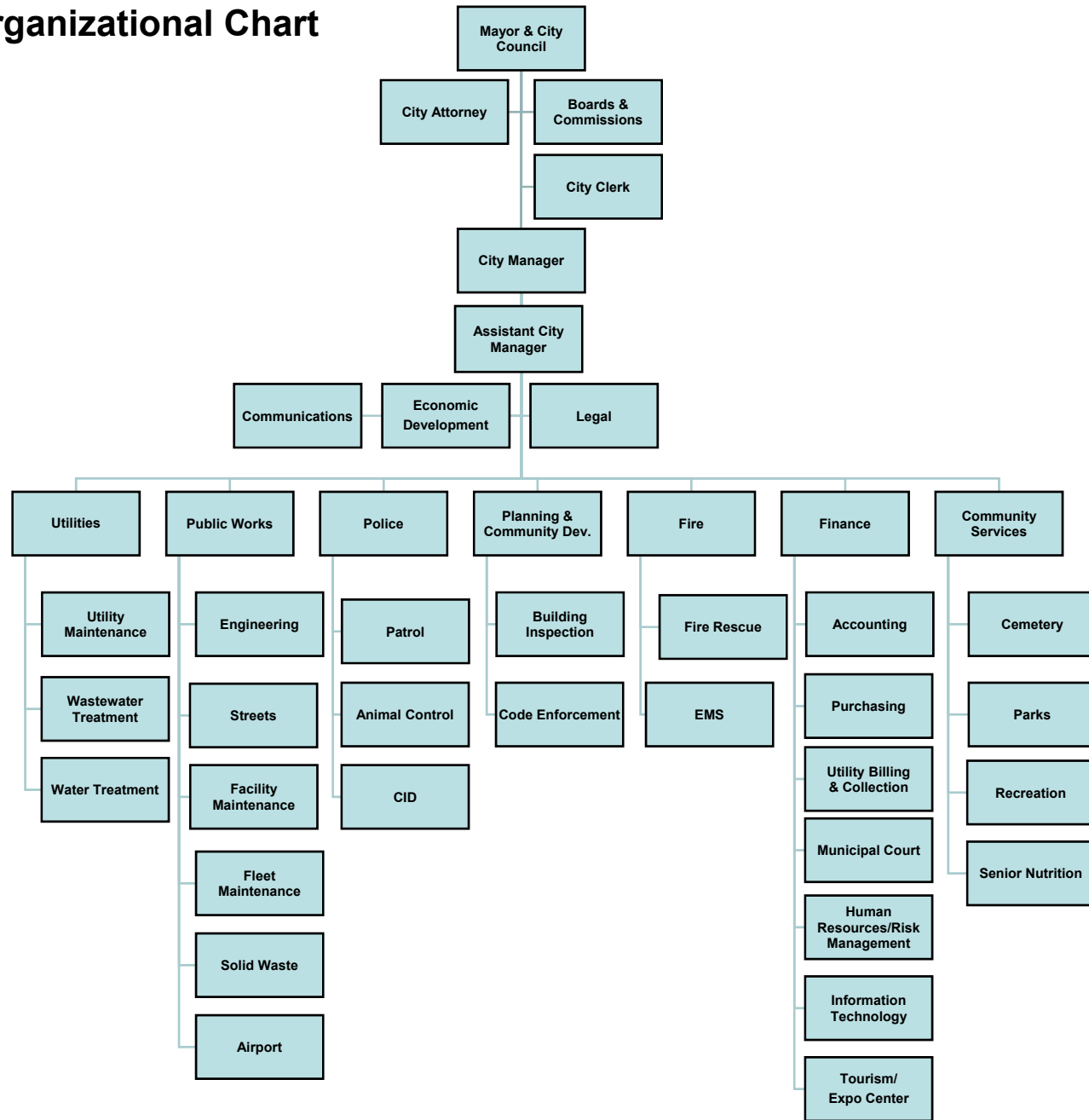
City Council

John Browne, Mayor
Weldon Smith, Member Ward 1
Cully Stevens, Member Ward 2
Steve Cox, Member Ward 3
James Brown, Member Ward 4
Maureen Harrison, Member Ward 5
Zach Prichard, Member Ward 6

Administration

Peter J. Stasiak	City Manager
Cora Middleton	City Clerk
Toni Ervin	Assistant City Manager
Sherri Swift	Chief Financial Officer

City of McAlester Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of McAlester
Oklahoma**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of McAlester, Oklahoma

Report on the Financial Statements

We have audited the accompanying 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 McAlester, Oklahoma (the "City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City's discretely presented component unit, McAlester Regional Health Center Authority, which represents 99.9% of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the McAlester Regional Health Center Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

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

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Other Matters, Continued

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, other supplementary information, and the statistical section, as listed on the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other supplementary schedules, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, based on our audit, the combining and individual nonmajor fund financial statements and other supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Finley + Cook, PLLC

Shawnee, Oklahoma
December 17, 2020

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As management of the City of McAlester, we offer readers this narrative overview and analysis of the financial activities of the City of McAlester for the fiscal year ended June 30, 2020. We encourage readers to use this information in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's overall net position improved during the year ended June 30, 2020. Total net position increased by \$57,258 with the City's total government-wide assets and deferred outflows continuing to exceed its total liabilities and deferred inflows at June 30, 2020, by \$37,561,037 which represents its total government-wide net position.

- The City's governmental activities experienced a current year increase in net position of \$10,146, while business-type activities experienced a current year increase in net position of \$47,112. However, while overall net position did improve from the prior year, there are still several areas of concern and conditions that are worth noting in terms of the City's financial condition. These concerns or conditions include the following:
 - While the City has total government-wide net position amounting to \$37,561,037, it is segregated by \$33,359,786 in a net investment in capital assets and \$7,177,876 of net position restricted for various purposes, thus leaving the City with (\$2,976,625) in a total unrestricted net position (deficit), with (\$4,468,495) of the unrestricted net position (deficit) located in the City's governmental activities and \$1,491,870 of positive unrestricted net position located in the City's business-type activities. Due to the implementation of pension accounting standards in the FY 2015, the City's net pension liabilities are now being reported in the amounts of \$10,982,730 for governmental activities and \$607,148 for business-type activities.

 - At June 30, 2020, the City's governmental funds reported combined ending fund balances of \$17,951,863. That net amount is the result of \$13,103,973 of restricted fund balance, \$2,691,373 of assigned fund balance, and \$2,156,517 of unassigned fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The Primary Government
 - City of McAlester
 - McAlester Public Works Authority
 - McAlester Airport Authority
 - McAlester National Defense & Industrial Development Authority (no current activity)
 - McAlester Economic Development Authority (no current activity)

- Discretely Presented Component Units
 - McAlester Regional Health Center
 - McAlester Parking Authority

The entities included as part of the primary government are included in this report within the governmental-wide statements in either of two categories of activities – governmental and business-type. The discretely presented component units are reported in individual columns labeled Component Units. This management discussion and analysis focuses on the primary government as defined above.

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

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

This discussion and analysis is intended to serve as an introduction to the City of McAlester's basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 22 & 23, respectively) report information about the City as a whole and about its activities in a way that helps answer questions. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues, expenses and deferrals are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in net position 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 non-financial factors, such as changes in the City's tax base, the condition of the City's roads and other infrastructure, and the quality of services to assess the overall health of the City.

The Statement of Net Position and the Statement of Activities are divided into three types 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's activities that charge a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, sewer, and solid waste collections utilities, along with its airport activities, are reported here.
- Discretely-presented component units -- These account for activities of the City's reporting entity that do not meet the criteria for blending, and include the Regional Health Center Authority and the Parking Authority.

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. The City of McAlester, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City of McAlester can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds -- Most of the City's basic services are reported in governmental funds, which focus on near-term inflows and outflows of spendable resources, as well as spendable resources available at the end of the fiscal year. These funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". The governmental fund statements provide a detailed short-term view of the 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 fund 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. Enterprise funds are one type of proprietary funds and are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for its water and sewer operations and solid waste collection, disposal services, and airport services. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds - When the City is responsible for assets that – because of a trust arrangement or other fiduciary requirement – can be used only for trust beneficiaries or other parties, such as the City's single employer Defined Benefit Retirement Plan and Trust Fund, the City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance operations.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

For the year ended June 30, 2020, net position for the governmental activities and business-type activities totaled \$37,561,037, which was an increase of \$57,258. The results indicate the City, as a whole, improved its financial position from the prior year.

The City of McAlester's Change in Net Position

	Governmental Activities	Business-type Activities	Total
Beginning net position	\$ 5,620,154	\$ 31,883,625	\$ 37,503,779
Increase in net position	10,146	47,112	57,258
Ending net position	\$ 5,630,300	\$ 31,930,737	\$ 37,561,037

Following is a summary comparison of change in net position from last year for the City of McAlester.

The City of McAlester's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 20,896,278	\$ 23,691,402	\$ 7,925,366	\$ 7,199,228	\$ 28,821,644	\$ 30,890,630
Capital assets	41,517,518	41,481,519	31,080,715	31,970,044	72,598,233	73,451,563
Total assets	62,413,796	65,172,921	39,006,081	39,169,272	101,419,877	104,342,193
Deferred Outflows of Resources:						
Deferred amounts related to pensions	3,463,795	3,293,162	112,372	188,166	3,576,167	3,481,328
Deferred amounts on refunding	661,702	755,783	-	-	661,702	755,783
Liabilities:						
Long-term liabilities	57,698,327	60,149,390	6,385,553	6,998,296	64,083,880	67,147,686
Other liabilities	1,742,601	1,958,917	624,656	448,247	2,367,257	2,407,164
Total liabilities	59,440,928	62,108,307	7,010,209	7,446,543	66,451,137	69,554,850
Deferred Inflows of Resources:						
Deferred amounts related to pensions	1,468,065	1,493,405	177,507	27,270	1,645,572	1,520,675
Net position:						
Net investment in capital assets	2,920,919	(1,073,290)	30,438,867	30,985,761	33,359,786	29,912,471
Restricted	7,177,876	10,840,610	-	-	7,177,876	10,840,610
Unrestricted (deficit)	(4,468,495)	(4,147,166)	1,491,870	897,864	(2,976,625)	(3,249,302)
Total net position	\$ 5,630,300	\$ 5,620,154	\$ 31,930,737	\$ 31,883,625	\$ 37,561,037	\$ 37,503,779

The significant decline in the amount of long-term liabilities of the governmental activities is directly related to the payment of principal on the revenue bonds of \$3,145,000 during the current year.

The largest portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. This year the net investment in capital assets amounted to approximately \$33.4 million. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the City's net position, approximately \$7.2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is generally considered to be available to be used to meet the government's ongoing obligations to citizens and creditors. For the current year, this unrestricted net position amounted to a \$2,976,625 deficit. The governmental activities unrestricted net position deficit balance of \$4,468,495 is primarily the

result of the net pension liabilities and their related deferred outflows and inflows that are reported as a component of the unrestricted net position (deficit).

The City of McAlester's Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for Services	\$ 3,552,040	\$ 3,404,026	\$ 9,437,695	\$ 9,777,964	\$ 12,989,735	\$ 13,181,990
Grants & Contributions	3,128,282	1,770,963	35,761	-	3,164,043	1,770,963
Capital Grants & Contributions	203,784	299,061	137,902	4,664,651	341,686	4,963,712
General Revenues:						
Sales & Use Tax	16,651,644	16,658,759	-	-	16,651,644	16,658,759
Other Taxes	1,820,083	2,087,502	-	-	1,820,083	2,087,502
Other General Revenues	824,001	882,208	145,784	133,157	969,785	1,015,365
Total Revenues	26,179,834	25,102,519	9,757,142	14,575,772	35,936,976	39,678,291
Program Expenses:						
Legislature	120,592	107,346	-	-	120,592	107,346
Administration	4,236,927	3,528,957	-	-	4,236,927	3,528,957
Public safety	9,590,553	7,706,769	-	-	9,590,553	7,706,769
Community services	4,577,543	2,913,948	-	-	4,577,543	2,913,948
Administration services	1,194,570	1,421,431	-	-	1,194,570	1,421,431
Health and welfare	270,928	285,692	-	-	270,928	285,692
Public works	3,501,910	3,366,650	-	-	3,501,910	3,366,650
Economic development	356,645	395,730	-	-	356,645	395,730
Stormwater	14,017	5,255	-	-	14,017	5,255
Payment to component unit-Hospital	495,860	327,225	-	-	495,860	327,225
Interest on long-term debt	1,955,507	2,064,810	-	-	1,955,507	2,064,810
Water	-	-	4,388,784	4,550,644	4,388,784	4,550,644
Sewer	-	-	2,156,967	2,162,221	2,156,967	2,162,221
Sanitation	-	-	2,168,727	1,975,479	2,168,727	1,975,479
Airport	-	-	850,188	756,885	850,188	756,885
Total Expenses	26,315,052	22,123,813	9,564,666	9,445,229	35,879,718	31,569,042
Revenues in excess of expenses	(135,218)	2,978,706	192,476	5,130,543	57,258	8,109,249
Net Transfers	145,364	(276,710)	(145,364)	276,710	-	-
Increase in Net Position	\$ 10,146	\$ 2,701,996	\$ 47,112	\$ 5,407,253	\$ 57,258	\$ 8,109,249
Net Position - beginning	5,620,154	2,918,158	31,883,625	26,476,372	37,503,779	29,394,530
Net Position - Ending	5,630,300	5,620,154	31,930,737	31,883,625	37,561,037	37,503,779

For the year ended June 30, 2020, on a government-wide basis, the City experienced an improvement in its financial condition resulting in an increase in total net position of \$57,258. The decrease in the size from the prior year change in net position can be attributable to an increase in operating grants and contributions of \$1,393,080, a decrease in capital grants and contributions of \$4,622,026, and an increase in expenses of \$4,310,676.

The City's current year governmental activities increase in net position of \$10,146 represents a decrease from the increase in net position of \$2,701,996 experienced in the prior year. This year's decrease in the change in net position from the prior year change can be attributable in large part to an increase in grants and contributions of \$1,357,319 from prior year, an increase in expenses of \$4,191,239 in the current year and an increase in net transfers of \$422,074.

The business-type activities experienced a current year increase in net position of \$47,112, which represents a significant change from the increase in net position of \$5,407,253 experienced in the prior year. This year's decrease in the change in net position from the prior year change can be attributable in large part to a decrease in charges for services of \$340,269, a decrease in capital grants and contributions of \$4,526,749 and a decrease in net transfers of \$422,074.

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

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2020 fiscal year, the governmental funds reported a combined fund balance of \$17,951,863. However, that net amount is the result of \$13,103,973 of restricted fund balance, \$2,691,373 of assigned fund balance, and \$2,156,517 of unassigned fund balance.

For the reasons discussed previously in regards to business-type activities, the enterprise funds reported combined net position of approximately \$31.9 million.

The General Fund's total fund balance increased by \$1,403,025, or 170.7%, which is an improvement from the increase in total fund balance of the prior year. This is due in a large part to an increase in intergovernmental revenues from the prior year.

The McAlester Public Works Authority enterprise fund reported an increase in net position, after transfers and capital contributions of \$697,595 for the year.

General Fund Budgetary Highlights

For the year ended June 30, 2020, the General Fund reported actual budgetary basis amounts available for appropriations below final estimates by \$1,186,354 or a 7.08% negative variance. General Fund actual expenditures were under final appropriations by \$1,799,764 or a 10.7% positive variance.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the City had approximately \$72.6 million invested in capital assets including land, buildings, machinery and equipment, park facilities, water, sewer and stormwater systems, roads and bridges. This represents a net decrease of \$853,330 from last year.

Below are details regarding the City's capital assets for the years ended June 30, 2020 and 2019.¹

¹ For more detailed information on capital asset activity please refer to page 45-46, Note 5. Capital Assets and Depreciation

² For more detailed information on long-term debt activity please refer to page 47-53, Note 6. Long-Term Debt and Debt Service Requirements

The City of McAlester's Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,803,086	\$ 1,803,086	\$ 212,571	\$ 212,571	\$ 2,015,657	\$ 2,015,657
Buildings and Improvements	18,976,347	17,437,798	10,215,543	10,084,197	29,191,890	27,521,995
Machinery and Equipment	12,151,332	11,410,348	4,299,372	4,348,855	16,450,704	15,759,203
Infrastructure	78,319,571	76,313,403	-	-	78,319,571	76,313,403
Utility Property	-	-	56,590,196	55,043,227	56,590,196	55,043,227
Water rights contracts	-	-	719,075	719,075	719,075	719,075
Construction-in-progress	158,388	701,409	324,461	681,051	482,849	1,382,460
Totals	111,408,724	107,666,044	72,361,218	71,088,976	183,769,942	178,755,020
Less Depreciation	(69,891,206)	(66,184,525)	(41,280,503)	(39,118,932)	(111,171,709)	(105,303,457)
Totals, Net	\$ 41,517,518	\$ 41,481,519	\$ 31,080,715	\$ 31,970,044	\$ 72,598,233	\$ 73,451,563

This year's more significant capital asset additions include \$339,963 for 2018 CDBG sewer project, \$180,900 for Connelly sewer improvement project, \$187,417 for 2019 CDBG sewer project, \$183,118 for Talawanda dam project, \$331,939 for raw water main relocate project, \$225,157 for E911 communications equipment upgrades, \$197,503 for Village Blvd street improvements, \$768,389 for Streetscape-Choctaw Ave project, \$722,451 for Washington Ave reconstruction project, \$227,950 for Canal bank-10th street project, \$250,579 for FY 19-20 asphalt overlay project, \$296,208 for FY 19-20 stormwater drainage project, \$338,681 for master drainage project, \$139,011 for a 2019 Western Star dump truck, and \$128,762 for a 2019 Western Star dump truck.

Debt Administration

At year-end, the City had \$52.5 million in long-term debt outstanding, which represents a \$3,064,955 decrease from the prior year.²

The City of McAlester's Long-term Debt

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Capital leases payable	\$ 570,410	\$ 437,646	\$ -	\$ -	\$ 570,410	\$ 437,646
Claims liability	40,884	116,924	-	-	40,884	116,924
Accrued compensation	2,228,051	2,387,313	200,884	233,567	2,428,935	2,620,880
Notes Payable	-	-	641,848	953,229	641,848	953,229
Revenue Bonds Payable	43,876,252	46,544,339	-	-	43,876,252	46,544,339
Landfill Closure and Post-Closure	-	-	4,379,625	4,307,416	4,379,625	4,307,416
Water contract obligations	-	-	-	31,054	-	31,054
Deposits subject to refund	-	-	556,048	547,469	556,048	547,469
Totals	\$ 46,715,597	\$ 49,486,222	\$ 5,778,405	\$ 6,072,735	\$ 52,494,002	\$ 55,558,957

The 2002 Revenue Bonds contain \$746,818, \$704,610, \$664,799, and \$920,949 (par value) of capital appreciation bonds. The accreted value of the first three bonds is \$3,930,000 each, and will require three separate \$3,930,000 payments maturing February 1, 2031, February 1, 2032 and February 1, 2033. The fourth bond will mature on February 1, 2034 and require a payment of \$5,770,000. No payments are required to be made on these bonds until maturity.

ECONOMIC OUTLOOK

McAlester is a rural community with more than 18,000 residents and serves as a regional hub in Southeastern Oklahoma for shopping, healthcare, tourism, and employment opportunities. Located in Pittsburg County, McAlester is the largest city within the boundaries of the Choctaw Nation of Oklahoma.

Fiscal Year 2019-2020 created both challenges and opportunities for McAlester. The pandemic, the struggling oil and natural gas markets, and the grounding of Boeing's 737 Max all negatively impacted the McAlester economy through employment loss. However, new developments are currently underway that will rejuvenate the community's excitement.

Two closure announcements will hinder McAlester's industrial growth going into 2021. Spirit AeroSystems and National Oilwell Varco, with a combined 450 jobs, will be closing in the spring. However, these closures will also open up over 300,000 square feet on industrial space to recruit new manufacturing to the City, leading to optimism that the short-term losses will lead to long-term growth opportunities.

The McAlester Regional Health Center, like many healthcare facilities, was damaged by COVID-19. Approximately 200 employees were recently let go, bringing their total employment to 600. However, progress is still being made toward a new ICU and cancer center, which will generate employment and spur economic activity with more regional residents coming to the City for healthcare services.

The McAlester Army Ammunition Plant continues to be the largest employer and growth engine for the region. With approximately 2,500 employees, upcoming expansions could push that number to 3,000 within the next several years. Investments in modernization will help ensure the Plant remains vital to the warfighter.

The Shops at McAlester is currently under construction and will bring 180,000 square feet of retailers and restaurants, including Hobby Lobby, TJ Maxx, Ross, Furniture Factory Outlet, Burks Outlet, and others. It is expected to fully open in the spring of 2022 and create over 300 full and part-time jobs. During construction, the construction workforce will stay, shop, and eat locally, helping increase sales taxes. Taxes paid on the construction material will also be a revenue boom for the City.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at 1st and Washington, McAlester, Oklahoma or phone at (918) 423-9300.

BASIC FINANCIAL STATEMENTS

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Government-Wide Statement of Net Position– June 30, 2020

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>McAlester Regional Health Center Authority</u>	<u>McAlester Parking Authority</u>
ASSETS					
Cash and cash equivalents	\$ 14,325,802	\$ 3,947,202	\$ 18,273,004	\$ 35,860,594	\$ 70,360
Investments	643,569	387,500	1,031,069	9,850,398	-
Accounts receivable, net of allowance	140,878	1,392,196	1,533,074	11,039,355	20
Estimated amounts due from third-party payers	-	-	-	-	-
Franchise tax receivable	48,592	-	48,592	-	-
Ambulance receivable, net of allowance	74,631	-	74,631	-	-
Court fines receivable, net of allowance	1,685,632	-	1,685,632	-	-
Due from other governments	3,762,860	14,467	3,777,327	-	-
Prepaid items	-	-	-	1,735,208	-
Other receivables	134,301	-	134,301	-	-
Internal balances	794	(794)	-	-	-
Inventory	-	-	-	2,828,253	-
Investment in joint venture	-	2,184,795	2,184,795	5,581,881	-
Restitution receivable:					
Due within one year	10,684	-	10,684	-	-
Due in more than one year	21,072	-	21,072	-	-
Net pension asset	47,463	-	47,463	-	-
Capital assets:					
Land, improvements, and construction in progress	1,961,474	1,256,107	3,217,581	2,694,634	-
Other capital assets, net of depreciation	39,556,044	29,824,608	69,380,652	41,303,575	-
Total assets	<u>62,413,796</u>	<u>39,006,081</u>	<u>101,419,877</u>	<u>110,893,898</u>	<u>70,380</u>
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred amounts related to pensions	3,463,795	112,372	3,576,167	-	-
Deferred amount on refunding	661,702	-	661,702	-	-
Total deferred outflows of resources	<u>4,125,497</u>	<u>112,372</u>	<u>4,237,869</u>	<u>-</u>	<u>-</u>
LIABILITIES:					
Accounts payable	441,829	472,531	914,360	3,810,386	91
Accrued payroll liabilities	545,391	67,242	612,633	4,845,798	-
Accrued interest payable	739,488	799	740,287	-	-
Estimated amounts due to third-party payers	-	-	-	11,999,573	-
Due to bondholders	7,613	-	7,613	-	-
Unearned revenue	8,280	84,084	92,364	-	-
Long-term liabilities:					
Due within one year	3,920,378	454,438	4,374,816	1,165,207	-
Due in more than one year	53,777,949	5,931,115	59,709,064	10,733,450	-
Total liabilities	<u>59,440,928</u>	<u>7,010,209</u>	<u>66,451,137</u>	<u>32,554,414</u>	<u>91</u>
DEFERRED INFLOWS OF RESOURCES:					
Deferred amounts related to pensions	1,468,065	177,507	1,645,572	-	-
NET POSITION:					
Net investment in capital assets	2,920,919	30,438,867	33,359,786	32,522,735	-
Restricted for emergencies	3,371,312	-	3,371,312	-	-
Restricted for economic development-bonds	800,000	-	800,000	-	-
Restricted for economic development	258,344	-	258,344	-	-
Restricted for E911	188,105	-	188,105	-	-
Restricted for debt service	752,662	-	752,662	-	-
Restricted for stormwater	699,983	-	699,983	-	-
Restricted for other	1,107,470	-	1,107,470	919,602	-
Unrestricted (deficit)	(4,468,495)	1,491,870	(2,976,625)	44,897,147	70,289
Total net position	<u>\$ 5,630,300</u>	<u>\$ 31,930,737</u>	<u>\$ 37,561,037</u>	<u>\$ 78,339,484</u>	<u>\$ 70,289</u>

See accompanying notes to the basic financial statements.

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Government-Wide Statement of Activities –Year Ended June 30, 2020

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	McAlester Regional Health Center Authority	McAlester Parking Authority
					Governmental Activities	Business-type Activities			
Primary government									
Governmental Activities									
Legislature	\$ 120,592	\$ -	\$ -	\$ -	\$ (120,592)	\$ -	\$ (120,592)	\$ -	\$ -
Administration	4,236,927	383,483	283,960	11,070	(3,558,414)	-	(3,558,414)	-	-
Public safety	9,590,553	2,152,848	2,512,136	24,151	(4,901,418)	-	(4,901,418)	-	-
Community services	4,577,543	48,004	78,430	43,450	(4,407,659)	-	(4,407,659)	-	-
Administration services	1,194,570	183,850	-	-	(1,010,720)	-	(1,010,720)	-	-
Health and welfare	270,928	-	97,746	-	(173,182)	-	(173,182)	-	-
Public Works	3,501,910	1,807	156,010	-	(3,344,093)	-	(3,344,093)	-	-
Economic development	356,645	-	-	125,113	(231,532)	-	(231,532)	-	-
Stormwater	14,017	782,048	-	-	768,031	-	768,031	-	-
Hospital (payment to component unit)	495,860	-	-	-	(495,860)	-	(495,860)	-	-
Interest on long-term debt	1,955,507	-	-	-	(1,955,507)	-	(1,955,507)	-	-
Total governmental activities	26,315,052	3,552,040	3,128,282	203,784	(19,430,946)	-	(19,430,946)	-	-
Business-type activities:									
Water	4,388,784	4,462,396	24,843	-	-	98,455	98,455	-	-
Sewer	2,156,967	1,652,656	-	137,902	-	(366,409)	(366,409)	-	-
Sanitation	2,168,727	3,223,758	-	-	-	1,055,031	1,055,031	-	-
Airport	850,188	98,885	10,918	-	-	(740,385)	(740,385)	-	-
Total business-type activities	9,564,666	9,437,695	35,761	137,902	-	46,692	46,692	-	-
Total primary government	35,879,718	12,989,735	3,164,043	341,686	(19,430,946)	46,692	(19,384,254)	-	-
Component Units:									
Parking	\$ 1,405	\$ 3,260	-	-	-	-	-	\$ 1,855	
Hospital	100,067,963	88,719,404	7,785,125	-	-	-	-	\$ (3,563,434)	
Total component units	\$ 100,069,368	\$ 88,722,664	\$ 7,785,125	\$ -	-	-	-	\$ (3,563,434)	\$ 1,855
General revenues:									
Taxes:									
Sales and use taxes					\$ 16,651,644	\$ -	\$ 16,651,644	\$ -	\$ -
Franchise and public service taxes					600,048	-	600,048	-	-
Hotel/motel taxes					591,456	-	591,456	-	-
E-911 taxes					627,716	-	627,716	-	-
Property taxes					863	-	863	-	-
Invergovernmental revenue not restricted to specific programs					370,222	-	370,222	-	-
Investment income					206,780	50,164	256,944	674,902	-
Miscellaneous					246,999	95,620	342,619	-	-
Transfers from primary government					-	-	-	495,860	-
Transfers - internal activity					145,364	(145,364)	-	-	-
Total general revenues and transfers					19,441,092	420	19,441,512	1,170,762	-
Change in net position					10,146	47,112	57,258	(2,392,672)	1,855
Net position - beginning					5,620,154	31,883,625	37,503,779	80,732,156	68,434
Net position - ending					\$ 5,630,300	\$ 31,930,737	\$ 37,561,037	\$ 78,339,484	\$ 70,289

See accompanying notes to the basic financial statements.

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Governmental Funds Balance Sheet - June 30, 2020

	General Fund	Special Revenue		Debt Service		Other Governmental Funds	Total Governmental Funds
		Reserve Fund	Economic Development Fund	Dedicated Sales Tax - MPWA	Bond Trustee Fund		
ASSETS							
Cash and cash equivalents	\$ 502,100	\$ 3,371,312	\$ 2,003,773	\$ 141,464	\$ 5,926,097	\$ 2,306,866	\$ 14,251,612
Investments	387,500	-	256,069	-	-	-	643,569
Receivables:							
Accounts receivable, net of allowance	-	-	-	-	-	140,878	140,878
Due from other funds	-	-	-	-	-	812,790	812,790
Due from other governments	2,660,380	-	-	543,616	-	558,864	3,762,860
Franchise tax receivable	48,592	-	-	-	-	-	48,592
Court fines receivable, net of allowance	1,685,632	-	-	-	-	-	1,685,632
Ambulance receivable, net of allowance	74,631	-	-	-	-	-	74,631
Other receivables	7,340	-	-	-	-	126,961	134,301
Total assets	\$ 5,366,175	\$ 3,371,312	\$ 2,259,842	\$ 685,080	\$ 5,926,097	\$ 3,946,359	\$ 21,554,865
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 111,779	\$ -	\$ 3,285	\$ 1,500	\$ -	\$ 313,301	\$ 429,865
Accrued payroll liabilities	498,205	-	3,752	-	-	36,423	538,380
Due to other funds	821,108	-	-	-	-	12,790	833,898
Unearned revenue	8,280	-	-	-	-	-	8,280
Due to bondholders	7,613	-	-	-	-	-	7,613
Total liabilities	1,446,985	-	7,037	1,500	-	362,514	1,818,036
Deferred Inflows of Resources:							
Unavailable revenue	1,694,132	-	-	-	-	90,834	1,784,966
Fund balances:							
Restricted	-	3,371,312	258,344	683,580	5,926,097	2,864,640	13,103,973
Assigned	68,541	-	1,994,461	-	-	628,371	2,691,373
Unassigned	2,156,517	-	-	-	-	-	2,156,517
Total fund balances	2,225,058	3,371,312	2,252,805	683,580	5,926,097	3,493,011	17,951,863
Total liabilities, deferred inflows and fund balances	\$ 5,366,175	\$ 3,371,312	\$ 2,259,842	\$ 685,080	\$ 5,926,097	\$ 3,946,359	\$ 21,554,865

See accompanying notes to the basic financial statements.

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	\$	17,951,863
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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 the funds, net of accumulated depreciation of \$69,891,206		41,517,518
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Certain other long-term assets and deferred outflow s are not available to pay current period expenditures and therefore are deferred or not reported in the funds:

Grants receivable		22,040
Court fines receivable, net of allow ance for doubtful accounts \$1,685,633		1,640,812
Ambulance receivable, net of allow ance for doubtful accounts \$2,563,851		31,280
Other receivable, net of allow ance for doubtful accounts \$250,320		90,834
Pension related deferred outflow s		3,463,795
Deferred outflow on refunding		661,702
Net pension asset		47,463
		5,957,926

Certain long-term assets are not a current financial resource and, therefore, are not reported in the fund financial statement, but are included in the governmental activities of the Statement of Net Position:

Restitution receivable		31,756
		31,756

Certain long-term liabilities and related accounts, are not due and payable from current financial resources and therefore, they, along with deferred inflow s, are not reported in the funds:

Accrued interest payable		(739,488)
Capital lease obligations payable		(570,410)
Revenue bonds payable		(43,876,252)
Accrued compensated absences		(2,191,818)
Net pension liability		(10,982,730)
Pension related deferred inflow s		(1,468,065)
		(59,828,763)

Net Position of Governmental Activities in the Statement of Net Position	\$	5,630,300
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See accompanying notes to the basic financial statements.

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2020

	Special Revenue			Debt Service		Other Governmental Funds	Total Governmental Funds
	General Fund	Reserve Fund	Economic Development Fund	Dedicated Sales Tax - MPWA	Bond Trustee Fund		
REVENUES							
Taxes	\$ 10,293,668	\$ -	\$ -	\$ 3,976,014	\$ -	\$ 4,202,045	\$ 18,471,727
Intergovernmental	3,216,971	-	125,113	-	-	153,480	3,495,564
Charges for services	1,265,832	-	60,000	-	-	1,018,874	2,344,706
Fines and forfeitures	623,606	-	-	-	-	-	623,606
Licenses and permits	89,906	-	-	-	-	-	89,906
Investment earnings	29,930	47,085	28,782	966	62,843	37,174	206,780
Miscellaneous	150,832	-	-	-	-	399,868	550,700
Total revenues	15,670,745	47,085	213,895	3,976,980	62,843	5,811,441	25,782,989
EXPENDITURES							
Current:							
Legislature	120,592	-	-	-	-	-	120,592
Administration	3,364,893	-	-	3,500	-	29,692	3,398,085
Public safety	8,388,490	-	-	-	-	770,505	9,158,995
Community services	1,462,601	-	-	-	-	2,634,163	4,096,764
Administrative services	572,064	-	-	-	-	636,176	1,208,240
Health and welfare	264,565	-	-	-	-	-	264,565
Public works	895,955	-	-	-	-	-	895,955
Economic development	-	-	352,093	-	-	-	352,093
Capital Outlay	39,019	-	55,471	-	-	5,604,614	5,699,104
Debt Service:							
Principal	-	-	-	-	3,145,000	197,080	3,342,080
Interest and other charges	-	-	-	-	1,403,468	15,917	1,419,385
Total expenditures	15,108,179	-	407,564	3,500	4,548,468	9,888,147	29,955,858
Excess (deficiency) of revenues over (under) expenditures	562,566	47,085	(193,669)	3,973,480	(4,485,625)	(4,076,706)	(4,172,869)
OTHER FINANCING SOURCES (USES)							
Transfers in	1,678,111	-	-	603,063	4,451,370	1,233,771	7,966,315
Transfers out	(837,652)	(500,000)	(3,390)	(4,451,370)	-	(592,954)	(6,385,366)
Payment to MRHC-Cancer Center	-	-	-	-	-	(495,860)	(495,860)
Proceeds from long-term debt	-	-	-	-	-	329,843	329,843
Total other financing sources and uses	840,459	(500,000)	(3,390)	(3,848,307)	4,451,370	474,800	1,414,932
Net change in fund balances	1,403,025	(452,915)	(197,059)	125,173	(34,255)	(3,601,906)	(2,757,937)
Fund balances - beginning	822,033	3,824,227	2,449,864	558,407	5,960,352	7,094,917	20,709,800
Fund balances - ending	\$ 2,225,058	\$ 3,371,312	\$ 2,252,805	\$ 683,580	\$ 5,926,097	\$ 3,493,011	\$ 17,951,863

See accompanying notes to the basic financial statements.

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Net change in fund balances - total governmental funds: \$ (2,757,937)

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	5,300,694
Capital assets purchased for business-type activities	(1,449,288)
Capital assets contributed	20,000
Depreciation expense	(3,835,407)
	35,999

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

Change in restitution revenue	(7,510)
Change in unavailable revenue	545,580
	538,070

In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures.

(447,548)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Debt proceeds	(329,843)
Revenue bond principal payments	3,145,000
Accretion of capital appreciation revenue bonds	(476,914)
Capital lease obligation principal payments	197,080
	2,535,323

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in accrued interest expense	34,873
Amortization of deferred outflow on refunding	(94,081)
Change in accrued compensated absences expenses	165,447
	106,239

Change in net position of governmental activities \$ 10,146

See accompanying notes to the basic financial statements.

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Proprietary Funds Statement of Net Position - June 30, 2020

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>McAlester Public Works Authority</u>	<u>McAlester Airport Authority</u>	<u>Total</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,315,535	\$ 75,619	\$ 3,391,154	\$ 74,190
Restricted cash and cash equivalents	556,048	-	556,048	-
Investments	387,500	-	387,500	-
Due from other funds	-	-	-	21,902
Accounts receivable, net	1,387,067	5,129	1,392,196	-
Due from other governments	3,549	10,918	14,467	-
Total current assets	<u>5,649,699</u>	<u>91,666</u>	<u>5,741,365</u>	<u>96,092</u>
Noncurrent assets:				
Investment in joint venture	2,184,795	-	2,184,795	-
Capital assets:				
Land and other non-depreciable assets	1,213,743	42,364	1,256,107	-
Other capital assets, net of depreciation	22,466,605	7,358,003	29,824,608	-
Total noncurrent assets	<u>25,865,143</u>	<u>7,400,367</u>	<u>33,265,510</u>	<u>-</u>
Total assets	<u>31,514,842</u>	<u>7,492,033</u>	<u>39,006,875</u>	<u>96,092</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amounts related to pensions	105,475	6,897	112,372	-
LIABILITIES				
Current liabilities:				
Accounts payable	471,468	1,063	472,531	11,964
Accrued payroll liabilities	61,292	5,950	67,242	7,011
Due to other funds	794	-	794	-
Interest payable	799	-	799	-
Unearned revenue	84,084	-	84,084	-
Claims liability	-	-	-	4,089
Due to depositors	111,210	-	111,210	-
Notes payable	323,139	-	323,139	-
Accrued compensated absences	19,949	140	20,089	3,623
Total current liabilities	<u>1,072,735</u>	<u>7,153</u>	<u>1,079,888</u>	<u>26,687</u>
Noncurrent liabilities:				
Claims liability	-	-	-	36,795
Landfill closure and postclosure liability	4,379,625	-	4,379,625	-
Due to depositors	444,838	-	444,838	-
Notes payable	318,709	-	318,709	-
Accrued compensated absences	179,536	1,259	180,795	32,610
Net pension liability	570,474	36,674	607,148	-
Total non-current liabilities	<u>5,893,182</u>	<u>37,933</u>	<u>5,931,115</u>	<u>69,405</u>
Total liabilities	<u>6,965,917</u>	<u>45,086</u>	<u>7,011,003</u>	<u>96,092</u>
DEFERRED INFLOW OF RESOURCES				
Deferred amounts related to pensions	162,303	15,204	177,507	-
NET POSITION				
Net investment in capital assets	23,038,500	7,400,367	30,438,867	-
Unrestricted	1,453,597	38,273	1,491,870	-
Total net position	<u>\$ 24,492,097</u>	<u>\$ 7,438,640</u>	<u>\$ 31,930,737</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2020

	Enterprise Funds			Internal Service Funds
	McAlester Public Works Authority	McAlester Airport Authority	Total	
OPERATING REVENUES				
Charges for services:				
Water	\$ 2,975,936	\$ -	\$ 2,975,936	\$ -
Sewer	1,567,861	-	1,567,861	-
Sanitation	2,817,343	-	2,817,343	-
Water taps	4,250	-	4,250	-
Sewer taps	3,000	-	3,000	-
Water districts	1,326,988	-	1,326,988	-
Landfill	1,795	-	1,795	-
Penalties	199,139	-	199,139	-
Recycle fees	37,878	-	37,878	-
Subtitle "D" fees	404,620	-	404,620	-
Airport rents and fees	-	98,885	98,885	-
Self insurance charges	-	-	-	826,979
Miscellaneous	-	-	-	2,361
Total operating revenues	9,338,810	98,885	9,437,695	829,340
OPERATING EXPENSES				
Utility office	467,499	-	467,499	-
Interdepartmental	740,672	-	740,672	-
Sanitation	2,041,612	-	2,041,612	-
Engineering	364,233	-	364,233	-
Sewer	785,049	-	785,049	-
Water	1,388,954	-	1,388,954	-
Utility maintenance	949,404	-	949,404	-
Landfill	219,621	-	219,621	-
Airport	-	149,956	149,956	-
Fleet maintenance	-	-	-	544,458
Claims expense	-	-	-	284,882
Depreciation expense	1,751,493	700,232	2,451,725	-
Total operating expenses	8,708,537	850,188	9,558,725	829,340
Operating income (loss)	630,273	(751,303)	(121,030)	-
NON-OPERATING REVENUES (EXPENSES)				
Investment income	50,164	-	50,164	-
Interest expense and fiscal charges	(29,697)	-	(29,697)	-
Miscellaneous revenue	95,620	-	95,620	-
Operating grant revenue	24,843	10,918	35,761	-
Gain on sale of assets	29,000	-	29,000	-
Gain on joint venture	118,955	-	118,955	-
Total non-operating revenue (expenses)	288,885	10,918	299,803	-
Income (loss) before contributions and transfers	919,158	(740,385)	178,773	-
Capital contributions	1,449,288	-	1,449,288	-
Transfers in	327,482	89,902	417,384	-
Transfers out	(1,998,333)	-	(1,998,333)	-
Change in net position	697,595	(650,483)	47,112	-
Total net position - beginning	23,794,502	8,089,123	31,883,625	-
Total net position - ending	\$ 24,492,097	\$ 7,438,640	\$ 31,930,737	\$ -

See accompanying notes to the basic financial statements.

CITY OF MCALESTER, OKLAHOMA
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Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2020

	Enterprise Funds			Internal Service Funds
	McAlester Public Works Authority	McAlester Airport Authority	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 9,253,731	\$ 101,595	\$ 9,355,326	\$ -
Payments to suppliers	(4,915,230)	(36,382)	(4,951,612)	(645,915)
Payments to employees	(2,026,695)	(148,366)	(2,175,061)	(278,577)
Receipts of customer meter deposits	108,551	-	108,551	-
Refund of customer meter deposits	(99,972)	-	(99,972)	-
Other receipts	480,125	-	480,125	906,193
Other payments	-	(255,475)	(255,475)	-
Net Cash Provided by (Used in) Operating Activities	<u>2,800,510</u>	<u>(338,628)</u>	<u>2,461,882</u>	<u>(18,299)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	327,482	89,902	417,384	-
Transfers to other funds	(1,998,333)	-	(1,998,333)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(1,670,851)</u>	<u>89,902</u>	<u>(1,580,949)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(113,108)	-	(113,108)	-
Proceeds from capital grant	-	259,622	259,622	-
Proceeds from sale of capital assets	29,000	-	29,000	-
Principal payment of capital debt	(342,435)	-	(342,435)	-
Interest and fiscal charges paid on capital debt	(30,656)	-	(30,656)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(457,199)</u>	<u>259,622</u>	<u>(197,577)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	50,164	-	50,164	-
Purchase of investments	(387,500)	-	(387,500)	-
Net Cash Provided by (Used in) Investing Activities	<u>(337,336)</u>	<u>-</u>	<u>(337,336)</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	335,124	10,896	346,020	(18,299)
Balances - beginning of the year	3,536,459	64,723	3,601,182	92,489
Balances - end of the year	\$ 3,871,583	\$ 75,619	\$ 3,947,202	\$ 74,190
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 630,273	\$ (751,303)	\$ (121,030)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	1,751,493	700,232	2,451,725	-
Operating grant	21,294	-	21,294	-
Other non-operating revenues (expenses)	214,575	-	214,575	-
Change in assets and liabilities:				
Receivables, net	(108,309)	2,710	(105,599)	-
Due from other funds	255,475	-	255,475	76,853
Investment in joint venture	(120,955)	-	(120,955)	-
Deferred amounts related to pensions	205,417	20,614	226,031	-
Accounts payable	160,759	(37)	160,722	(22,436)
Accrued payroll liabilities	(7,638)	1,054	(6,584)	(2,861)
Due to other funds	(11,219)	(255,475)	(266,694)	-
Claims liability	-	-	-	(76,040)
Unearned revenue	23,230	-	23,230	-
Due to depositors	8,579	-	8,579	-
Landfill closure liability	72,209	-	72,209	-
Net pension liability	(289,141)	(29,272)	(318,413)	-
Accrued compensated absences	(5,532)	(27,151)	(32,683)	6,185
Net Cash Provided by (Used in) Operating Activities	<u>\$ 2,800,510</u>	<u>\$ (338,628)</u>	<u>\$ 2,461,882</u>	<u>\$ (18,299)</u>
Noncash capital and related financing activities:				
Capital assets contributed from governmental funds	<u>\$ 1,449,288</u>	<u>\$ -</u>	<u>\$ 1,449,288</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

CITY OF MCALESTER, OKLAHOMA
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Statement of Fiduciary Net Position – Pension Trust Fund - June 30, 2020

	Defined Benefit Retirement Plan and Trust Fund
ASSETS	
Cash and cash equivalents	\$ 245,978
Investments:	
Certificates of deposit	400,724
Corporate bonds	551,877
Exchange-traded closed-end funds	707,684
Mortgage and asset backed securities	424,127
Government treasury securities	420,598
Mutual funds	1,623,993
Common stocks	8,521,438
Interest receivable	11,603
Total assets	12,908,022
 NET POSITION	
Net position restricted for pensions	\$ 12,908,022

Statement of Changes in Fiduciary Net Position – Pension Trust Fund - Year Ended June 30, 2020

	Defined Benefit Retirement Plan and Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 453,602
Reimbursements	27
Total contributions	453,629
Investment income:	
Interest income	569,684
Add realized and unrealized net gain (loss) on investments	(278,065)
Net investment income	291,619
Total additions	745,248
DEDUCTIONS	
Benefits paid to participants or beneficiaries	1,253,770
Administrative expenses	117,195
Total deductions	1,370,965
Change in net position held in trust for employees' pension benefits	(625,717)
Net position - beginning	13,533,739
Net position - ending	\$ 12,908,022

See accompanying notes to the basic financial statements.

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**CITY OF MCALESTER, OKLAHOMA
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Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of McAlester), four blended component units, and two discretely presented component units as noted below.

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

The City of McAlester – operates the public safety, health and welfare, streets and highways, parks and recreation, stormwater and administrative activities.

The City of McAlester is an incorporated municipality with a population of approximately 18,400 located in southeast Oklahoma. The City operates under the Council-Manager form of government and operates under a charter that provides for three branches of government:

- Legislative – the City Council is a seven-member governing body. Mayor is elected by the citizens at large and other six members are elected by ward.
- 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 Manager, confirmed by the City Council.

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

Component Units:

Because the component units are financially accountable to the City, the City's governing body serves as the trustees for these public trusts, and they are all managed by the same management team of the City, when active, the following component units are blended into the City's primary government presentation as funds of the primary government for reporting purposes:

The McAlester Public Works Authority – operates the water, wastewater, and sanitation/landfill activities of the City, with the McAlester City Council serving as trustees of the Authority.

The McAlester Airport Authority – develops and operates the airport with the McAlester City Council serving as trustees of the Authority.

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The McAlester National Defense & Industrial Development Authority – promotes the development of industry and culture and industrial, manufacturing, cultural and education activities, with the McAlester City Council serving as trustees of the Authority. This trust would be reported as a blended component unit, but currently has no financial activity.

The McAlester Economic Development Authority – an inactive trust that promotes economic development and growth, with the McAlester City Council serving as trustees of the Authority. This trust would be reported as a blended component unit, but currently has no financial activity.

Component units that are discretely presented in the City’s report in a separate column are presented below:

The McAlester Regional Health Center Authority – operates to finance and develop the health center facilities of the City. Separate audited component unit financial statements are issued by the Regional Health Center Authority and may be obtained at their administrative offices.

The McAlester Parking Authority (MPA) – operates to furnish and supply public off-street parking services and facilities. The MPA does not issue separate audited component unit financial statements.

All 6 of the above component units 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 Authority. In accordance with state law, all debt obligations incurred by public trusts require 2/3 approval by the City Council. In addition, the City may have also leased certain existing assets at the creation of the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

Joint Venture:

Association for Landfill Financial Assurance (ALFA) – A non-profit Oklahoma corporation organized for the exclusive benefit of cities, towns, counties, solid waste districts and public trusts within the State of Oklahoma that own and/or operate municipal solid waste landfills within the jurisdiction of the State of Oklahoma, including the making and management of investments on behalf of such public entities in order to provide the financial assurances as required by Subtitle D of the Resource Conservation and Recovery Act of 1976.

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

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

- Administration – oil and gas leases, rent, hotel/motel charges for services, and capital and operating grants and contributions
- Public safety – Fire and Police – fines and forfeitures, fire run charges, ambulance revenue, and capital and operating grants and contributions
- Community services – cemetery openings and closings, swimming pool revenues, complex concessions and rentals, and capital and operating grants and contributions
- Administration services – abatements and licenses and permits
- Health and welfare – nutrition operating grant
- Public works – gas excise and vehicle tax shared by the State and street cuts
- Economic development – capital grants and contributions
- Stormwater – stormwater fees

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

Governmental Funds:

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

Major Funds:

- General Fund – accounts for general operations of the City including: public safety, parks, public facilities, and street maintenance.
- Reserve Fund – special revenue fund that maintains 10% of the total operating budget including capital improvements to be used for emergencies as determined by council.
- Economic Development Fund – special revenue fund that accounts for revenue received from a sales tax (1/4 of one-cent) approved by the voters, rental income, and grants to be used for financing debt related to economic development and for future economic development projects. The 1/4 of one-cent sales tax ended July 1, 2018.
- Dedicated Sales Tax MPWA – debt service fund that accounts for revenue received from a sales tax (one-cent) approved by the voters to be used for financing debt related to capital improvements.
- Bond Trustee Fund – debt service fund that accounts for transfers received from other funds to be used for financing non business-type activity revenue bond debt.

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

Special Revenue Funds:

- Juvenile Fine Fund – accounts for revenues from fines restricted by state for juvenile programs.
- Tourism / SE Expo Fund – accounts for revenues of a hotel/motel tax levy and rentals/concessions to be expended for promotion of tourism.
- E-911 Fund – accounts for E-911 revenues legally restricted for E-911 services.
- Gifts & Contributions Fund – accounts for revenues and expenditures of donor restricted monies.
- Stormwater Fund – accounts for revenues of a stormwater fee to be expended solely for stormwater projects.
- MRHC-Cancer Center Fund – accounts for revenue received from a sales tax (1/8 of one-cent) approved by the voters to be used for constructing a cancer treatment center.

Capital Project Funds:

- Police Equipment Fund – accounts for revenues and capital expenditures related to Local Law Enforcement Block Grants.
- State Forfeiture Fund – accounts for revenues received from state drug forfeitures restricted for equipment purchases.
- Cemetery Perpetual Care – accounts for 12.5% of all cemetery revenues which are legally restricted for cemetery capital outlay.
- CDBG Grants Fund – accounts for revenues and capital expenditures related to CDBG grants.
- Federal Forfeiture Fund – Accounts for revenues received from federal drug forfeitures restricted for equipment purchases.
- Fire Improvement Grant Fund – accounts for revenues and capital expenditures related to fire grants.
- Capital Improvement Plan Fund – capital project fund that accounts for monies initially set aside by City Council for repayment of previously determined unsupportable bond activity.
- Technology Fund – accounts for revenues received from a technology fee, one-half of which is restricted for technology capital purchases and upgrades.
- Infrastructure Fund – accounts for revenues received from a sales tax (1/2 of one-cent) approved by the voters and a technology fee, one-half of which is restricted for funding repairs, maintenance, construction and improvements to City infrastructure, including but not limited to capital improvements to water and sewer infrastructure, streets, roadways, and other public facilities.

Debt Service Fund:

- Sales Tax Schools Fund – accounts for revenue received from sales tax (1/4 of one-cent through 7-1-18, 1/8 of one-cent effective 10-1-18) approved by the voters to be used for acquisition and financing of a new early childhood center & safe rooms at the school.
- Sinking Fund – accounts for revenue received from property tax to be used for payment of judgments added to the tax rolls.

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The governmental funds are reported on the modified accrual basis of accounting and current financial resources measurement focus. On the modified accrual basis of accounting revenues are recorded when earned and measurable and available to pay current financial obligations, while expenditures are recorded when incurred and normally payable from current financial resources. The City defines revenue availability as collected within 60 days of 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 economic resources measurement focus and accrual basis of accounting 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. Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-type activities provided within the government. 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 enterprise funds include the following major funds:

- McAlester Public Works Authority Fund - that accounts for the activities of the McAlester Public Works Authority public trust in providing water, sewer, and sanitation services to the public.
- McAlester Airport Authority Fund - that currently accounts for airport fees and grants used in providing airport services.

The City's internal service funds include the following:

- Worker's Compensation Fund – that accounts for the activities of providing worker's compensation to the employees of the City.
- FLEET Maintenance Fund – that accounts for the activities of providing FLEET maintenance to the City.

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

Fiduciary Fund:

The City has one fiduciary fund - the City of McAlester Defined Benefit Retirement Plan and Trust Fund. The pension trust fund accounts for retirement contributions and investment income for the direct benefit of employees other than those employees covered by the statewide fire and police cost-sharing pension plans, or those covered by the City's defined contribution agent multi-employer OMRP pension plan. The pension trust fund is reported on the accrual basis of accounting and economic resources measurement focus.

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C. Cash, Cash Equivalents, and Investments

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

D. Inventories

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

For the Regional Health Center Authority component unit reported inventories are reported on the lower of cost (first-in, first-out) or market.

E. Capital Assets and Depreciation

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

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. A capitalization threshold of \$2,500 is used for additions, other than land, to report capital assets. Capital assets are reported at actual or estimated historical cost. Prior to July 1, 2001, governmental activities' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost. Donated assets are recorded at their acquisition value at the date of donation.

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

- | | |
|-------------------------------------|----------------|
| • Buildings | 20 – 100 years |
| • Improvements other than buildings | 20 - 100 years |
| • Equipment and vehicles | 3 - 25 years |
| • Infrastructure | 15 - 50 years |

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F. Long-Term Debt

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

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

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

G. Compensated Absences

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

H. Fund Balances and Net Position

Net Position:

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

- a. *Net investment in capital assets* - Consists of capital assets including capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

It is the 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.

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Fund Statements:

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

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

It is the City’s policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City’s policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The only exception to this policy is for assigned interest income in governmental funds other than the General Fund. In those funds, interest income is used first before other revenues. Proprietary fund and fiduciary fund equity is classified the same as in the government-wide statements.

I. Interfund Activities and Balances

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

J. Use of Estimates

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

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2. Deposits and Investments

Primary Government Deposits and Investments:

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

At June 30, 2020, the primary government held the following deposits and investments:

Type of Deposits and Investments - Primary Government	Carrying Value	Maturities in Years				
		On Demand	Less Than One	1 - 5	6 - 10	More Than 10
Deposits:						
Petty Cash	\$ 5,110	\$ 5,110	\$ -	\$ -	\$ -	\$ -
Cash on hand	31,897	31,897	-	-	-	-
Demand deposits	12,309,900	12,309,900	-	-	-	-
Demand deposits - pension trust funds	245,978	245,978	-	-	-	-
Time deposits	1,031,069	-	-	1,031,069	-	-
Time deposits - pension trust funds	400,724	-	400,724	-	-	-
	<u>14,024,678</u>	<u>12,592,885</u>	<u>400,724</u>	<u>1,031,069</u>	<u>-</u>	<u>-</u>
	Credit Rating	Fair Value Categories				
Investments:						
Bond Trustee Accounts:						
Federated Treasury Obligations Inst Money Market Fund	N/A	N/A	11	11	-	-
Federated Treasury Obligations Svc Money Market Fund	N/A	N/A	1,100,952	1,100,952	-	-
Federated Government Obligations Tax Managed Svc	N/A	N/A	1,184,142	1,184,142	-	-
Goldman Sachs Financial Square Federal Fund Admin Shares #521	AAA	N/A	3,640,992	3,640,992	-	-
Pension Trust Fund:						
Western Asset Smash: Series EC (LMECX) - Money Market	N/A	N/A	633,012	633,012	-	-
Western Asset Smash: Series C (LMLCX) - Money Market	N/A	N/A	331,196	331,196	-	-
Western Asset Smash: Series M (LMSMX) - Money Market	N/A	N/A	441,688	441,688	-	-
Invesco Premier Ptf Instl (IPPXX) - Money Market	N/A	N/A	218,097	218,097	-	-
Corporate Bonds	AAA	Level II	66,803	-	-	66,803
Corporate Bonds	AA-	Level II	44,974	-	-	44,974
Corporate Bonds	A-	Level II	191,731	-	-	191,731
Corporate Bonds	BBB+	Level II	164,309	-	-	53,660
Corporate Bonds	BBB	Level II	49,122	-	-	49,122
Corporate Bonds	BB+	Level II	34,938	-	-	34,938
Vanguard Short Term Bond	N/A	Level I	707,684	707,684	-	-
United States Treasury Bonds/Notes	AAA	Level I	420,598	-	99,448	12,838
Mortgage and asset backed securities	N/A	Level II	424,127	-	-	424,127
Common Stocks	N/A	Level I	8,521,438	8,521,438	-	-
			<u>18,175,814</u>	<u>16,779,212</u>	<u>99,448</u>	<u>146,410</u>
Total Deposits and Investments			<u>\$ 32,200,492</u>	<u>\$ 29,372,097</u>	<u>\$ 400,724</u>	<u>\$ 1,130,517</u>
						<u>\$ 146,410</u>
						<u>\$ 1,150,744</u>
Reconciliation to Statement of Net Position:						
Cash and cash equivalents	\$ 18,273,004					
Investments	1,031,069					
Add: Fiduciary Fund cash and cash equivalents	245,978					
Add: Fiduciary Fund investments	12,650,441					
	<u>\$ 32,200,492</u>					

Deposit and Investment Risks

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 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.

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

At June 30, 2020, the City was not exposed to custodial credit risk as defined above.

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

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

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 in the schedule above. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Retirement Plan Investments:

The Plan’s investment policies provide for investment in a diversified portfolio, consisting primarily of common stocks, mutual funds, bonds, cash equivalents, and other investments. General asset allocation guidelines for the Plan are as follows:

Class	Maximum Percent	Minimum Percent	Target Percent
Domestic Equities	44.00	30.00	42.00
International Equities	16.00	0.00	8.00
Fixed Income	70.00	40.00	N/A
Cash	30.00	0.00	N/A

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However, Morgan Stanley, the portfolio manager, has discretion in the actual allocation of assets within the retirement plan portfolio.

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 does not have a formal investment policy to manage exposure to fair value losses arising from increasing interest rates. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments in the schedule above.

Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City’s investment policy requires diversification of investments and indicates that, with the exception of U.S. Treasury securities and authorized pools, there was no single issuer investment with more than 5% of total investments.

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

	Current Cash and cash Equivalents
Utility Deposits	\$ 556,048
Total Restricted Assets	\$ 556,048

Component Units Deposits and Investments:

McAlester Regional Health Center Authority

Deposits

At June 30, 2020, none of the Authority’s bank balances of approximately \$35,539,000 were exposed to custodial credit risk as uninsured and uncollateralized. This amount excludes deposits held by the Authority’s blended component units with bank balances of approximately \$1,411,000.

As nongovernmental entities, the blended component units are not subject to collateralization requirements. At June 30, 2020, the blended component units’ cash accounts exceeded federally insured limits by approximately \$637,000.

Type of Deposits and Investments - MRHC Component Unit	Fair Value	Maturities in Years			
		Less Than One	1 - 5	6 - 10	More Than 10
Corporate Bonds	\$ 1,659,440	\$ 362,201	\$ 941,999	\$ 355,240	\$ -
United States Treasury Bonds/Notes	1,095,631	-	335,859	759,772	-
Money market mutual funds	3,809,557	3,809,557	-	-	-
	6,564,628	4,171,758	1,277,858	1,115,012	-
Exchange-traded funds	2,545,097				
Corporate stocks	1,113,071				
Accrued interest	34,366				
	\$ 10,257,162				

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3. Investment in Joint Venture

As discussed in Note 1A, the City participates (with equity interest) in the Association for Landfill Financial Assurance (ALFA). ALFA has been approved by the ODEQ as an allowable financial assurance mechanism under existing federal and state laws and regulations. As a member of ALFA, the City is required to deposit certain amounts on an annual basis into an escrow fund to be pooled with other ALFA members. The annual amount due from each member is based on the members' total estimated current cost of closure and post-closure care of the landfill, including adjustments due to inflation or resulting from any changes in the closure or the required 30 year post-closure care plan, plus any additional amount for contingencies as determined by ALFA. For the year ended June 30, 2020, the "Investment in joint venture" balance changed as follows:

Beginning Investment in Joint Venture	\$ 2,063,840
Current Year Contributions	2,000
Gain from Joint Venture	118,955
Ending Investment in Joint Venture	<u>\$ 2,184,795</u>

Separate annual financial statements are issued by ALFA and may be obtained from their administrative offices at 3414 East 85th Place, Tulsa, Oklahoma, 74137.

4. Receivables

Primary Government Accounts Receivables:

Accounts receivable of the business-type activities consists of customers utilities, airport rental accounts receivable, and airport grant receivable. Accounts receivable of the governmental activities consists of stormwater fees, technology fees, police fines, and ambulance receivables. Receivables detail at June 30, 2020, is as follows:

	General Fund		Stormwater Fund	Technology Fund	Infrastructure Fund	MPWA	Airport
	Ambulance	Court					
Accounts receivable	\$ 2,638,482	\$ 3,371,265	\$ 133,210	\$ 128,994	\$ 128,994	\$ 3,780,025	\$ 5,829
Allowance for doubtful accounts	<u>(2,563,851)</u>	<u>(1,685,633)</u>	<u>(121,326)</u>	<u>(64,497)</u>	<u>(64,497)</u>	<u>(2,392,958)</u>	<u>(700)</u>
Accounts receivable, net	<u>\$ 74,631</u>	<u>\$ 1,685,632</u>	<u>\$ 11,884</u>	<u>\$ 64,497</u>	<u>\$ 64,497</u>	<u>\$ 1,387,067</u>	<u>\$ 5,129</u>

Component Units:

McAlester Regional Health Center Authority

Patient receivable balances at June 30, 2020 were as follows:

<u>MRHCA</u>	
Medicare	\$ 3,886,372
Medicaid	1,813,809
Other third-party payers	10,911,089
Patients	16,406,674
Allowance for doubtful accounts	<u>(21,978,589)</u>
Accounts receivable, net	<u>\$ 11,039,355</u>

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5. Capital Assets and Depreciation

For the year ended June 30, 2020, capital assets balances changed as follows:

	Balance at June 30, 2019	Additions	Disposals	Balance at June 30, 2020
Governmental activities:				
Non-depreciable:				
Land	\$ 1,803,086	\$ -	\$ -	\$ 1,803,086
Construction-in-progress	701,409	2,674,740	(3,217,761)	158,388
Total non-depreciable assets at historical cost	<u>2,504,495</u>	<u>2,674,740</u>	<u>(3,217,761)</u>	<u>1,961,474</u>
Depreciable:				
Buildings	12,477,174	1	-	12,477,175
Other improvements	4,960,624	1,538,548	-	6,499,172
Machinery and equipment	11,410,348	869,710	(128,726)	12,151,332
Infrastructure	76,313,403	2,006,168	-	78,319,571
Total depreciable assets at historical cost	<u>105,161,549</u>	<u>4,414,427</u>	<u>(128,726)</u>	<u>109,447,250</u>
Less accumulated depreciation				
Buildings	(4,427,261)	(304,268)	-	(4,731,529)
Other improvements	(2,406,427)	(429,503)	-	(2,835,930)
Machinery and equipment	(9,026,181)	(844,214)	128,726	(9,741,669)
Infrastructure	(50,324,656)	(2,257,422)	-	(52,582,078)
Total accumulated depreciation	<u>(66,184,525)</u>	<u>(3,835,407)</u>	<u>128,726</u>	<u>(69,891,206)</u>
Net depreciable assets	<u>38,977,024</u>	<u>579,020</u>	<u>-</u>	<u>39,556,044</u>
Governmental activities capital assets, net	<u>\$ 41,481,519</u>	<u>\$ 3,253,760</u>	<u>\$ (3,217,761)</u>	<u>\$ 41,517,518</u>
Business-type activities				
Non-depreciable:				
Land	\$ 212,571	\$ -	\$ -	\$ 212,571
Water rights contracts	719,075	-	-	719,075
Construction-in-progress	681,051	1,640,286	(1,996,876)	324,461
Total non-depreciable assets at historical cost	<u>1,612,697</u>	<u>1,640,286</u>	<u>(1,996,876)</u>	<u>1,256,107</u>
Depreciable:				
Buildings	2,773,061	-	-	2,773,061
Other improvements	7,311,136	131,346	-	7,442,482
Machinery and equipment	4,348,855	240,671	(290,154)	4,299,372
Utility property	55,043,227	1,546,969	-	56,590,196
Total depreciable assets at historical cost	<u>69,476,279</u>	<u>1,918,986</u>	<u>(290,154)</u>	<u>71,105,111</u>
Less accumulated depreciation				
Buildings	(1,861,957)	(64,563)	-	(1,926,520)
Other improvements	(3,891,150)	(582,523)	-	(4,473,673)
Machinery and equipment	(3,427,649)	(280,459)	290,154	(3,417,954)
Utility property	(29,938,176)	(1,524,180)	-	(31,462,356)
Total accumulated depreciation	<u>(39,118,932)</u>	<u>(2,451,725)</u>	<u>290,154</u>	<u>(41,280,503)</u>
Net depreciable assets	<u>30,357,347</u>	<u>(532,739)</u>	<u>-</u>	<u>29,824,608</u>
Business-type capital assets, net	<u>\$ 31,970,044</u>	<u>\$ 1,107,547</u>	<u>\$ (1,996,876)</u>	<u>\$ 31,080,715</u>

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	Balance at June 30, 2019	Additions	Transfers	Disposals	Balance at June 30, 2020
Component Unit (MRHCA):					
Non-depreciable:					
Land	\$ 1,182,789	\$ -	\$ -	\$ -	\$ 1,182,789
Construction-in-progress	3,103,151	4,148,084	(5,688,552)	(50,838)	1,511,845
Total non-depreciable assets at historical cost	<u>4,285,940</u>	<u>4,148,084</u>	<u>(5,688,552)</u>	<u>(50,838)</u>	<u>2,694,634</u>
Depreciable:					
Land improvements	1,717,687	-	435,673	-	2,153,360
Buildings and improvements	66,860,330	321,226	474,251	-	67,655,807
Machinery and equipment	38,268,329	1,170,168	4,778,628	-	44,217,125
Total depreciable assets at historical cost	<u>106,846,346</u>	<u>1,491,394</u>	<u>5,688,552</u>	<u>-</u>	<u>114,026,292</u>
Less accumulated depreciation					
Land improvements	(1,375,118)	(51,649)	-	-	(1,426,767)
Buildings and improvements	(37,276,356)	(2,261,101)	-	-	(39,537,457)
Machinery and equipment	(29,294,620)	(2,463,873)	-	-	(31,758,493)
Total accumulated depreciation	<u>(67,946,094)</u>	<u>(4,776,623)</u>	<u>-</u>	<u>-</u>	<u>(72,722,717)</u>
Net depreciable assets	<u>38,900,252</u>	<u>(3,285,229)</u>	<u>5,688,552</u>	<u>-</u>	<u>41,303,575</u>
Component Unit (MRHCA) capital assets, net	<u>\$ 43,186,192</u>	<u>\$ 862,855</u>	<u>\$ -</u>	<u>\$ (50,838)</u>	<u>\$ 43,998,209</u>

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

Depreciation expense charged to governmental activities:

Administration	\$ 343,511
Public safety	460,840
Community services	507,028
Public works	2,524,028
Total governmental activities depreciation expense	<u>\$ 3,835,407</u>

Depreciation expense charged to business-type activities:

Water	\$ 1,225,324
Sewer	499,720
Sanitation	26,449
Airport	700,232
Total business-type activities depreciation expense	<u>\$ 2,451,725</u>

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6. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2020, the reporting entity's long-term debt changed as follows:

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020	Amounts Due Within One Year
Governmental Activities:					
Capital Lease Obligations	\$ 437,646	\$ 329,843	\$ 197,079	\$ 570,410	\$ 388,485
Revenue Bonds Payable-direct placement	38,590,000	-	3,145,000	35,445,000	3,305,000
Revenue Bonds Payable	7,954,339	476,913	-	8,431,252	-
Accrued Compensated Absences	2,387,313	223,096	382,358	2,228,051	222,804
Claims Liability	116,924	284,882	360,922	40,884	4,089
Total Governmental Long-Term Debt	\$ 49,486,222	\$ 1,314,734	\$ 4,085,359	\$ 46,715,597	\$ 3,920,378
			Net pension liability	10,982,730	
				\$ 57,698,327	
Business-type Activities:					
Landfill Closure and Post-closure Liability	\$ 4,307,416	\$ 72,209	\$ -	\$ 4,379,625	\$ -
Due to Depositors	547,469	108,551	99,972	556,048	111,210
Notes Payable-direct borrowing	953,229	-	311,381	641,848	323,139
Water Contract Obligations	31,054	-	31,054	-	-
Accrued Compensated Absences	233,567	31,850	64,533	200,884	20,089
Total Business-type Long-Term Debt	\$ 6,072,735	\$ 212,610	\$ 506,940	\$ 5,778,405	\$ 454,438
			Net pension liability	607,148	
				\$ 6,385,553	

Note: The General Fund, Tax and Tourism Fund and E-911 Fund have typically been used to liquidate governmental liability for compensated absences in prior years.

Governmental activities long-term debt:

Unless otherwise indicated, the governmental activities long-term debt obligations are generally paid from the General Fund.

Capital Lease Obligations:

\$100,133 capital lease with First National Bank for four vehicles, payable in monthly installments of \$1,840, final payment due April 23, 2024, with interest at 3.90%, paid from the Capital Improvement Plan Fund	\$78,398
\$775,000 capital lease with Bancfirst for city vehicles, payable in monthly interest installments and one balloon principal payment due August 1, 2020, with interest at 1.85%, paid from the Capital Improvement Plan Fund	329,843

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\$26,601 capital lease with First National Bank for one vehicle, payable in monthly installments of \$489, final payment due March 1, 2024, with interest at 3.90%, paid from the Capital Improvement Plan Fund 20,021

\$238,734 capital lease with Arvest Bank for 2017 street sweeper, payable in monthly installments of \$3,284, final payment due May 1, 2024, with interest at 4.19%, paid from the Stormwater Fund 142,148

\$ 570,410

Capital Lease Obligations:

Current portion \$ 388,485

Noncurrent portion 181,925

Total Capital Lease Obligations \$ 570,410

Revenue Bonds Payable:

2002 Series Utility System Revenue Bonds:

Capital appreciation bonds in the face amount of \$3,037,176 dated July 1, 2003, issued by McAlester Public Works Authority and used for streets, secured by utility revenue and pledged sales tax, principal maturing at the accreted value of \$17,560,000, interest rate at 4.30%, final maturity February 1, 2034. Interest is accreted (or added to the principal balance) until maturity, at which time, the entire principal balance of \$17,560,000 will be due and payable.

\$17,560,000

Less: Unaccreted portion (9,128,748)

Principal outstanding at year end \$8,431,252

Revenue Bonds Payable (Direct Placements):

2012 Taxable Series Utility System & Sales Tax Revenue Refunding Notes:

Serial Bonds in the amount of \$26,120,000 dated December 28, 2012, issued by McAlester Public Works Authority and used for streets, secured by utility revenues and pledged sales tax, principal maturing semi-annually ranging from \$85,000 to \$1,275,000, interest rate at 3.8%, final maturity February 1, 2027, paid from Bond Trustee Fund. In the event of default, the lender may: 1) accelerate maturity; 2) gain control of operations through temporary trustees; 3) file suit for specific performance of covenants; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement.

\$15,310,000

2013 Series Utility System & Sales Tax Revenue Notes:

Serial Bonds in the amount of \$8,890,000 dated June 1, 2013, issued by McAlester Public Works Authority and used for streets, secured by utility revenues and pledged sales tax, principal maturing semi-annually ranging from \$125,000 to \$1,205,000, interest rate at 3.53%, final maturity February 1, 2028, paid from Bond Trustee Fund. In the event of default, the lender may: 1) accelerate maturity; 2) gain control of operations through temporary trustees; 3) file suit for specific performance of covenants; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement.

6,665,000

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Revenue Bonds Payable (Direct Placements), continued:

2014 Series Utility System & Sales Tax Revenue Notes:

Serial Bonds in the amount of \$4,910,000 dated May 20, 2014, issued by McAlester Public Works Authority and used for streets, secured by utility revenues and pledged sales tax, principal maturing semi-annually ranging from \$95,000 to \$435,000, interest rate at 3.40%, final maturity February 1, 2029, paid from Bond Trustee Fund. In the event of default, the lender may: 1) accelerate maturity; 2) gain control of operations through temporary trustees; 3) file suit for specific performance of covenants; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement. 3,770,000

2015 Taxable Series Sales Tax Revenue Refunding Notes:

Serial Bonds in the amount of \$12,615,000 dated September 3, 2015, issued by McAlester Public Works Authority and used for streets, secured by pledged sales tax, principal maturing semi-annually ranging from \$200,000 to \$820,000, interest rate at 3.68%, final maturity February 1, 2028, paid from Bond Trustee Fund. In the event of default, the lender may: 1) accelerate maturity; 2) gain control of operations through temporary trustees; 3) file suit for specific performance of covenants; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement; 5) require sales tax to be deposited directly with trustee bank. 9,700,000

Total Revenue Bonds Payable (Direct Placements)	<u>\$ 35,445,000</u>
Current portion	\$ 3,305,000
Noncurrent portion	<u>32,140,000</u>
Total Revenue Bonds Payable (Direct Placements)	<u>\$ 35,445,000</u>

Accrued Compensated Absences:

Current portion	\$ 222,804
Noncurrent portion	<u>2,005,247</u>
Total Accrued Compensated Absences	<u>\$ 2,228,051</u>

Claims Liability:

Current portion	\$ 4,089
Non-current portion	<u>36,795</u>
Total Claims Liability	<u>\$ 40,884</u>

Business-type activities long-term debt:

Notes Payable (Direct Borrowings):

1999 CDBG-EDIF Promissory Note with Oklahoma Department of Commerce dated September 19, 2000, original amount of \$275,000 with an annual interest rate of 0.00%, due in monthly installments of \$1,146, final installment November 1, 2021. Secured by water revenues. In the event of default, the lender may: 1) accelerate maturity; 2) increase interest rate 6% from date of default until date of payment; 3) cease extending credit to borrower; 4) exercise any and all rights and remedies possessed by lender. \$ 19,479

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2006 CDBG-ED Promissory Note with Oklahoma Department of Commerce dated October 1, 2006, original amount of \$125,000, reduced to \$67,800, with an annual interest rate of 0.00%, due in monthly installments of \$282.50, final installment October 1, 2026. Secured by economic development revenues. In the event of default, the lender may: 1) accelerate maturity; 2) increase interest rate 6% from date of default until date of payment; 3) cease extending credit to borrower; 4) exercise any and all rights and remedies possessed by lender. 22,600

MPWA Note Payable with First National Bank and used for AMI project, dated December 29, 2016, original line of credit amount of \$1,000,000, with an annual interest rate of 3.95%, due in monthly installments of \$18,395, final installment June 29, 2022. Drawdowns to date \$973,660. Secured by 32 pieces of equipment. In the event of default, the lender may: 1) accelerate maturity; 2) assemble and sell collateral; 3) appoint receiver; 4) collect revenues, apply accounts; 5) obtain deficiency (judgment). 390,085

MPWA Note Payable with First National Bank and used for MCC controls at WTP, dated January 31, 2017, original amount of \$256,000, with an annual interest rate of 3.95%, due in monthly installments of \$4,709, final installment February 2, 2022. Secured by all electrical equipment. In the event of default, the lender may: 1) accelerate maturity; 2) assemble and sell collateral; 3) appoint receiver; 4) collect revenues, apply accounts; 5) obtain deficiency (judgment). 86,009

MPWA Note Payable with First National Bank and used for dump truck, dated February 25, 2019, original amount of \$140,165, with an annual interest rate of 3.90%, due in monthly installments of \$2,577, final installment March 1, 2024. Secured by equipment. In the event of default, the lender may: 1) accelerate maturity; 2) assemble and sell collateral; 3) appoint receiver; 4) collect revenues, apply accounts; 5) obtain deficiency (judgment). 105,498

MPWA Note Payable with Arvest Bank and used for JD excavator, dated August 1, 2016, original amount of \$72,969, with an annual interest rate of 3.47%, due in monthly installments of \$1,326, final installment August 1, 2021. Secured by equipment. In the event of default, the lender may: 1) accelerate maturity; 2) repossess and sell collateral; 3) charge all fees associated with repossession; 4) set off amounts owed with deposits; 5) charge interest on monies due at a rate of 1 1/2% per month until paid. 18,177

Total Notes Payable (Direct Borrowings) \$ 641,848

Current portion \$ 323,139

Non-current portion 318,709

Total Notes Payable (Direct Borrowings) \$ 641,848

Landfill Closure and Post-Closure Liability:

A \$4,379,625 accrued liability has been recognized in the McAlester Public Works Authority to represent the total estimated amount owed by the Authority for closure and post-closure requirements dictated by the U.S. Environmental Protection Agency and the Oklahoma Department of Environmental Quality regulations and represented the cumulative amount of such costs reported to date based on the use of approximately 72.21% of the estimated capacity of the landfill. It is estimated that an additional \$1,685,498 will be recognized as closure and post-closure expense between the current statement of net position date and the date the landfill is expected to be filled to capacity. However, the actual cost of closure and post-closure may be higher due to inflation, changes in technology, or changes in landfill laws and regulation. The restricted use of the landfill has extended its life. The estimated remaining landfill life is now 32 years.

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Current portion	\$ -
Noncurrent portion	<u>4,379,625</u>
Total Landfill Closure and Postclosure Liability	<u>\$ 4,379,625</u>

Accrued Compensated Absences:	
Current portion	\$ 20,089
Noncurrent portion	<u>180,795</u>
Total Accrued Compensated Absences	<u>\$ 200,884</u>

Deposits Subject to Refund:	
Current portion	\$ 111,210
Noncurrent portion	<u>444,838</u>
Total Deposits Subject to Refund	<u>\$ 556,048</u>

Debt Service Requirements to Maturity

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

Year Ended June 30,	<u>Governmental Activity Debt</u>				<u>Direct Placement</u>	
	<u>Capital Lease Obligations Payable</u>		<u>Revenue Bonds Payable</u>		<u>Revenue Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 388,485	\$ 10,256	\$ -	\$ -	\$ 3,305,000	\$ 1,276,895
2022	61,072	6,281	-	-	3,480,000	1,151,876
2023	63,604	3,749	-	-	3,660,000	1,020,254
2024	57,249	1,221	-	-	3,845,000	882,306
2025	-	-	-	-	4,040,000	737,103
2026-2030	-	-	-	-	17,115,000	1,172,432
2031-2034	-	-	<u>17,560,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 570,410</u>	<u>\$ 21,507</u>	17,560,000	-	35,445,000	6,240,866
Less: Unaccrued Portion of Debt			<u>(9,128,748)</u>	<u>9,128,748</u>	<u>-</u>	<u>-</u>
			<u>\$ 8,431,252</u>	<u>\$ 9,128,748</u>	<u>\$ 35,445,000</u>	<u>\$ 6,240,866</u>

Business-Type Activity Debt - Direct Borrowing

Year Ended June 30,	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 323,139	\$ 18,094
2022	253,051	6,274
2023	32,888	1,422
2024	23,730	273
2025	3,390	-
2026-2027	<u>5,650</u>	<u>-</u>
Total	<u>\$ 641,848</u>	<u>\$ 26,063</u>

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Component Units have the following long-term debt at June 30, 2020:

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020	Amounts Due Within One Year
Component Unit Activities (MRHCA):					
Capital Lease Obligations	\$ 242,557	\$ -	\$ 137,272	\$ 105,285	\$ 98,677
Notes Payable to Banks	12,293,705	-	988,131	11,305,574	1,066,530
Other Long-Term Liability	-	487,798	-	487,798	-
Total Component Unit Debt	\$ 12,536,262	\$ 487,798	\$ 1,125,403	\$ 11,898,657	\$ 1,165,207

Notes Payable to Banks (MRHCA):

Included in notes payable are the Series 2016 Hospital Revenue Note (the 2016 Note) and the Series 2017 Hospital Revenue Note (the 2017 Note). The 2016 Note was issued in the original amount of \$8,600,000 dated May 1, 2016, which bears interest monthly at 2.55%. The 2017 Note was issued in the original amount of \$3,200,000 dated December 1, 2017, which bears interest monthly at 3.54%. The 2016 Note and the 2017 Note are secured by the gross revenues of the Authority and require certain funds be established with the trustee. Accordingly, these funds are included as assets held by trustee for capital acquisitions in the accompanying balance sheets. These notes also require the Authority to comply with certain restrictive covenants, including maintaining a debt service coverage ratio of 1.20 to 1.00 and days cash on hand of 75 days. The indenture agreements for each note contain provisions that, in an event of default, allow the lender to accelerate payments of the entire principal amount to be immediately due and payable. The lender has formally approved noncompliance with these financial covenants.

Also included in notes payable is a promissory note in the original amount of \$800,000 dated September 29, 2017, which bears interest monthly at 4.22%. The promissory note is secured by certain property of the Authority.

Year Ended June 30,	<u>Discretely Presented Component Unit</u>	
	<u>Notes Payable to Banks</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,066,530	\$ 320,960
2022	1,104,128	284,848
2023	1,124,751	247,620
2024	1,360,537	210,547
2025	856,889	166,350
2026-2030	2,517,182	603,726
2031-2035	2,681,353	244,684
2036	594,204	7,542
Total	\$ 11,305,574	\$ 2,086,277

Capital Lease Obligations (MRHCA):

The McAlester Regional Health Center Authority is obligated under various leases for equipment that are accounted for as capital leases. The following is a schedule by year of future minimum lease payments under the capital leases, including interest at rates of 3.54%, with the present value of the future minimum lease payments as of June 30, 2020:

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Year Ended June 30,	<u>Capital Lease Obligations Payable</u>
2021	\$ 99,952
2022	6,613
Total minimum lease payments	106,565
Less amount representing interest	1,280
Present value of future minimum lease payments	\$ 105,285

7. Fund Balances

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

	General Fund	Reserve Fund	Economic Development Fund	Dedicated Sales Tax - MPWA	Bond Trustee Fund	Other Governmental Funds	Total
Fund Balance:							
Restricted For:							
Grant purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 111,302	\$ 111,302
Juvenile programs	-	-	-	-	-	858	858
E911	-	-	-	-	-	188,105	188,105
Economic development	-	-	258,344	-	-	-	258,344
Other	-	-	-	-	-	203,861	203,861
Stormwater	-	-	-	-	-	699,983	699,983
Health - cancer center	-	-	-	-	-	67,952	67,952
Police capital outlay	-	-	-	-	-	27,847	27,847
Cemetery	-	-	-	-	-	404,580	404,580
Technology improvements	-	-	-	-	-	27,000	27,000
Infrastructure improvements	-	-	-	-	-	264,070	264,070
Emergencies	-	3,371,312	-	-	-	-	3,371,312
Capital improvements:							
Economic development-bond repayment	-	-	-	-	-	800,000	800,000
Debt Service	-	-	-	683,580	5,926,097	69,082	6,678,759
Sub-total Restricted	-	3,371,312	258,344	683,580	5,926,097	2,864,640	13,103,973
Assigned to:							
Tourism	-	-	-	-	-	523,233	523,233
Economic development	-	-	1,994,461	-	-	-	1,994,461
Other	-	-	-	-	-	32,744	32,744
Police capital outlay	-	-	-	-	-	245	245
Capital improvements	-	-	-	-	-	72,149	72,149
Nutrition services	68,541	-	-	-	-	-	68,541
Sub-total Assigned	68,541	-	1,994,461	-	-	628,371	2,691,373
Unassigned	2,156,517	-	-	-	-	-	2,156,517
Total Fund Balance	\$ 2,225,058	\$ 3,371,312	\$ 2,252,805	\$ 683,580	\$ 5,926,097	\$ 3,493,011	\$ 17,951,863

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Restricted Net Position – Governmental Activities

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

Fund	Restricted By	Amount
Juvenile Fine Fund	State statutes and/or debt indentures	\$ 858
State Forfeiture Fund	State statutes and/or debt indentures	4,355
Cemetery Perpetual Care Fund	State statutes and/or debt indentures	404,580
Federal Forfeiture Fund	State statutes and/or debt indentures	20,593
Capital Improvement Plan Fund	State statutes and/or debt indentures	800,000
Sinking Fund	State statutes and/or debt indentures	863
		<u>\$ 1,231,249</u>
Dedicated Sales Tax - MPWA	External parties (voters)	\$ 683,580
E911 Fund	External parties (voters)	188,105
Reserve Fund	External parties (voters)	3,371,312
Economic Development Fund	External parties (voters)	258,344
Gifts & Contributions Fund	External parties (donors)	203,861
Stormwater Fund	External parties (voters)	699,983
MRHC-Cancer Center Fund	External parties (voters)	67,952
Infrastructure Fund	External parties (voters)	264,070
Sales Tax - Schools Fund	External parties (voters)	68,219
Fire Improvement Grant Fund	External parties (grantors)	260
Police Equipment Fund	External parties (grantors)	2,899
CDBG Fund	External parties (grantors)	111,042
Technology Fund	External parties (voters)	27,000
		<u>\$ 5,946,627</u>

8. Dedicated Tax Revenues and Pledges of Future Revenues

Sales and Use Tax

Sales and use tax revenue represents a 3.75 cents tax on each dollar of taxable sales which is recorded as revenue within the respective funds. Upon receipt, the sales tax is recorded as follows:

- 2 cents is recorded in the General Fund.
- 1 cent recorded in the Dedicated Sales Tax Fund MPWA and then transferred to the McAlester Public Works Authority Fund for the payment of debt service restricted by voter approval.
- 1/2 cent recorded in Infrastructure Fund for infrastructure repairs, maintenance, construction and improvements (effective July 1, 2018 – expiring July 1, 2033)
- 1/8 cent recorded in the Sales Tax Schools Fund for the construction of a new early childhood center and safe rooms at the schools (effective October 1, 2018 – expiring July 1, 2033)
- 1/8 cent recorded in the MRHC Cancer Center Fund for the construction of a cancer treatment center (effective October 1, 2018 – expiring July 1, 2033)

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Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge - The City has pledged two cents (or 53.3%) of future sales tax revenues to repay \$43,876,252 of Series 2002, 2012, 2013, 2014 and 2015 Sales Tax and Utility System Bonds. Proceeds from the bonds provided financing for capital assets. The 2015 bonds are payable solely from pledged sales tax revenues. The 2002, 2012, 2013 and 2014 bonds and the 1999 loan are payable from pledged sales tax revenues and further secured by net water, wastewater, and sanitation revenues. The bonds are payable anywhere from 2020 through 2034. The total principal and interest payable for the remainder of the life of these bonds is \$59,245,866, which includes \$17,560,000 of accreted bonds. Pledged sales taxes transferred in the current year were \$4,451,370 and the net utility revenues were \$2,381,766. Debt service payments of \$4,548,468, excluding accreted interest, for the current fiscal year were 102.18% of the pledged and transferred sales taxes and 66.56% of both pledged and transferred sales taxes and net utility revenues.

9. Internal and Interfund Balances and Transfers

Transfers:

Internal transfers between funds and activities for the year ended June 30, 2020, were as follows:

Transfer From	Transfer To	Amount	Nature of Transfer
General Fund	McAlester Airport Authority	\$ 89,902	Transfer for operations
General Fund	Capital Improvement Plan Fund	739,750	Transfer for capital improvements
General Fund	Technology Fund	8,000	Transfer of technology fees
Capital Improvement Plan Fund	MPWA	324,092	Debt service payments
Emergency Fund	General Fund	500,000	Emergency transfer-COVID issues
Infrastructure Fund	CDBG Grants Fund	268,862	Matching grant monies
Dedicated Sales Tax Fund	Bond Trustee Fund	4,451,370	Debt payments to trustee bank
Economic Development Fund	MPWA	3,390	Debt service payments
MPWA	General Fund	1,178,111	Transfer for operations
MPWA	Capital Improvement Plan Fund	217,159	Transfer for capital improvements
MPWA	Dedicated Sales Tax Fund	603,063	Transfer for operations
		<u>\$ 8,383,699</u>	
	Transfers	Transfers	Net Transfers/ Internal Activity
	<u>In</u>	<u>Out</u>	
Reconciliation to Fund			
Financial Statements:			
Governmental Funds	\$ 7,966,315	\$ (6,385,366)	\$ 1,580,949
Enterprise Funds	417,384	(1,998,333)	(1,580,949)
Total Transfers	<u>\$ 8,383,699</u>	<u>\$ (8,383,699)</u>	<u>\$ -</u>
Reconciliation to statement of activities:		Governmental	Business-Type
Net transfers		\$ 1,580,949	\$ (1,580,949)
Reclassification of revenues between activities		13,703	(13,703)
Reclassification of capital asset purchases and expense between activities		(1,449,288)	1,449,288
Total Transfers - Internal Activity		<u>\$ 145,364</u>	<u>\$ (145,364)</u>

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Balances:

Interfund receivables and payables at June 30, 2020, were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Interfund Balance</u>	
General Fund	Capital Improvement Plan Fund	\$ 800,000	Bond related issues	
General Fund	Workers Compensation Fund	21,108	GF share of claims liability	
CDBG Grants Fund	Infrastructure Fund	12,790	Negative share of cash	
MPWA	Workers Compensation Fund	794	GF share of claims liability	
		<u>\$ 834,692</u>		

	<u>Due From Other Fund</u>	<u>Due To Other Funds</u>	<u>Internal Service Funds Reconciliation</u>	<u>Net Activity/ Internal Balances</u>
Reconciliation to Fund				
Financial Statements:				
Governmental Funds	\$ 812,790	\$ (833,898)	\$ 21,902	\$ 794
Enterprise Funds	-	(794)	-	(794)
Internal Service Funds	21,902	-	(21,902)	-
Total Interfund Balances	<u>\$ 834,692</u>	<u>\$ (834,692)</u>	<u>\$ -</u>	<u>\$ -</u>

The City continues to report an interfund receivable/payable in the original amount of \$3,291,826 between the General Fund and the Capital Improvement Plan Fund (MPWA). This interfund receivable/payable is the result of questions raised in a forensic audit dealing with questioned transfers made in prior years from the MPWA to the General Fund. At the current time, the City has not developed a schedule of annual reimbursements to be made by the General Fund to the Capital Improvement Plan Fund (MPWA) until the interfund payable is deemed to be satisfied. The current balance of this interfund receivable/payable is \$800,000.

10. 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 health and life; and natural disasters. The City manages these various risks of loss as follows:

- General Liability and Physical Property – Purchased commercial insurance with no risk of loss retained.
- Workers’ Compensation – Self- insured up to \$250,000 per occurrence. Additional coverage is maintained with a reinsurance policy up to a \$5,000,000 limit. The reinsurance policy also covers aggregate losses exceeding \$800,000 with a limit of \$1,000,000 during the two year policy period.
- Dental Insurance – Self- insured.
- Employee’s Group Medical – Covered through purchased commercial insurance with no risk of loss retained.

Management believes the insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City. There were no significant changes in coverage in the current year and settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

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Claims Liability Analysis

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirements of Statement of Financial Accounting Standard No. 5, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. For workers' compensation, changes in the claims liability for the City from July 1, 2017 to June 30, 2020 are as follows:

	Total Claims Liability
Claims liability, June 30, 2017	\$ 231,302
Claims incurred	250,831
Claims paid	(356,719)
Claims liability, June 30, 2018	125,414
Claims incurred	143,296
Claims paid	(151,786)
Claims liability, June 30, 2019	116,924
Claims incurred	284,882
Claims paid	(360,922)
Claims liability, June 30, 2020	\$ 40,884

11. 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.

Federal and State Award Programs:

The City of McAlester participates in various federal or state grant/loan programs from year to year. In 2020, 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.

ODEQ Consent Orders:

The City of McAlester is under the one Consent Order from the Oklahoma Department of Environmental Quality (ODEQ) related to the water treatment plant: Case No. 09-241. The City continues to work towards compliance on this Consent Order.

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Case 09-241 relates to the discharge from the plant's backwash lagoons, specifically exceedance of Total Suspended Solids, Manganese and Aluminum. The final problem is the lower backwash pond was full of settled solids from the water treatment processes, has been being excavated with track hoe, tractor, and with sludge pump. To comply with the consent order and make progress towards improvement of our residuals management, the city has emptied out the top sludge pond completely and it has been put back into service. Our sludge collection system is completely operational with essential personnel trained to maintain continuous removal and disposal of sludge. The cleaning out of the sludge drying beds has been completed. The lower sludge pond is having the sludge removed daily with pump, tractor, and excavator. The sludge is being transported to the sludge drying beds until material is dry enough to haul to the landfill.

Asset Retirement Obligation:

The City has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonably estimated as of June 30, 2020, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs and obtaining an estimate of those costs in the near future.

Other Contingencies:

The novel coronavirus ("COVID-19"), which was declared a global health emergency in January 2020 and a pandemic in March 2020, has caused significant changes in political and economic conditions around the world, including disruptions and volatility in the global capital markets. In response, the State of Oklahoma and local municipalities have taken various preventative or protective actions, such as imposing restrictions on business operations and advising or requiring individuals to limit or forgo their time outside of their homes. The City's management has considered the economic implications of the COVID-19 pandemic in making critical and significant accounting estimates included in the June 30, 2020, financial statements.

The extent to which the COVID-19 pandemic may impact the City will depend on future developments which are uncertain, such as the duration of the outbreak, additional governmental mandates issued to mitigate the spread of the disease, business closures, economic disruptions, and the effectiveness of actions taken to contain and treat the virus. Accordingly, the COVID-19 pandemic may have a negative impact on the City's future operations, the size and duration of which is difficult to predict. The City's management will continue to actively monitor the situation and may take further actions altering operations that the City's management determines are in the best interests of its employees and stakeholders, or as required by federal, state, or local authorities.

During the year ended June 30, 2020, the City expended approximately \$1.25 million of Coronavirus Relief Funds received from the State of Oklahoma to help offset the impact of COVID-19.

12. Pension Plan Participation

The City of McAlester participates in four pension or retirement plans:

1. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
2. Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
3. City of McAlester Employee's Retirement System – a single-employer defined benefit plan
4. City of McAlester Employee's Retirement System – a single-employer defined contribution plan

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	Governmental Activities	Business-Type Activities
Net Pension Asset:		
Police Pension System	\$ 47,463	\$ -
Net Pension Liability:		
Firefighter's Pension System	\$ 7,741,853	\$ -
City Pension	3,240,877	607,148
Total Net Pension Liability	\$ 10,982,730	\$ 607,148
Deferred Outflows of Resources:		
Police Pension System	935,497	-
Firefighter's Pension System	1,752,352	-
City Pension	775,946	112,372
Total Deferred Outflows of Resources	\$ 3,463,795	\$ 112,372
Deferred Inflows of Resources:		
Police Pension System	234,364	-
Firefighter's Pension System	1,233,498	-
City Pension	203	177,507
Total Deferred Inflows of Resources	\$ 1,468,065	\$ 177,507
Pension Expense:		
Police Pension System	571,560	-
Firefighter's Pension System	1,131,563	-
City Pension	680,162	127,422
Total Pension Expense	\$ 2,383,285	\$ 127,422

City of McAlester Employee's Retirement System Defined Benefit Plan:

The City contributes to the City of McAlester Employees' Retirement System (the "System"), which is a single employer defined benefit pension plan administered by the City of McAlester City Council. All non-union full-time City employees that were employed prior to July 1, 2013 participate in the System. The City's retirement ordinance requires that actuarial valuations be performed annually to determine if the City's fixed contribution rate is adequate to fund the actuarially determined contribution requirement. The System does not issue separate annual financial statements. On June 30, 2013 the Defined Benefit Pension Plan was frozen for all non-uniform active participants.

The following is a summary of funding policies, contribution methods, and benefit provisions:

Year established and governing authority	1995 by City Council Ordinance
Determination of Contribution requirements	Actuarially determined
Employer	9.03% of Payroll (\$503,352 annual required contribution)
Plan members	None required
Funding of administrative costs	Investment earnings
Period required to vest	10 years
Eligibility for distribution	Age 55 with ten years credited service. Annual rate of retirement starts at 5% at age 56.
Provisions for:	
Disability benefits	Yes
Death benefits	Yes

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A. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting - Disclosures of the System's financial condition are prepared using the accrual basis of accounting. Employer contributions are recognized as System revenues in the period in which employee services are performed.

B. Employees Covered by Benefit Terms

Active Employees	44
Terminated Vested Employees	28
Retirees or Retiree Beneficiaries	<u>102</u>
Total	<u>174</u>

C. Changes in Net Pension Liability

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2019 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, 2019 and the City's report ending date of June 30, 2020, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

	<u>Schedule of Changes in Net Pension Liability</u>		
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at 6/30/2018	<u>\$ 17,238,457</u>	<u>\$ 13,808,534</u>	<u>\$ 3,429,923</u>
Changes for the Year:			
Interest	1,195,454	-	1,195,454
Difference between expected and actual experience	161,251	-	161,251
Benefit payments, including refunds	(1,213,398)	(1,213,398)	-
Net investment income	-	629,480	(629,480)
City contributions	-	427,843	(427,843)
Plan administrative expenses		<u>(118,720)</u>	<u>118,720</u>
Net Changes	<u>143,307</u>	<u>(274,795)</u>	<u>418,102</u>
Balances at 6/30/19	<u>\$ 17,381,764</u>	<u>\$ 13,533,739</u>	<u>\$ 3,848,025</u>

The City reported \$807,584 in pension expense for the year ended June 30, 2020. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 110,182	\$ -
Net difference between projected and actual earnings on pension plan investments	146,824	-
Changes in proportion and differences between City contributions and change in proportion share of contributions	177,710	177,710
City contributions subsequent to the measurement date	453,602	-
Total	\$ 888,318	\$ 177,710

\$453,602 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, 2021. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$	229,399
2022		(87,328)
2023		48,499
2024		66,436
	\$	257,006

GASB 67 Pension Disclosures

Since the System does not issue separate financial statements, note disclosures required to be presented in accordance with GASB 67 are being reported in the City's notes to the financial statements. Additional disclosures required by GASB 67 follow.

Additional Accounting Policies, Actuarial Assumptions and Methods (GASB 67)

For GASB Statement 67 purposes, the method used to value investments is the market value (fair value).

GASB Statement 67 also requires the use of the Entry Age Normal actuarial cost method. Since this plan has been frozen, the method used for funding shown on page 59 (Projected Unit Credit) generates the same pension liability as the Entry Age Normal method.

The plan's policy in regard to the allocation of invested assets is established by the City Council. The current asset allocation policy is 70% equity investments, 25% fixed income investments, and 5% cash. 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 estimate of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	4.9%
International equity	1.2%
Fixed income	1.0%
Cash	0.1%
Total	7.2%

The discount rate used to measure the total pension liability was 7.20%. The City has, on average, made contributions that exceed the ADEC over the past five years. If the City continues to contribute in this fashion, the plan will always be sufficiently funded to pay benefits due. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability. The annual money-weighted rate of return, net of expenses paid from the trust, was 4.0%.

The following presents the net pension liability calculated using the discount rate of 7.20 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.20 percent) or 1% point higher (8.20 percent) than the current rate:

City's Net Pension Liability	<u>1% Decrease (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
City's Net Pension Liability - 2018	\$ 5,274,979	\$ 3,429,923	\$ 1,860,105
City's Net Pension Liability - 2019	\$ 5,665,691	\$ 3,848,025	\$ 2,297,005
City's Net Pension Liability - 2020	\$ 6,217,306	\$ 4,222,671	\$ 2,520,643

The components of the net pension liability of the City as of June 30, 2015, 2016, 2017, 2018, 2019 & 2020, were as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Pension Liability	\$ 16,785,991	\$ 16,956,873	\$ 17,143,757	\$ 17,238,457	\$ 17,381,764	\$ 17,130,693
Plan Fiduciary Net Position	13,318,299	12,547,080	13,612,583	13,808,534	13,533,739	12,908,022
Net Pension Liability	<u>\$ 3,467,692</u>	<u>\$ 4,409,793</u>	<u>\$ 3,531,174</u>	<u>\$ 3,429,923</u>	<u>\$ 3,848,025</u>	<u>\$ 4,222,671</u>
Plan Fiduciary Net Position as a percentage of the total pension liability	79.3%	74.0%	79.4%	80.1%	77.9%	75.4%

Firefighter Pension System:

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

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

Normal Retirement:

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

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

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

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$335,651. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$769,792 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 \$745,124. These on-behalf payments did not meet the criteria of a special funding situation.

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

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a net pension liability of \$7,741,853 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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 all participating employers as of June 30, 2019. Based upon this information, the City's proportion was 0.7327 percent.

For the year ended June 30, 2020, the City recognized pension expense of \$1,131,563. At June 30, 2020, 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	\$ 1,296,371	\$ 157,472
Changes of assumptions	-	198,884
Net difference between projected and actual earnings on pension plan investments	-	560,421
Changes in proportion	120,330	312,188
City contributions during measurement date	-	4,533
City contributions subsequent to the measurement date	335,651	-
Total	\$ 1,752,352	\$ 1,233,498

\$335,651 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, 2021. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 132,337
2022	(74,504)
2023	102,862
2024	44,938
2025	(22,430)
Total	\$ 183,203

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2019, 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

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Mortality rates were based on the following:

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

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the following table:

Asset	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	4.90%
Domestic equity	47%	7.07%
International equity	15%	9.19%
Real estate	10%	7.99%
Other assets	8%	5.57%

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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	\$ 9,996,918	\$ 7,741,853	\$ 5,265,585

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.

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Police Pension System:

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

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

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

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

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$327,058. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$302,686 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 \$294,110. These on-behalf payments did not meet the criteria of a special funding situation.

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

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Net Pension Liabilities (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a net pension asset of \$47,463 for its proportionate share of the total net pension asset. The net pension asset was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2019. 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, 2019. Based upon this information, the City's proportion was 0.7435 percent.

For the year ended June 30, 2020, the City recognized pension expense of \$571,560. At June 30, 2020, 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	\$ 28,484	\$ 224,095
Changes of assumptions	121,193	-
Net difference between projected and actual earnings on pension plan investments	433,722	-
Changes in proportion	23,483	3,574
City contributions during measurement date	1,557	6,695
City contributions subsequent to the measurement date	327,058	-
Total	\$ 935,497	\$ 234,364

\$327,058 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 (asset) in the year ended June 30, 2021. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 211,942
2022	(61,797)
2023	70,848
2024	145,684
2025	7,398
Total	\$ 374,075

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2019, 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

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

The actuarial assumptions used in the July 1, 2019, 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, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	4.79%
Domestic equity	5.74%
International equity	9.19%
Real estate	7.99%
Private Equity	10.20%
Commodities	3.50%

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

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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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 2,021,913	\$(47,463)	\$(1,797,147)

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

Summary of Contributions:

Oklahoma Firefighter's Pension and Retirement System			Oklahoma Police Pension and Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2018	300,317	100%	2018	309,191	100%
2019	316,849	100%	2019	314,299	100%
2020	335,651	100%	2020	327,058	100%

OMRF Defined Contribution Plan:

Effective July 1, 2013, the City has also provided a defined contribution plan and trust known as the City of McAlester Plan and Trust (the "Plan") in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OMRF). OMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The plan is administered by JPMorgan Chase Bank. The defined contribution plan is available to all full-time employees except those participating in state fire or police programs. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon employment. By City ordinance, the City, as employer, shall contribute to the Fund an amount equal to 50% of the Participant's contributions under the City's Deferred Compensation Plan 457. The Employer match shall be limited to 6.00% of these Participant's earnings effective July 1, 2013. The City's contributions for each employee (and interest allocated to the employee's account) are vested at a rate of 100% after 5 years of service. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting shall reduce the Employer contribution. The authority to establish and amend the provisions of the plan rests with the City Council.

For the year ended June 30, 2020, the City contributed \$177,574 to the plan.

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MCALESTER, OKLAHOMA
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Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2020

	GENERAL FUND (BUDGETARY BASIS)			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ 139,012	\$ 715,887	\$ 576,875
Resources (Inflows):				
TAXES:				
Sales tax	8,584,788	8,584,788	7,933,753	(651,035)
Use tax	1,930,209	1,930,209	1,652,476	(277,733)
Franchise tax	615,500	615,500	606,955	(8,545)
Total Taxes	<u>11,130,497</u>	<u>11,130,497</u>	<u>10,193,184</u>	<u>(937,313)</u>
INTERGOVERNMENTAL:				
Alcoholic beverage tax	179,452	179,452	225,642	46,190
Tobacco/cigarette tax	125,424	125,424	139,366	13,942
Gas excise tax	34,500	34,500	31,526	(2,974)
Vehicle tax	128,082	128,082	125,129	(2,953)
Grant revenue	50,000	50,000	61,818	11,818
Healthcare reimbursement by state	200,000	200,000	170,364	(29,636)
BCBS Wellness Credit	-	-	50,000	50,000
Total Intergovernmental	<u>717,458</u>	<u>717,458</u>	<u>803,845</u>	<u>86,387</u>
CHARGES FOR SERVICES:				
Court costs	323,659	323,659	228,222	(95,437)
Cemetery opening/closing	19,524	19,524	18,528	(996)
Incarceration fee	12,350	12,350	15,285	2,935
Cemetery fees	12,500	12,500	2,750	(9,750)
Swimming pool revenue	32,500	32,500	11,455	(21,045)
Ambulance revenue	498,500	498,500	735,099	236,599
Street cuts	2,250	2,250	1,807	(443)
Recreation fees	1,500	1,500	1,390	(110)
Oil and gas leases	335,000	335,000	199,727	(135,273)
Abatements	89,500	89,500	15,684	(73,816)
Rental property	-	-	7,500	7,500
Rental rooms	6,100	6,100	3,981	(2,119)
Burgular alarms	13,500	13,500	15,385	1,885
Complex concessions	18,500	18,500	5,847	(12,653)
Firing range fees	1,000	1,000	-	(1,000)
Complex rental	15,200	15,200	2,900	(12,300)
Total Charges for Services	<u>1,381,583</u>	<u>1,381,583</u>	<u>1,265,560</u>	<u>(116,023)</u>
FINES AND FORFEITURES	<u>797,785</u>	<u>797,785</u>	<u>641,771</u>	<u>(156,014)</u>
LICENSES AND PERMITS	<u>79,864</u>	<u>79,864</u>	<u>89,906</u>	<u>10,042</u>
INVESTMENT INCOME	<u>40,500</u>	<u>40,500</u>	<u>29,930</u>	<u>(10,570)</u>
MISCELLANEOUS:				
Auctions	-	-	281	281
Hay sales	-	-	1,035	1,035
Vendors	-	-	50	50
Cemetery lots	16,800	16,800	16,013	(787)
Demolitions	1,005	1,005	1,090	85
Court admin fee	3,090	3,090	4,166	1,076
Miscellaneous	5,600	5,600	10,946	5,346
Credit card payment fees	14,500	14,500	9,232	(5,268)
Education & training revenue	3,000	3,000	2,925	(75)
Restitution reimbursements	10,500	10,500	7,510	(2,990)
Reimbursements	41,200	41,200	97,584	56,384
Total Miscellaneous	<u>95,695</u>	<u>95,695</u>	<u>150,832</u>	<u>55,137</u>
OTHER FINANCING SOURCES:				
Transfers from other funds	1,729,641	2,372,986	1,678,111	(694,875)
Total Other Financing Sources	<u>1,729,641</u>	<u>2,372,986</u>	<u>1,678,111</u>	<u>(694,875)</u>
Amounts available for appropriation	<u>15,973,023</u>	<u>16,755,380</u>	<u>15,569,026</u>	<u>(1,186,354)</u>

(Continued)

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

(Continued)

	GENERAL FUND (BUDGETARY BASIS)			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Charges to Appropriations (Outflows):				
LEGISLATURE:				
Mayor and Council:				
Personal services	4,889	4,889	4,683	206
Materials and supplies	1,900	900	666	234
Other services and charges	109,226	116,239	115,306	933
TOTAL LEGISLATURE	116,015	122,028	120,655	1,373
ADMINISTRATION:				
City Manager:				
Personal services	443,740	454,696	439,020	15,676
Materials and supplies	2,695	2,820	1,675	1,145
Other services and charges	68,480	46,795	10,134	36,661
Capital outlay	32,800	40,897	10,025	30,872
Total City Manager	547,715	545,208	460,854	84,354
Finance:				
Personal services	370,958	354,342	313,963	40,379
Materials and supplies	2,470	2,517	2,517	-
Other services and charges	8,855	4,538	4,145	393
Total Finance	382,283	361,397	320,625	40,772
City Clerk:				
Personal services	120,757	120,124	110,992	9,132
Materials and supplies	900	650	642	8
Other services and charges	11,445	10,682	6,374	4,308
Total City Clerk	133,102	131,456	118,008	13,448
City Attorney:				
Personal services	104,719	105,719	91,486	14,233
Materials and supplies	1,125	1,000	289	711
Other services and charges	68,350	68,795	62,257	6,538
Total City Attorney	174,194	175,514	154,032	21,482
Court:				
Personal services	173,757	168,666	166,363	2,303
Materials and supplies	1,875	1,500	845	655
Other services and charges	33,800	37,617	36,333	1,284
Total Court	209,432	207,783	203,541	4,242
Interdepartmental:				
Personal services	735,285	928,054	456,494	471,560
Materials and supplies	87,300	98,779	18,376	80,403
Other services and charges	946,598	894,364	745,122	149,242
Total Interdepartmental	1,769,183	1,921,197	1,219,992	701,205
Information Services:				
Personal services	145,311	145,241	141,937	3,304
Materials and supplies	1,975	1,975	1,584	391
Other services and charges	169,008	170,113	168,610	1,503
Total Information Services	316,294	317,329	312,131	5,198

(Continued)

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

(Continued)

	GENERAL FUND (BUDGETARY BASIS)			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
ADMINISTRATION, (Continued):				
CID:				
Personal services	591,790	606,693	577,084	29,609
Materials and supplies	7,515	4,816	4,231	585
Other services and charges	7,200	5,254	3,744	1,510
Total CID	<u>606,505</u>	<u>616,763</u>	<u>585,059</u>	<u>31,704</u>
TOTAL ADMINISTRATION	<u>4,138,708</u>	<u>4,276,647</u>	<u>3,374,242</u>	<u>902,405</u>
PUBLIC SAFETY:				
Patrol:				
Personal services	3,029,332	3,133,003	3,092,445	40,558
Materials and supplies	156,755	146,411	128,692	17,719
Other services and charges	134,250	139,545	129,096	10,449
Total Patrol	<u>3,320,337</u>	<u>3,418,959</u>	<u>3,350,233</u>	<u>68,726</u>
Animal Control:				
Personal services	41,947	58,878	55,585	3,293
Materials and supplies	4,771	4,521	2,558	1,963
Other services and charges	2,000	2,000	1,947	53
Total Animal Control	<u>48,718</u>	<u>65,399</u>	<u>60,090</u>	<u>5,309</u>
Communications:				
Personal services	187,962	195,164	191,262	3,902
Materials and supplies	1,950	1,073	395	678
Other services and charges	1,800	1,214	1,214	-
Total Communications	<u>191,712</u>	<u>197,451</u>	<u>192,871</u>	<u>4,580</u>
Fire:				
Personal services	3,232,923	3,408,555	3,406,754	1,801
Materials and supplies	67,900	53,081	52,597	484
Other services and charges	115,994	120,858	121,274	(416)
Total Fire	<u>3,416,817</u>	<u>3,582,494</u>	<u>3,580,625</u>	<u>1,869</u>
EMS:				
Materials and supplies	54,750	51,224	43,724	7,500
Other services and charges	75,025	73,118	65,415	7,703
Total EMS	<u>129,775</u>	<u>124,342</u>	<u>109,139</u>	<u>15,203</u>
TOTAL PUBLIC SAFETY	<u>7,107,359</u>	<u>7,388,645</u>	<u>7,292,958</u>	<u>95,687</u>
COMMUNITY SERVICES:				
Parks:				
Personal services	675,774	701,956	631,295	70,661
Materials and supplies	91,380	92,969	49,258	43,711
Other services and charges	96,819	96,008	65,109	30,899
Total Parks	<u>863,973</u>	<u>890,933</u>	<u>745,662</u>	<u>145,271</u>
Swimming Pools:				
Personal services	92,360	76,468	49,608	26,860
Materials and supplies	32,009	32,009	12,904	19,105
Other services and charges	4,500	4,500	2,561	1,939
Total Swimming Pools	<u>128,869</u>	<u>112,977</u>	<u>65,073</u>	<u>47,904</u>

(Continued)

CITY OF MCALESTER, OKLAHOMA
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As of and for the Year Ended June 30, 2020

(Continued)

	GENERAL FUND (BUDGETARY BASIS)			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
COMMUNITY SERVICES, (Continued):				
Recreation:				
Personal services	205,112	207,210	151,315	55,895
Materials and supplies	29,158	28,761	14,862	13,899
Other services and charges	20,037	22,089	15,680	6,409
Total Recreation	<u>254,307</u>	<u>258,060</u>	<u>181,857</u>	<u>76,203</u>
Cemetery:				
Personal services	240,143	238,258	230,189	8,069
Materials and supplies	15,250	11,993	10,992	1,001
Other services and charges	15,072	14,504	10,193	4,311
Capital outlay	-	4,747	4,747	-
Total Cemetery	<u>270,465</u>	<u>269,502</u>	<u>256,121</u>	<u>13,381</u>
Facility Maintenance:				
Personal services	166,717	175,471	173,712	1,759
Materials and supplies	42,150	36,572	36,602	(30)
Other services and charges	65,820	53,897	53,844	53
Capital outlay	-	24,247	24,247	-
Total Facility Maintenance	<u>274,687</u>	<u>290,187</u>	<u>288,405</u>	<u>1,782</u>
Carl Albert Building:				
Materials and supplies	1,800	3,897	3,897	-
Other services and charges	73,370	91,372	64,703	26,669
Total Carl Albert Building	<u>75,170</u>	<u>95,269</u>	<u>68,600</u>	<u>26,669</u>
TOTAL COMMUNITY SERVICES	<u>1,867,471</u>	<u>1,916,928</u>	<u>1,605,718</u>	<u>311,210</u>
ADMINISTRATIVE SERVICES:				
Planning & Community Development:				
Personal services	279,273	280,910	266,608	14,302
Materials and supplies	5,350	4,090	3,825	265
Other services and charges	79,658	74,881	20,737	54,144
Total Planning & Community Development	<u>364,281</u>	<u>359,881</u>	<u>291,170</u>	<u>68,711</u>
Human Resources/Risk Management:				
Personal services	233,421	220,473	211,494	8,979
Materials and supplies	37,478	37,063	26,351	10,712
Other services and charges	44,452	55,002	49,682	5,320
Total Human Resources/Risk Management	<u>315,351</u>	<u>312,538</u>	<u>287,527</u>	<u>25,011</u>
TOTAL ADMINISTRATIVE SERVICES	<u>679,632</u>	<u>672,419</u>	<u>578,697</u>	<u>93,722</u>
PUBLIC WORKS:				
Streets:				
Personal services	734,667	733,413	711,221	22,192
Materials and supplies	158,625	155,081	80,370	74,711
Other services and charges	75,379	112,695	110,384	2,311
Total Streets	<u>968,671</u>	<u>1,001,189</u>	<u>901,975</u>	<u>99,214</u>
TOTAL PUBLIC WORKS	<u>968,671</u>	<u>1,001,189</u>	<u>901,975</u>	<u>99,214</u>
OTHER FINANCING USES:				
Transfers to other funds	1,095,167	1,377,524	1,081,371	296,153
Total Charges to Appropriations	<u>15,973,023</u>	<u>16,755,380</u>	<u>14,955,616</u>	<u>1,799,764</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 613,410</u>	<u>\$ 613,410</u>

CITY OF MCALESTER, OKLAHOMA
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Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2020, (Continued)

	SPECIAL REVENUE - RESERVE FUND (Budgetary Basis)			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ 500,000	\$ 3,824,227	\$ 3,324,227
Resources (Inflows):				
Investment income	35,000	35,000	47,085	12,085
Amounts available for appropriation	<u>35,000</u>	<u>535,000</u>	<u>3,871,312</u>	<u>3,336,312</u>
Charges to appropriations (outflows):				
Transfers out	-	500,000	500,000	-
Total Charges to Appropriations	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 3,371,312</u>	<u>\$ 3,336,312</u>

	SPECIAL REVENUE - ECONOMIC DEVELOPMENT FUND (Budgetary Basis)			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 1,636,901	\$ 1,636,901	\$ 2,453,342	\$ 816,441
Resources (Inflows):				
Intergovernmental	-	-	125,113	125,113
Charges for services	-	-	60,000	60,000
Investment income	20,000	20,000	28,782	8,782
Amounts available for appropriation	<u>1,656,901</u>	<u>1,656,901</u>	<u>2,667,237</u>	<u>1,010,336</u>
Charges to appropriations (outflows):				
Finance	123,390	123,390	44,640	78,750
Planning and community development	1,533,511	1,533,511	366,040	1,167,471
Total Charges to Appropriations	<u>1,656,901</u>	<u>1,656,901</u>	<u>410,680</u>	<u>1,246,221</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,256,557</u>	<u>\$ 2,256,557</u>

Footnotes to Budgetary Comparison Schedules:

- The City prepares its budgets for all funds on the cash basis of accounting for all revenues except for on-behalf payments made, and those that are billed by the City (i.e., misc receivables). The modified accrual basis of accounting is used for budgeting of expenditures with the exception of on-behalf payments made, the net effect of certain year-end payroll accruals, and outstanding encumbrances related to capital items. The City utilizes encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. Encumbrances outstanding and their related appropriations are lapsed at year end and are re-appropriated and re-encumbered in the subsequent fiscal year.

CITY OF MCALESTER, OKLAHOMA
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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, subject to a dollar limitation of \$25,000. All transfers of appropriation above this limitation and 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 basis as shown in the schedule below:

	<u>General Fund</u>
Sources/Inflows of resources	
Actual amounts (budgetary basis) “available appropriation” from the budgetary comparison schedule	\$15,569,026
Differences – budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(715,887)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(1,678,111)
The City reports on-behalf payments made by state in the General Fund in the fund financial statements, but are not budgeted.	1,072,478
The City reports the Nutrition Account as part of the General Fund in the fund financial statements, but are not included in the budget to actual.	81,701
The City budgets for revenues on the modified cash basis of accounting, rather than on the modified accrual basis.	<u>1,341,538</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$15,670,745</u>
Uses/Outflows of resources	
Actual amounts (budgetary basis) “total charges to appropriations” from the budgetary comparison schedule	\$14,955,616
Differences – budget to GAAP:	
The City budgets for payroll and miscellaneous accrued liabilities on the modified cash basis, rather than on the modified accrual basis.	(103,109)
The City reports on-behalf payments made by state in the General Fund in the fund financial statements, but are not budgeted.	1,072,478
The City reports the Nutrition Account as part of the General Fund in the fund financial statements, but are not included in the budget to actual.	264,565
Transfers to other funds and component units are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(1,081,371)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$15,108,179</u>

**CITY OF MCALESTER, OKLAHOMA
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	<u>Reserve Fund</u>
Sources/Inflows of resources	
Actual amounts (budgetary basis) “available appropriation” from the budgetary comparison schedule	\$3,871,312
Differences – budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(3,824,227)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$47,085</u>
Uses/Outflows of resources	
Actual amounts (budgetary basis) “total charges to appropriations” from the budgetary comparison schedule	\$500,000
Differences – budget to GAAP:	
Transfers to other funds and component units are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(500,000)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$ -</u>
Economic Development Fund	
Sources/Inflows of resources	
Actual amounts (budgetary basis) “available appropriation” from the budgetary comparison schedule	\$2,667,237
Differences – budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(2,453,342)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$213,895</u>
Uses/Outflows of resources	
Actual amounts (budgetary basis) “total charges to appropriations” from the budgetary comparison schedule	\$410,680
Differences – budget to GAAP:	
The City budgets for payroll and miscellaneous accrued liabilities on the modified cash basis, rather than on the modified accrual basis.	274
The City reports transfers of debt payments in the fund financial statements, but are reported as expenditures in the budget to actual.	(3,390)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$407,564</u>

4. For the year ended June 30, 2020, the City complied, in all material respects, with the applicable budget laws.

CITY OF MCALESTER, OKLAHOMA
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Required Supplementary Information
City of McAlester Employee's Retirement System

Schedule of Changes in Net Pension Liability and Related Ratios

Last 10 Fiscal Years*

	2014	2015	2016	2017	2018	2019	2020
Total pension liability							
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	1,125,249	1,159,854	1,170,468	1,178,194	1,190,824	1,195,454	1,202,784
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	354,880	4,086	25,240	103,095	68,272	161,251	(200,112)
Changes of assumptions	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(992,995)	(992,553)	(1,024,826)	(1,094,405)	(1,164,396)	(1,213,398)	(1,253,743)
Net change in total pension liability	487,134	171,387	170,882	186,884	94,700	143,307	(251,071)
Total pension liability - beginning	16,127,470	16,614,604	16,785,991	16,956,873	17,143,757	17,238,457	17,381,764
Total pension liability - ending (a)	\$ 16,614,604	\$ 16,785,991	\$ 16,956,873	\$ 17,143,757	\$ 17,238,457	\$ 17,381,764	\$ 17,130,693
Plan fiduciary net position							
Contributions - employer	\$ 580,226	\$ 495,901	\$ 618,056	\$ 600,552	\$ 450,504	\$ 427,843	\$ 453,602
Contributions - member	-	-	-	-	-	-	-
Net investment income	2,444,464	132,780	(240,387)	1,691,613	1,039,420	629,480	291,619
Benefit payments, including refunds of member contributions	(992,995)	(992,553)	(1,024,826)	(1,094,405)	(1,164,396)	(1,213,398)	(1,253,743)
Administrative expense	(148,960)	(127,870)	(124,062)	(132,257)	(129,577)	(118,720)	(117,195)
Other	71,351	481	-	-	-	-	-
Net change in plan fiduciary net position	1,954,086	(491,261)	(771,219)	1,065,503	195,951	(274,795)	(625,717)
Plan fiduciary net position - beginning	11,855,474	13,809,560	13,318,299	12,547,080	13,612,583	13,808,534	13,533,739
Plan fiduciary net position - ending (b)	\$ 13,809,560	\$ 13,318,299	\$ 12,547,080	\$ 13,612,583	\$ 13,808,534	\$ 13,533,739	\$ 12,908,022
Net pension liability - ending (a) - (b)	\$ 2,805,044	\$ 3,467,692	\$ 4,409,793	\$ 3,531,174	\$ 3,429,923	\$ 3,848,025	\$ 4,222,671
Plan fiduciary net position as a percentage of the total pension liability	83.12%	79.3%	74.0%	79.4%	80.1%	77.9%	75.4%
Covered payroll	\$ 4,097,667	\$ 3,714,076	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	68.5%	93.4%	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

*Only seven years are presented because 10-year data is not yet available. In addition the plan was frozen on July 1, 2013.

4. Since the plan's benefits were frozen as of July 1, 2013, payroll information is no longer being collected because it is no longer needed to perform the actuarial evaluation

**CITY OF MCALESTER, OKLAHOMA
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**Required Supplementary Information
City of McAlester Employee's Retirement System**

Schedule of Employer Contributions

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 489,408	\$ 458,246	\$ 478,557	\$ 427,842	\$ 453,602	\$ 503,352
Contributions in relation to the actuarially determined contribution	495,901	593,512	600,552	450,504	427,843	453,602
Contribution deficiency (excess)	<u>\$ (6,493)</u>	<u>\$ (135,266)</u>	<u>\$ (121,995)</u>	<u>\$ (22,662)</u>	<u>\$ 25,759</u>	<u>\$ 49,750</u>
Covered payroll	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)
Contributions as a percentage of covered payroll	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)

Notes to Schedule:

1. *Only six years are presented because 10-year data is not yet available; plan frozen on July 1, 2013.
2. Latest Valuation Date: July 1, 2019
3. Methods and assumptions used to determine contribution rates:
 - Actuarial cost method - Projected Unit Credit
 - Amortization method - Level dollar, post 2009 liabilities open, pre 2009 liabilities closed
 - Remaining amortization period - Closed part = 7 years
 - Asset valuation method - Actuarial:
 - Smoothing period - 5 years
 - Salary increases - Frozen at this time
 - Investment rate of return - 7.2%, net of pension plan investment expense
4. Since the plan's benefits were frozen as of July 1, 2013, payroll information is no longer being collected because it is no longer needed to perform the actuarial valuation.

Required Supplementary Information

Schedule of Investment Returns

Last Ten Fiscal Years*

	2015	2016	2017	2018	2019	2020
Annual money-weighted rate of return, net of investment expense	0.2%	0.24%	-2.57%	12.81%	7.00%	4.00%

Note to Schedule:

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

**CITY OF MCALESTER, OKLAHOMA
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**Schedules of Required Supplementary Information
SCHEDULE OF THE CITY OF MCALESTER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA FIREFIGHTERS 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>
City's proportion of the net pension liability	0.774228%	0.747576%	0.761806%	0.750071%	0.724812%	0.732668%
City's proportionate share of the net pension liability	\$ 7,961,756	\$ 7,934,836	\$ 9,307,102	\$ 9,433,823	\$ 8,158,806	\$ 7,741,853
City's covered payroll	\$ 2,067,321	\$ 2,042,764	2,128,125	2,134,671	2,145,115	2,263,201
City's proportionate share of the net pension liability as a percentage of its covered payroll	385%	388%	437%	442%	380%	342%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%

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

Notes to Schedule:

*Only six years are presented because 10-year data is not yet available.
Current year measurement date is June 30, 2019.

**SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA FIREFIGHTERS 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>
Statutorially required contribution	\$ 285,987	\$ 297,937	\$ 298,853	\$ 300,317	\$ 316,849	\$ 335,651
Contributions in relation to the statutorially required contribution	<u>285,987</u>	<u>297,937</u>	<u>298,853</u>	<u>300,317</u>	<u>316,849</u>	<u>335,651</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,042,764	2,128,125	2,134,671	2,145,115	2,263,201	2,394,465
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.02%

Notes to Schedule:

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

**CITY OF MCALESTER, OKLAHOMA
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**Schedules of Required Supplementary Information
SCHEDULE OF THE CITY OF MCALESTER'S PROPORTIONATE 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>
City's proportion of the net pension liability (asset)	0.7942%	0.8215%	0.8551%	0.8220%	0.7797%	0.7435%
City's proportionate share of the net pension liability (asset)	\$ (267,389)	\$ 33,497	\$ 1,309,556	\$ 63,229	\$ (371,422)	\$ (47,463)
City's covered payroll	\$ 2,217,808	\$ 2,401,492	\$ 2,435,869	\$ 2,451,108	\$ 2,378,392	\$ 2,417,685
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(12.06)%	1.39%	53.76%	2.58%	(15.62)%	(1.96)%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%

Notes to Schedule:

*Only six years are presented because 10-year data is not yet available.
Current year measurement date is June 30, 2019.

**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>
Statutorily required contribution	\$ 312,194	\$ 316,663	\$ 318,644	\$ 309,191	\$ 314,299	\$ 327,058
Contributions in relation to the statutorily required contribution	<u>312,194</u>	<u>316,663</u>	<u>318,644</u>	<u>309,191</u>	<u>314,299</u>	<u>327,058</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,401,492	\$ 2,435,869	\$ 2,451,108	\$ 2,378,392	\$ 2,417,685	\$ 2,516,794
Contributions as a percentage of covered payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Notes to Schedule:

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Balance Sheet, General Fund Accounts – June 30, 2020

	General Fund	Nutrition Account	Total General Fund
ASSETS			
Cash and cash equivalents	\$ 442,649	\$ 59,451	\$ 502,100
Investments	387,500	-	387,500
Receivables:			
Due from other governments	2,624,753	35,627	2,660,380
Franchise tax receivable	48,592	-	48,592
Court fines receivable, net of allowance	1,685,632	-	1,685,632
Ambulance receivable, net of allowance	74,631	-	74,631
Other receivables, net of allowance	7,340	-	7,340
Total assets	\$ 5,271,097	\$ 95,078	\$ 5,366,175
 LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 111,041	\$ 738	\$ 111,779
Accrued payroll liabilities	492,124	6,081	498,205
Due to other funds	821,108	-	821,108
Unearned revenue	8,280	-	8,280
Due to bondholders	7,613	-	7,613
Total liabilities	1,440,166	6,819	1,446,985
Deferred inflows of resources:			
Unavailable revenue	1,674,414	19,718	1,694,132
Fund balances:			
Assigned	-	68,541	68,541
Unassigned	2,156,517	-	2,156,517
Total fund balances	2,156,517	68,541	2,225,058
Total liabilities, deferred inflows and fund balances	\$ 5,271,097	\$ 95,078	\$ 5,366,175

CITY OF MCALESTER, OKLAHOMA
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As of and for the Year Ended June 30, 2020

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances, General Fund
Accounts – Year Ended June 30, 2020

	<u>General Fund</u>	<u>Nutrition Account</u>	<u>Total General Fund</u>
REVENUES			
Taxes	\$ 10,293,668	\$ -	\$ 10,293,668
Intergovernmental	3,135,270	81,701	3,216,971
Charges for services	1,265,832	-	1,265,832
Fines and forfeitures	623,606	-	623,606
Licenses and permits	89,906	-	89,906
Investment earnings	29,930	-	29,930
Miscellaneous	150,832	-	150,832
 Total revenues	 <u>15,589,044</u>	 <u>81,701</u>	 <u>15,670,745</u>
EXPENDITURES			
Current:			
Legislative	120,592	-	120,592
Administration	3,364,893	-	3,364,893
Public safety	8,388,490	-	8,388,490
Community services	1,462,601	-	1,462,601
Administrative services	572,064	-	572,064
Health and welfare	-	264,565	264,565
Public works	895,955	-	895,955
Capital Outlay	39,019	-	39,019
 Total expenditures	 <u>14,843,614</u>	 <u>264,565</u>	 <u>15,108,179</u>
 Excess (deficiency) of revenues over expenditures	 <u>745,430</u>	 <u>(182,864)</u>	 <u>562,566</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,678,111	-	1,678,111
Transfers out	(837,652)	-	(837,652)
Interaccount transfers	(243,719)	243,719	-
 Total other financing sources and uses	 <u>596,740</u>	 <u>243,719</u>	 <u>840,459</u>
 Net change in fund balances	 <u>1,342,170</u>	 <u>60,855</u>	 <u>1,403,025</u>
 Fund balances - beginning	 <u>814,347</u>	 <u>7,686</u>	 <u>822,033</u>
Fund balances - ending	<u>\$ 2,156,517</u>	<u>\$ 68,541</u>	<u>\$ 2,225,058</u>

CITY OF MCALESTER, OKLAHOMA
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Combining Balance Sheet, Nonmajor Governmental Funds – June 30, 2020

	SPECIAL REVENUE FUNDS					
	Juvenile Fine Fund	Tourism/SE Expo Fund	E-911 Fund	Gifts & Contributions Fund	Stormwater Fund	MRHC-Cancer Center Fund
ASSETS						
Cash and cash equivalents	\$ 858	\$ 513,646	\$ 135,484	\$ 236,605	\$ 704,596	\$ 40,490
Accounts receivable, net of allowance	-	-	-	-	11,884	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	11,070	-	67,952
Other receivables	-	43,173	83,788	-	-	-
Total assets	<u>\$ 858</u>	<u>\$ 556,819</u>	<u>\$ 219,272</u>	<u>\$ 247,675</u>	<u>\$ 716,480</u>	<u>\$ 108,442</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 20,410	\$ 7,920	\$ 11,070	\$ 16,497	\$ 40,490
Accrued payroll liabilities	-	13,176	23,247	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>33,586</u>	<u>31,167</u>	<u>11,070</u>	<u>16,497</u>	<u>40,490</u>
Deferred Inflows of Resources:						
Unavailable revenue	-	-	-	-	-	-
Fund Balances:						
Restricted	858	-	188,105	203,861	699,983	67,952
Assigned	-	523,233	-	32,744	-	-
Total fund balances	<u>858</u>	<u>523,233</u>	<u>188,105</u>	<u>236,605</u>	<u>699,983</u>	<u>67,952</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 858</u>	<u>\$ 556,819</u>	<u>\$ 219,272</u>	<u>\$ 247,675</u>	<u>\$ 716,480</u>	<u>\$ 108,442</u>

(Continued)

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Balance Sheet, Nonmajor Governmental Funds – June 30, 2020, Continued

	CAPITAL PROJECT FUNDS					
	Police Equipment Fund	State Forfeiture Fund	Cemetery Perpetual Care Fund	CDBG Grants Fund	Federal Forfeiture Fund	Fire Improvement Grant Fund
ASSETS						
Cash and cash equivalents	\$ 720	\$ 4,355	\$ 404,580	\$ -	\$ 20,838	\$ 260
Accounts receivable, net of allowance	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	2,179	-	-	137,902	-	-
Other receivables	-	-	-	-	-	-
Total assets	<u>\$ 2,899</u>	<u>\$ 4,355</u>	<u>\$ 404,580</u>	<u>\$ 137,902</u>	<u>\$ 20,838</u>	<u>\$ 260</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	-	\$ 14,070	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	12,790	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,860</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:						
Unavailable revenue	-	-	-	-	-	-
Fund Balances:						
Restricted	2,899	4,355	404,580	111,042	20,593	260
Assigned	-	-	-	-	245	-
Total fund balances	<u>2,899</u>	<u>4,355</u>	<u>404,580</u>	<u>111,042</u>	<u>20,838</u>	<u>260</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,899</u>	<u>\$ 4,355</u>	<u>\$ 404,580</u>	<u>\$ 137,902</u>	<u>\$ 20,838</u>	<u>\$ 260</u>

(Continued)

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Balance Sheet, Nonmajor Governmental Funds – June 30, 2020, Continued

	CAPITAL PROJECT FUNDS			DEBT SERVICE FUNDS		Total Nonmajor Governmental Funds
	Capital Improvement Plan Fund	Technology Fund	Infrastructure Fund	Sales Tax - Schools Fund	Sinking Fund	
ASSETS						
Cash and cash equivalents	\$ 85,138	\$ 9,063	\$ 108,614	\$ 40,756	\$ 863	\$ 2,306,866
Accounts receivable, net of allowance	-	64,497	64,497	-	-	140,878
Due from other funds	800,000	-	12,790	-	-	812,790
Due from other governments	-	-	271,808	67,953	-	558,864
Other receivables	-	-	-	-	-	126,961
Total assets	<u>\$ 885,138</u>	<u>\$ 73,560</u>	<u>\$ 457,709</u>	<u>\$ 108,709</u>	<u>\$ 863</u>	<u>\$ 3,946,359</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 12,989	\$ 1,143	\$ 148,222	\$ 40,490	\$ -	\$ 313,301
Accrued payroll liabilities	-	-	-	-	-	36,423
Due to other funds	-	-	-	-	-	12,790
Total liabilities	<u>12,989</u>	<u>1,143</u>	<u>148,222</u>	<u>40,490</u>	<u>-</u>	<u>362,514</u>
Deferred Inflows of Resources:						
Unavailable revenue	-	45,417	45,417	-	-	90,834
Fund Balances:						
Restricted	800,000	27,000	264,070	68,219	863	2,864,640
Assigned	72,149	-	-	-	-	628,371
Total fund balances	<u>872,149</u>	<u>27,000</u>	<u>264,070</u>	<u>68,219</u>	<u>863</u>	<u>3,493,011</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 885,138</u>	<u>\$ 73,560</u>	<u>\$ 457,709</u>	<u>\$ 108,709</u>	<u>\$ 863</u>	<u>\$ 3,946,359</u>

CITY OF MCALESTER, OKLAHOMA
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Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Nonmajor Governmental Funds – Year Ended June 30, 2020

	SPECIAL REVENUE FUNDS					
	Juvenile Fine Fund	Tourism/SE Expo Fund	E-911 Fund	Gifts & Contributions Fund	Stormwater Fund	MRHC-Cancer Center Fund
REVENUES						
Taxes	\$ -	\$ 591,456	\$ 627,716	\$ -	\$ -	\$ 497,002
Intergovernmental	-	-	-	11,070	-	-
Charges for services	10,554	69,732	-	-	782,048	-
Investment earnings	-	-	3,222	-	-	-
Miscellaneous	-	8,702	-	304,213	-	-
Total revenues	<u>10,554</u>	<u>669,890</u>	<u>630,938</u>	<u>315,283</u>	<u>782,048</u>	<u>497,002</u>
EXPENDITURES						
Current:						
Administration	-	-	-	29,692	-	-
Public safety	12,669	-	757,836	-	-	-
Community services	-	-	-	-	-	-
Administrative services	-	636,176	-	-	-	-
Capital Outlay	-	548,199	-	365,276	785,100	-
Debt Service:						
Principal	-	-	-	-	32,707	-
Interest and other charges	-	-	-	-	6,703	-
Total expenditures	<u>12,669</u>	<u>1,184,375</u>	<u>757,836</u>	<u>394,968</u>	<u>824,510</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(2,115)	(514,485)	(126,898)	(79,685)	(42,462)	497,002
OTHER FINANCING SOURCES (USES)						
Payment to MRHC-Cancer Center	-	-	-	-	-	(495,860)
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from long-term debt	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(495,860)</u>
Net change in fund balances	(2,115)	(514,485)	(126,898)	(79,685)	(42,462)	1,142
Fund balances - beginning	2,973	1,037,718	315,003	316,290	742,445	66,810
Fund balances - ending	<u>\$ 858</u>	<u>\$ 523,233</u>	<u>\$ 188,105</u>	<u>\$ 236,605</u>	<u>\$ 699,983</u>	<u>\$ 67,952</u>

(Continued)

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Nonmajor Governmental Funds – Year Ended June 30, 2020 (Continued)

	CAPITAL PROJECT FUNDS					
	Police Equipment Fund	State Forfeiture Fund	Cemetery Perpetual Care Fund	CDBG Grants Fund	Federal Forfeiture Fund	Fire Improvement Grant Fund
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,251	1,257	-	137,902	-	-
Charges for services	-	-	4,934	-	-	-
Investment earnings	-	674	5,198	-	245	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>3,251</u>	<u>1,931</u>	<u>10,132</u>	<u>137,902</u>	<u>245</u>	<u>-</u>
EXPENDITURES						
Current:						
Administration	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Administrative services	-	-	-	-	-	-
Capital Outlay	2,893	2,180	-	325,374	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Total expenditures	<u>2,893</u>	<u>2,180</u>	<u>-</u>	<u>325,374</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	358	(249)	10,132	(187,472)	245	-
OTHER FINANCING SOURCES (USES)						
Payment to MRHC-Cancer Center	-	-	-	-	-	-
Transfers in	-	-	-	268,862	-	-
Transfers out	-	-	-	-	-	-
Proceeds from long-term debt	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>268,862</u>	<u>-</u>	<u>-</u>
Net change in fund balances	358	(249)	10,132	81,390	245	-
Fund balances - beginning	2,541	4,604	394,448	29,652	20,593	260
Fund balances - ending	<u>\$ 2,899</u>	<u>\$ 4,355</u>	<u>\$ 404,580</u>	<u>\$ 111,042</u>	<u>\$ 20,838</u>	<u>\$ 260</u>

(Continued)

CITY OF MCALESTER, OKLAHOMA
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Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Nonmajor Governmental Funds – Year Ended June 30, 2020 (Continued)

	CAPITAL PROJECT FUNDS			DEBT SERVICE FUNDS		Total Nonmajor Governmental Funds
	Capital Improvement Plan Fund	Technology Fund	Infrastructure Fund	Sales Tax - Schools Fund	Sinking Fund	
REVENUES						
Taxes	\$ -	\$ -	\$ 1,988,006	\$ 497,002	\$ 863	\$ 4,202,045
Intergovernmental	-	-	-	-	-	153,480
Charges for services	-	75,828	75,778	-	-	1,018,874
Investment earnings	-	-	8,384	19,451	-	37,174
Miscellaneous	86,953	-	-	-	-	399,868
Total revenues	<u>86,953</u>	<u>75,828</u>	<u>2,072,168</u>	<u>516,453</u>	<u>863</u>	<u>5,811,441</u>
EXPENDITURES						
Current:						
Administration	-	-	-	-	-	29,692
Public safety	-	-	-	-	-	770,505
Community services	-	-	-	2,634,163	-	2,634,163
Administrative services	-	-	-	-	-	636,176
Capital Outlay	927,555	86,689	2,561,348	-	-	5,604,614
Debt Service:						
Principal	164,373	-	-	-	-	197,080
Interest and other charges	9,214	-	-	-	-	15,917
Total expenditures	<u>1,101,142</u>	<u>86,689</u>	<u>2,561,348</u>	<u>2,634,163</u>	<u>-</u>	<u>9,888,147</u>
Excess (deficiency) of revenues over expenditures	(1,014,189)	(10,861)	(489,180)	(2,117,710)	863	(4,076,706)
OTHER FINANCING SOURCES (USES)						
Payment to MRHC-Cancer Center	-	-	-	-	-	(495,860)
Transfers in	956,909	8,000	-	-	-	1,233,771
Transfers out	(324,092)	-	(268,862)	-	-	(592,954)
Proceeds from long-term debt	329,843	-	-	-	-	329,843
Total other financing sources and uses	<u>962,660</u>	<u>8,000</u>	<u>(268,862)</u>	<u>-</u>	<u>-</u>	<u>474,800</u>
Net change in fund balances	(51,529)	(2,861)	(758,042)	(2,117,710)	863	(3,601,906)
Fund balances - beginning	923,678	29,861	1,022,112	2,185,929	-	7,094,917
Fund balances - ending	<u>\$ 872,149</u>	<u>\$ 27,000</u>	<u>\$ 264,070</u>	<u>\$ 68,219</u>	<u>\$ 863</u>	<u>\$ 3,493,011</u>

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Combining Schedule of Net Position, MPWA Accounts – June 30, 2020

	Enterprise Fund - MPWA		
	McAlester Public Works Authority Operating Account	Landfill Reserve Account	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 25,271	\$ 3,290,264	\$ 3,315,535
Restricted cash and cash equivalents	556,048	-	556,048
Investments	387,500	-	387,500
Accounts receivable, net of allowance	1,352,925	34,142	1,387,067
Receivables from other governments	3,549	-	3,549
Total current assets	<u>2,325,293</u>	<u>3,324,406</u>	<u>5,649,699</u>
Non-current assets:			
Investment in joint venture	2,184,795	-	2,184,795
Capital Assets:			
Land and improvements	1,213,743	-	1,213,743
Other capital assets, net of depreciation	22,466,605	-	22,466,605
Total non-current assets	<u>25,865,143</u>	<u>-</u>	<u>25,865,143</u>
Total assets	<u>28,190,436</u>	<u>3,324,406</u>	<u>31,514,842</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred amounts related to pensions	<u>105,475</u>	<u>-</u>	<u>105,475</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	464,188	7,280	471,468
Accrued payroll liabilities	61,292	-	61,292
Due to other funds	794	-	794
Accrued interest payable	799	-	799
Unearned revenue	84,084	-	84,084
Due to depositors	111,210	-	111,210
Notes payable	323,139	-	323,139
Accrued compensated absences	19,949	-	19,949
Total current liabilities	<u>1,065,455</u>	<u>7,280</u>	<u>1,072,735</u>
Non-current liabilities:			
Landfill closure and postclosure liability	4,379,625	-	4,379,625
Due to depositors	444,838	-	444,838
Notes payable	318,709	-	318,709
Accrued compensated absences	179,536	-	179,536
Net pension liability	570,474	-	570,474
Total non-current liabilities	<u>5,893,182</u>	<u>-</u>	<u>5,893,182</u>
Total liabilities	<u>6,958,637</u>	<u>7,280</u>	<u>6,965,917</u>
DEFERRED INFLOW OF RESOURCES			
Deferred amounts related to pensions	<u>162,303</u>	<u>-</u>	<u>162,303</u>
NET POSITION			
Net investment in capital assets	23,038,500	-	23,038,500
Unrestricted (deficit)	(1,863,529)	3,317,126	1,453,597
Total net position	<u>\$ 21,174,971</u>	<u>\$ 3,317,126</u>	<u>\$ 24,492,097</u>

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Combining Schedule of Revenues, Expenses, and Changes in Net Position, MPWA Accounts – Year Ended June 30, 2020

	Enterprise Fund - MPWA		
	McAlester Public Works Authority Operating Account	Landfill Reserve Account	Total
OPERATING REVENUES			
Charges for services:			
Water	\$ 2,975,936	\$ -	\$ 2,975,936
Sewer	1,567,861	-	1,567,861
Sanitation	2,817,343	-	2,817,343
Water taps	4,250	-	4,250
Sewer taps	3,000	-	3,000
Water districts	1,326,988	-	1,326,988
Landfill	1,795	-	1,795
Penalties	194,155	4,984	199,139
Recycle fees	37,878	-	37,878
Subtitle "D" fees	-	404,620	404,620
Total operating revenues	<u>8,929,206</u>	<u>409,604</u>	<u>9,338,810</u>
OPERATING EXPENSES			
Utility office	467,499	-	467,499
Interdepartmental	740,672	-	740,672
Sanitation	2,041,612	-	2,041,612
Engineering	364,233	-	364,233
Sewer	785,049	-	785,049
Water	1,388,954	-	1,388,954
Utility maintenance	949,404	-	949,404
Landfill	181,545	38,076	219,621
Depreciation	1,751,493	-	1,751,493
Total Operating Expenses	<u>8,670,461</u>	<u>38,076</u>	<u>8,708,537</u>
Operating income	<u>258,745</u>	<u>371,528</u>	<u>630,273</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	10,220	39,944	50,164
Interest expense	(29,697)	-	(29,697)
Miscellaneous revenue	95,620	-	95,620
Operating grant revenue	24,843	-	24,843
Gain on sale of assets	29,000	-	29,000
Gain on joint venture	118,955	-	118,955
Total non-operating revenue (expenses)	<u>248,941</u>	<u>39,944</u>	<u>288,885</u>
Income before contributions and transfers	507,686	411,472	919,158
Capital contributions	1,449,288	-	1,449,288
Transfers in	327,482	-	327,482
Transfers out	(1,998,333)	-	(1,998,333)
Interaccount transfers	19,260	(19,260)	-
Change in net position	305,383	392,212	697,595
Total net position - beginning	20,869,588	2,924,914	23,794,502
Total net position - ending	<u>\$ 21,174,971</u>	<u>\$ 3,317,126</u>	<u>\$ 24,492,097</u>

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Combining Schedule of Net Position, MAA Accounts – June 30, 2020

	McAlester Airport Authority			
	McAlester Airport Authority Operating Account	Airport Grant Account	Airport Hanger Account	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 34,713	\$ 4,146	\$ 36,760	\$ 75,619
Accounts receivable, net of allowance	5,129	-	-	5,129
Due from other governments	10,918	-	-	10,918
Total current assets	<u>50,760</u>	<u>4,146</u>	<u>36,760</u>	<u>91,666</u>
Non-current assets:				
Capital Assets:				
Land and improvements	42,364	-	-	42,364
Other capital assets, net of depreciation	7,358,003	-	-	7,358,003
Total non-current assets	<u>7,400,367</u>	<u>-</u>	<u>-</u>	<u>7,400,367</u>
Total assets	<u>7,451,127</u>	<u>4,146</u>	<u>36,760</u>	<u>7,492,033</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amounts related to pensions	<u>6,897</u>	<u>-</u>	<u>-</u>	<u>6,897</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	1,063	-	-	1,063
Accrued payroll liabilities	5,950	-	-	5,950
Due to other funds	-	-	-	-
Accrued compensated absences	140	-	-	140
Total current liabilities	<u>7,153</u>	<u>-</u>	<u>-</u>	<u>7,153</u>
Non-current liabilities:				
Accrued compensated absences	1,259	-	-	1,259
Net pension liability	36,674	-	-	36,674
Total non-current liabilities	<u>37,933</u>	<u>-</u>	<u>-</u>	<u>37,933</u>
Total liabilities	<u>45,086</u>	<u>-</u>	<u>-</u>	<u>45,086</u>
DEFERRED INFLOW OF RESOURCES				
Deferred amounts related to pensions	<u>15,204</u>	<u>-</u>	<u>-</u>	<u>15,204</u>
NET POSITION				
Net investment in capital assets	7,400,367	-	-	7,400,367
Unrestricted (deficit)	(2,633)	4,146	36,760	38,273
Total net position	<u>\$ 7,397,734</u>	<u>\$ 4,146</u>	<u>\$ 36,760</u>	<u>\$ 7,438,640</u>

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Combining Schedule of Revenues, Expenses, and Changes in Net Position, MAA Accounts – Year Ended June 30, 2020

	<u>McAlester Airport Authority</u>			<u>Total</u>
	<u>McAlester Airport Authority Operating Account</u>	<u>Airport Grant Account</u>	<u>Airport Hanger Account</u>	
OPERATING REVENUES				
Charges for services:				
Rents and fees	\$ 98,885	\$ -	\$ -	\$ 98,885
Total operating revenues	<u>98,885</u>	<u>-</u>	<u>-</u>	<u>98,885</u>
OPERATING EXPENSES				
Airport	149,955	1	-	149,956
Depreciation	700,232	-	-	700,232
Total Operating Expenses	<u>850,187</u>	<u>1</u>	<u>-</u>	<u>850,188</u>
Operating income (loss)	<u>(751,302)</u>	<u>(1)</u>	<u>-</u>	<u>(751,303)</u>
NON-OPERATING REVENUES (EXPENSES)				
Operating grant revenue	10,918	-	-	10,918
Total non-operating revenue (expenses)	<u>10,918</u>	<u>-</u>	<u>-</u>	<u>10,918</u>
Income (loss) before transfers	(740,384)	(1)	-	(740,385)
Transfers in	<u>89,902</u>	<u>-</u>	<u>-</u>	<u>89,902</u>
Change in net position	(650,482)	(1)	-	(650,483)
Total net position - beginning	8,048,216	4,147	36,760	8,089,123
Total net position - ending	<u>\$ 7,397,734</u>	<u>\$ 4,146</u>	<u>\$ 36,760</u>	<u>\$ 7,438,640</u>

CITY OF MCALESTER, OKLAHOMA
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Combining Statement of Net Position, Internal Service Funds – June 30, 2020

	Internal Service Funds		
	Worker's Compensation Fund	FLEET Maintenance Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 19,983	\$ 54,207	\$ 74,190
Due from other funds	21,902	-	21,902
Total assets	<u>41,885</u>	<u>54,207</u>	<u>96,092</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	1,001	10,963	11,964
Accrued payroll liabilities	-	7,011	7,011
Estimated liability for claims	4,089	-	4,089
Compensated absences	-	3,623	3,623
Total current liabilities	<u>5,090</u>	<u>21,597</u>	<u>26,687</u>
Non-current liabilities:			
Estimated liability for claims	36,795	-	36,795
Compensated absences	-	32,610	32,610
Total non-current liabilities	<u>36,795</u>	<u>32,610</u>	<u>69,405</u>
Total liabilities	<u>41,885</u>	<u>54,207</u>	<u>96,092</u>
NET POSITION			
Unrestricted	-	-	-
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Combining Statement of Revenues, Expenses, and Changes in Net Position, Internal Service Funds – Year Ended June 30, 2020

	Internal Service Funds		
	Worker's Compensation Fund	FLEET Maintenance Fund	Total
OPERATING REVENUES			
Self insurance charges	\$ 282,521	\$ 544,458	\$ 826,979
Miscellaneous	2,361	-	2,361
Total operating revenues	<u>284,882</u>	<u>544,458</u>	<u>829,340</u>
OPERATING EXPENSES			
FLEET maintenance expense	-	544,458	544,458
Claims expense	284,882	-	284,882
Total operating expenses	<u>284,882</u>	<u>544,458</u>	<u>829,340</u>
Operating income	-	-	-
Total net position - beginning	-	-	-
Total net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MCALESTER, OKLAHOMA
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Combining Statement of Cash Flows, Internal Service Funds – Year Ended June 30, 2020

	Internal Service Funds		
	Worker's Compensation Fund	FLEET Maintenance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers	\$ (360,922)	\$ (284,993)	\$ (645,915)
Payments to employees	-	(278,577)	(278,577)
Other receipts	361,735	544,458	906,193
Net Cash Provided by (Used in) Operating Activities	<u>813</u>	<u>(19,112)</u>	<u>(18,299)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	813	(19,112)	(18,299)
Balances - beginning of the year	<u>19,170</u>	<u>73,319</u>	<u>92,489</u>
Balances - end of the year	<u>\$ 19,983</u>	<u>\$ 54,207</u>	<u>\$ 74,190</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ -	\$ -	\$ -
Change in assets and liabilities:			
Due from other funds	76,853	-	76,853
Accounts payables	-	(22,436)	(22,436)
Accrued payroll liabilities	-	(2,861)	(2,861)
Claims liability	(76,040)	-	(76,040)
Accrued compensated absences	-	6,185	6,185
Net Cash Provided by (Used in) Operating Activities	<u>\$ 813</u>	<u>\$ (19,112)</u>	<u>\$ (18,299)</u>

CITY OF MCALESTER, OKLAHOMA
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Budgetary Comparison Schedules – Major Debt Service Governmental Funds – Year Ended June 30, 2020

DEBT SERVICE - DEDICATED SALES TAX-MPWA (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 23,928	\$ 23,928
Resources (Inflows):				
Taxes	4,292,394	4,292,394	3,966,877	(325,517)
Investment income	2,500	2,500	966	(1,534)
Transfers in	250,063	603,063	603,063	-
Amounts available for appropriation	<u>4,544,957</u>	<u>4,897,957</u>	<u>4,594,834</u>	<u>(303,123)</u>
Charges to appropriations (outflows):				
Administration	10,000	10,000	3,500	6,500
Transfers out	<u>4,534,957</u>	<u>4,887,957</u>	<u>4,451,370</u>	<u>436,587</u>
Total Charges to Appropriations	<u>4,544,957</u>	<u>4,897,957</u>	<u>4,454,870</u>	<u>443,087</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,964</u>	<u>\$ 139,964</u>

DEBT SERVICE - BOND TRUSTEE FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 5,960,352	\$ 5,960,352
Resources (Inflows):				
Investment income	-	12,510	62,843	50,333
Transfers in	4,534,957	4,534,957	4,450,369	(84,588)
Amounts available for appropriation	<u>4,534,957</u>	<u>4,547,467</u>	<u>10,473,564</u>	<u>5,926,097</u>
Charges to appropriations (outflows):				
Finance	<u>4,534,957</u>	<u>4,547,467</u>	<u>4,547,467</u>	<u>-</u>
Total Charges to Appropriations	<u>4,534,957</u>	<u>4,547,467</u>	<u>4,547,467</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,926,097</u>	<u>\$ 5,926,097</u>

**CITY OF MCALESTER, OKLAHOMA
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Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2020

SPECIAL REVENUE - JUVENILE FINE FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 2,973	\$ 2,973
Resources (Inflows):				
Charges for services	18,167	18,167	10,554	(7,613)
Amounts available for appropriation	<u>18,167</u>	<u>18,167</u>	<u>13,527</u>	<u>(4,640)</u>
Charges to appropriations (outflows):				
Public safety	18,167	18,167	12,669	5,498
Total Charges to Appropriations	<u>18,167</u>	<u>18,167</u>	<u>12,669</u>	<u>5,498</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 858</u>	<u>\$ 858</u>

SPECIAL REVENUE - TOURISM/SE EXPO FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ 452,133	\$ 960,021	\$ 507,888
Resources (Inflows):				
Taxes	850,000	850,000	635,911	(214,089)
Charges for services	145,000	145,000	69,732	(75,268)
Miscellaneous	200	200	8,702	8,502
Amounts available for appropriation	<u>995,200</u>	<u>1,447,333</u>	<u>1,674,366</u>	<u>227,033</u>
Charges to appropriations (outflows):				
Administrative services	982,427	1,434,560	1,189,460	245,100
Total Charges to Appropriations	<u>982,427</u>	<u>1,434,560</u>	<u>1,189,460</u>	<u>245,100</u>
Ending Budgetary Fund Balance	<u>\$ 12,773</u>	<u>\$ 12,773</u>	<u>\$ 484,906</u>	<u>\$ 472,133</u>

SPECIAL REVENUE - E-911 FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 29,347	\$ 29,347	\$ 293,643	\$ 264,296
Resources (Inflows):				
Taxes	755,000	755,000	585,343	(169,657)
Investment income	10,000	10,000	3,222	(6,778)
Amounts available for appropriation	<u>794,347</u>	<u>794,347</u>	<u>882,208</u>	<u>87,861</u>
Charges to appropriations (outflows):				
Public safety	794,347	794,347	754,644	39,703
Total Charges to Appropriations	<u>794,347</u>	<u>794,347</u>	<u>754,644</u>	<u>39,703</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,564</u>	<u>\$ 127,564</u>

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Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2020
(Continued)

SPECIAL REVENUE - GIFTS & CONTRIBUTIONS FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ 30,517	\$ 316,290	\$ 285,773
Resources (Inflows):				
Miscellaneous	-	364,214	304,213	(60,001)
Amounts available for appropriation	<u>-</u>	<u>394,731</u>	<u>620,503</u>	<u>225,772</u>
Charges to appropriations (outflows):				
Administration	-	394,731	394,968	(237)
Total Charges to Appropriations	<u>-</u>	<u>394,731</u>	<u>394,968</u>	<u>(237)</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,535</u>	<u>\$ 225,535</u>

SPECIAL REVENUE - STORMWATER FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ 800,000	\$ 742,445	\$ (57,555)
Resources (Inflows):				
Charges for services	876,483	876,483	782,048	(94,435)
Amounts available for appropriation	<u>876,483</u>	<u>1,676,483</u>	<u>1,524,493</u>	<u>(151,990)</u>
Charges to appropriations (outflows):				
Stormwater	876,483	1,676,483	824,510	851,973
Total Charges to Appropriations	<u>876,483</u>	<u>1,676,483</u>	<u>824,510</u>	<u>851,973</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 699,983</u>	<u>\$ 699,983</u>

SPECIAL REVENUE - MRHC - CANCER CENTER FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	536,549	536,549	495,860	(40,689)
Amounts available for appropriation	<u>536,549</u>	<u>536,549</u>	<u>495,860</u>	<u>(40,689)</u>
Charges to appropriations (outflows):				
Payment to Cancer Center	536,549	536,549	495,860	40,689
Total Charges to Appropriations	<u>536,549</u>	<u>536,549</u>	<u>495,860</u>	<u>40,689</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2020
(Continued)

CAPITAL PROJECT - POLICE EQUIPMENT FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ 767	\$ 1,486	\$ 719
Resources (Inflows):				
Intergovernmental	-	2,126	2,127	1
Amounts available for appropriation	<u>-</u>	<u>2,893</u>	<u>3,613</u>	<u>720</u>
Charges to appropriations (outflows):				
Public safety	<u>-</u>	<u>2,893</u>	<u>2,893</u>	<u>-</u>
Total Charges to Appropriations	<u>-</u>	<u>2,893</u>	<u>2,893</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 720</u>	<u>\$ 720</u>

CAPITAL PROJECT - STATE FORFEITURE FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ 3,102	\$ 4,604	\$ 1,502
Resources (Inflows):				
Intergovernmental	-	1,258	1,257	(1)
Investment income	-	-	674	674
Amounts available for appropriation	<u>-</u>	<u>4,360</u>	<u>6,535</u>	<u>2,175</u>
Charges to appropriations (outflows):				
Public safety	<u>-</u>	<u>4,360</u>	<u>2,180</u>	<u>2,180</u>
Total Charges to Appropriations	<u>-</u>	<u>4,360</u>	<u>2,180</u>	<u>2,180</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,355</u>	<u>\$ 4,355</u>

CAPITAL PROJECT - CEMETERY PERPETUAL CARE FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 394,448	\$ 394,448
Resources (Inflows):				
Charges for services	4,050	4,050	4,934	884
Investment income	7,400	7,400	5,198	(2,202)
Amounts available for appropriation	<u>11,450</u>	<u>11,450</u>	<u>404,580</u>	<u>393,130</u>
Charges to appropriations (outflows):				
Community services	<u>5,400</u>	<u>5,400</u>	<u>-</u>	<u>5,400</u>
Total Charges to Appropriations	<u>5,400</u>	<u>5,400</u>	<u>-</u>	<u>5,400</u>
Ending Budgetary Fund Balance	<u>\$ 6,050</u>	<u>\$ 6,050</u>	<u>\$ 404,580</u>	<u>\$ 398,530</u>

**CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2020
(Continued)**

CAPITAL PROJECT - CDBG GRANTS FUND (Budgetary Basis)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ (9,674)	\$ (9,674)
Resources (Inflows):				
Intergovernmental	-	137,902	39,326	(98,576)
Transfers in	-	268,862	268,862	-
Amounts available for appropriation	<u>-</u>	<u>406,764</u>	<u>298,514</u>	<u>(108,250)</u>
Charges to appropriations (outflows):				
Engineering	-	406,764	325,374	81,390
Total Charges to Appropriations	<u>-</u>	<u>406,764</u>	<u>325,374</u>	<u>81,390</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,860)</u>	<u>\$ (26,860)</u>

CAPITAL PROJECT - FEDERAL FORFEITURE FUND (Budgetary Basis)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 20,593	\$ 20,593
Resources (Inflows):				
Investment income	-	-	245	245
Amounts available for appropriation	<u>-</u>	<u>-</u>	<u>20,838</u>	<u>20,838</u>
Charges to appropriations (outflows):				
Public safety	-	-	-	-
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,838</u>	<u>\$ 20,838</u>

CAPITAL PROJECT - FIRE IMPROVEMENT GRANT FUND (Budgetary Basis)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 260	\$ 260
Resources (Inflows):				
Intergovernmental	-	-	-	-
Amounts available for appropriation	<u>-</u>	<u>-</u>	<u>260</u>	<u>260</u>
Charges to appropriations (outflows):				
Public safety	-	-	-	-
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260</u>	<u>\$ 260</u>

**CITY OF MCALESTER, OKLAHOMA
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**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2020
(Continued)**

CAPITAL PROJECT - TECHNOLOGY FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 13,175	\$ 13,175
Resources (Inflows):				
Charges for services	96,000	96,000	73,434	(22,566)
Transfers in	8,000	8,000	8,000	-
Amounts available for appropriation	<u>104,000</u>	<u>104,000</u>	<u>94,609</u>	<u>(9,391)</u>
Charges to appropriations (outflows):				
Administration	<u>104,000</u>	<u>104,000</u>	<u>86,689</u>	<u>17,311</u>
Total Charges to Appropriations	<u>104,000</u>	<u>104,000</u>	<u>86,689</u>	<u>17,311</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,920</u>	<u>\$ 7,920</u>

CAPITAL PROJECT - CAPITAL IMPROVEMENT PLAN FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ 112,366	\$ 923,678	\$ 811,312
Resources (Inflows):				
Intergovernmental	-	37,450	-	(37,450)
Charges for services	272,000	272,000	194,159	(77,841)
Miscellaneous	2,000	77,119	86,953	9,834
Transfers in	743,546	1,025,903	762,750	(263,153)
Amounts available for appropriation	<u>1,017,546</u>	<u>1,524,838</u>	<u>1,967,540</u>	<u>442,702</u>
Charges to appropriations (outflows):				
City manager	50,000	118,927	38,658	80,269
Patrol	52,100	29,666	29,225	441
Fire	166,000	166,000	36,057	129,943
Parks	-	152,202	13,952	138,250
Facility Maintenance	120,000	20,000	19,494	506
Fleet Maintenance	5,870	45,870	31,074	14,796
Streets	162,521	437,842	434,271	3,571
Water Treatment	56,513	73,013	73,012	1
Utility maintenance	<u>404,542</u>	<u>481,318</u>	<u>419,648</u>	<u>61,670</u>
Total Charges to Appropriations	<u>1,017,546</u>	<u>1,524,838</u>	<u>1,095,391</u>	<u>429,447</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 872,149</u>	<u>\$ 872,149</u>

**CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2020
(Continued)**

CAPITAL PROJECT - INFRASTRUCTURE FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Beginning Budgetary Fund Balance	\$ -	\$ 1,192,790	\$ 738,411	\$ (454,379)
Resources (Inflows):				
Taxes	2,146,197	2,146,197	1,983,438	(162,759)
Charges for services	85,000	85,000	73,159	(11,841)
Investment income	1,000	1,000	8,384	7,384
Amounts available for appropriation	<u>2,232,197</u>	<u>3,424,987</u>	<u>2,803,392</u>	<u>(621,595)</u>
Charges to appropriations (outflows):				
City manager	127,197	35,428	33,045	2,383
Facility maintenance	135,000	115,761	115,245	516
Streets	1,355,000	1,437,445	1,171,628	265,817
Wastewater treatment	350,000	431,180	147,077	284,103
Water treatment	-	547,500	508,543	38,957
Utility maintenance	265,000	588,811	585,810	3,001
Transfers out	-	268,862	268,862	-
Total Charges to Appropriations	<u>2,232,197</u>	<u>3,424,987</u>	<u>2,830,210</u>	<u>594,777</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,818)</u>	<u>\$ (26,818)</u>

DEBT SERVICE - SALES TAX - SCHOOLS FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Beginning Budgetary Fund Balance	\$ 701,500	\$ 2,145,500	\$ 2,119,118	\$ (26,382)
Resources (Inflows):				
Taxes	536,549	536,549	495,860	(40,689)
Investment income	32,000	32,000	19,451	(12,549)
Amounts available for appropriation	<u>1,270,049</u>	<u>2,714,049</u>	<u>2,634,429</u>	<u>(79,620)</u>
Charges to appropriations (outflows):				
Community services	<u>1,270,049</u>	<u>2,714,049</u>	<u>2,634,163</u>	<u>79,886</u>
Total Charges to Appropriations	<u>1,270,049</u>	<u>2,714,049</u>	<u>2,634,163</u>	<u>79,886</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 266</u>	<u>\$ 266</u>

DEBT SERVICE - SINKING FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	1,000	1,000	863	(137)
Amounts available for appropriation	<u>1,000</u>	<u>1,000</u>	<u>863</u>	<u>(137)</u>
Charges to appropriations (outflows):				
Administration	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Charges to Appropriations	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 863</u>	<u>\$ 863</u>

**CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Schedule of Federal Awards Expended – Year Ended June 30, 2020

CITY OF MCALESTER, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2020

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal CFDA Number	Grant #	Award Amount	Federal Expenditures
FEDERAL AWARDS:				
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Bulletproof Vest Partnership Program	16.607	2019BUBX	\$ 8,886	\$ 2,893
Total U.S. Department of Justice			8,886	2,893
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
Passed Through to Oklahoma Department of Human Services and the Kiamichi Area Nutrition Project: Special Program for the Aging - Title III, Part C - Nutrition Services	93.045	N/A	97,746	97,746
Total U.S. Department of Health and Human Services			97,746	97,746
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
Passed through Oklahoma Department of Commerce: Community Development Block Grant	14.228	17571 CDBG 19	137,902	137,902
Total U.S. Department of Housing and Urban Development			137,902	137,902
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Federal Aviation Administration: Airport Improvement Grant-CARES Act	20.106	AIP 3-40-0057-017-2020	69,000	10,918
Total Federal Aviation Administration			69,000	10,918
Passed through Oklahoma Highway Safety Office: State and Community Highway Safety	20.616	FAST M5OT-19-03-01-03	4,500	1,529
			4,500	1,529
State and Community Highway Safety	20.600	FAST SE-19-03-06-10	55,000	20,018
State and Community Highway Safety	20.600	AL-20-03-04-11	44,000	22,499
			99,000	42,517
Total Oklahoma Highway Safety Office			103,500	44,046
Total U.S. Department of Transportation			172,500	54,964
<u>U.S. DEPARTMENT OF THE TREASURY:</u>				
Passed through Oklahoma Office of Management and Enterprise Services: Coronavirus Relief Fund	21.019	FA-000223	1,250,414	1,250,414
Total U.S. Department of the Treasury			1,250,414	1,250,414
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Passed through Oklahoma Department of Emergency Management: Disaster Grant - Public Assistance	97.036	FEMA-4438-DR-OK	8,327	8,327
Disaster Grant - Public Assistance	97.036	FEMA-4438-DR-OK	5,606	5,606
Disaster Grant - Public Assistance	97.036	FEMA-4438-DR-OK	21,294	21,294
Total U.S. Department of Homeland Security			35,227	35,227
TOTAL FEDERAL AWARDS			\$ 1,702,675	\$ 1,579,146

Notes to Schedule of Expenditures of Federal Awards

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

**CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020**

Schedule of State Awards Expended – Year Ended June 30, 2020

**CITY OF MCALESTER, OKLAHOMA
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the fiscal year ended June 30, 2020**

State Grantor/Pass through agency Grantor/Program Title	Grant #	Award Amount	State Expenditures
STATE AWARDS:			
<u>OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY:</u>			
McAlester Recycling Center	N/A	\$ 11,070	\$ 11,070
Total Oklahoma Department of Environmental Quality		<u>11,070</u>	<u>11,070</u>
<u>OKLAHOMA DEPARTMENT OF EMERGENCY MANAGEMENT:</u>			
Disaster Grant - Public Assistance	FEMA-4438-DR-OK	1,388	1,388
Disaster Grant - Public Assistance	FEMA-4438-DR-OK	934	934
Disaster Grant - Public Assistance	FEMA-4438-DR-OK	3,549	3,549
Total Oklahoma Department of Emergency Management		<u>5,871</u>	<u>5,871</u>
TOTAL STATE AWARDS		<u>\$ 16,941</u>	<u>\$ 16,941</u>

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

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STATISTICAL SECTION

The **STATISTICAL SECTION** presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue sources, sales tax and property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

FINANCIAL TRENDS

CITY OF MCALESTER, OKLAHOMA
NET ASSETS/POSITION BY COMPONENT
Last Ten Fiscal Years
TABLE 1

	FISCAL YEAR									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
				(A)						
Governmental activities										
Net investment in capital assets	\$ 33,224,076	\$ 32,432,860	\$ 30,765,320	\$ (9,351,998)	\$ (8,435,552)	\$ (5,145,885)	\$ 564,792	\$ 165,470	\$ (1,073,290)	\$ 2,920,919
Restricted	15,583,329	12,528,800	9,774,023	9,671,931	10,300,783	10,794,136	10,845,699	10,407,721	10,840,610	7,177,876
Unrestricted	713,466	3,619,246	3,327,652	(331,766)	(11,094,279)	(9,827,102)	(8,993,447)	(7,655,033)	(4,147,166)	(4,468,495)
Total governmental activities net position	<u>\$ 49,520,871</u>	<u>\$ 48,580,906</u>	<u>\$ 43,866,995</u>	<u>\$ (11,833)</u>	<u>\$ (9,229,048)</u>	<u>\$ (4,178,851)</u>	<u>\$ 2,417,044</u>	<u>\$ 2,918,158</u>	<u>\$ 5,620,154</u>	<u>\$ 5,630,300</u>
Business-type activities										
Net investment in capital assets	\$ 22,155,024	\$ 24,511,925	\$ 25,309,905	\$ 25,468,139	\$ 26,970,248	\$ 26,876,679	\$ 25,937,347	\$ 26,202,550	\$ 30,985,761	\$ 30,438,867
Restricted	669,133	185,867	7,907,391	-	-	-	-	-	-	-
Unrestricted	(52,715,442)	(51,414,376)	(54,744,596)	556,515	(510,810)	1,164,554	(285,001)	273,822	897,864	1,491,870
Total business-type activities net position	<u>\$(29,891,285)</u>	<u>\$(26,716,584)</u>	<u>\$(21,527,300)</u>	<u>\$ 26,024,654</u>	<u>\$ 26,459,438</u>	<u>\$ 28,041,233</u>	<u>\$ 25,652,346</u>	<u>\$ 26,476,372</u>	<u>\$ 31,883,625</u>	<u>\$ 31,930,737</u>
Primary government										
Net investment in capital assets	\$ 55,379,100	\$ 56,944,785	\$ 56,075,225	\$ 16,116,141	\$ 18,534,696	\$ 21,730,794	\$ 26,502,139	\$ 26,368,020	\$ 29,912,471	\$ 33,359,786
Restricted	16,252,462	12,714,667	17,681,414	9,671,931	10,300,783	10,794,136	10,845,699	10,407,721	10,840,610	7,177,876
Unrestricted	(52,001,976)	(47,795,130)	(51,416,944)	224,749	(11,605,089)	(8,662,548)	(9,278,448)	(7,381,211)	(3,249,302)	(2,976,625)
Total primary government net position	<u>\$ 19,629,586</u>	<u>\$ 21,864,322</u>	<u>\$ 22,339,695</u>	<u>\$ 26,012,821</u>	<u>\$ 17,230,390</u>	<u>\$ 23,862,382</u>	<u>\$ 28,069,390</u>	<u>\$ 29,394,530</u>	<u>\$ 37,503,779</u>	<u>\$ 37,561,037</u>

(A) - City began reporting revenue bond debt activity previously reported as business-type activities in the governmental activities.

CITY OF MCALESTER, OKLAHOMA
CHANGES IN NET ASSETS/POSITION
 Last Ten Fiscal Years
TABLE 2

	FISCAL YEAR									
	2011	2012	2013	(A) 2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
Legislature	\$ 97,162	\$ 119,262	\$ 119,631	\$ 92,698	\$ 118,144	\$ 128,178	\$ 109,580	\$ 114,976	\$ 107,346	\$ 120,592
Administration	2,652,254	2,605,293	2,593,075	2,633,457	3,016,773	3,075,900	3,713,371	3,766,344	3,528,957	4,236,927
Public safety	8,001,693	8,346,194	8,398,927	8,269,035	7,742,108	8,002,184	8,658,637	8,723,246	7,706,769	9,590,553
Community service	2,190,693	2,965,005	2,692,851	2,176,495	1,964,414	2,162,321	2,120,523	2,077,211	2,913,948	4,577,543
Administration services	1,073,608	1,057,394	1,073,174	1,011,076	1,280,079	1,164,926	1,198,426	1,230,232	1,421,431	1,194,570
Health and welfare	285,502	290,065	277,730	256,902	245,481	255,471	282,159	273,749	285,692	270,928
Public works	2,616,066	2,635,362	2,641,505	2,764,212	2,640,537	3,347,597	3,547,407	3,573,130	3,366,650	3,501,910
Economic development	250,974	257,449	334,831	243,467	237,615	557,723	372,295	426,789	395,730	356,645
Stormwater	-	-	-	-	-	-	900	3,479	5,255	14,017
Payment to Health Center Authority	-	-	-	-	-	-	-	-	327,225	495,860
Interest on long-term debt	23,099	16,019	10,781	2,603,604	2,938,799	2,504,399	2,413,692	2,291,099	2,064,810	1,955,507
Total governmental activities expenses	<u>17,191,051</u>	<u>18,292,043</u>	<u>18,142,505</u>	<u>20,050,946</u>	<u>20,183,950</u>	<u>21,198,699</u>	<u>22,416,990</u>	<u>22,480,255</u>	<u>22,123,813</u>	<u>26,315,052</u>
Business-type activities:										
Water operations	2,586,210	2,826,263	2,699,541	2,504,280	3,636,153	3,835,928	4,001,912	4,267,855	4,550,644	4,388,784
Sewer operations	1,501,178	1,574,716	1,633,520	1,534,532	1,833,574	2,016,793	2,077,471	2,201,943	2,162,221	2,156,967
Sanitation operations	3,727,028	4,132,892	3,836,266	3,291,636	2,454,195	911,299	3,617,289	2,158,235	1,975,479	2,168,727
Airport	335,902	336,310	322,386	330,132	324,411	670,726	701,992	720,170	756,885	850,188
Governmental interest & amortization	3,550,238	3,153,918	2,354,536	-	-	-	-	-	-	-
Total business-type activities expenses	<u>11,700,556</u>	<u>12,024,099</u>	<u>10,846,249</u>	<u>7,660,580</u>	<u>8,248,333</u>	<u>7,434,746</u>	<u>10,398,664</u>	<u>9,348,203</u>	<u>9,445,229</u>	<u>9,564,666</u>
Total primary government expenses	<u>\$ 28,891,607</u>	<u>\$ 30,316,142</u>	<u>\$ 28,988,754</u>	<u>\$ 27,711,526</u>	<u>\$ 28,432,283</u>	<u>\$ 28,633,445</u>	<u>\$ 32,815,654</u>	<u>\$ 31,828,458</u>	<u>\$ 31,569,042</u>	<u>\$ 35,879,718</u>
Program Revenues										
Governmental activities:										
Legislature	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administration	650,556	1,130,512	1,089,491	1,394,521	1,044,682	3,162,687	5,183,688	663,568	740,735	678,513
Public safety	1,578,883	1,305,145	1,429,987	2,741,229	2,894,702	2,998,352	2,614,253	2,972,190	2,956,083	4,689,135
Community service	127,156	121,072	113,606	143,735	295,130	426,315	393,039	236,638	258,336	169,884
Administration services	336,545	285,993	268,606	284,712	253,325	275,793	253,082	255,769	270,786	183,850
Health and welfare	-	-	-	61,870	60,942	61,160	55,533	54,051	87,701	97,746
Public works	3,789	3,794	3,797	185,838	173,759	168,011	160,059	161,128	165,246	157,817
Economic development	-	-	-	260,000	420,504	707,749	166,666	-	158,000	125,113
Stormwater	-	-	-	-	-	334,148	494,056	637,447	837,163	782,048
Total governmental activities program revenues	<u>2,696,929</u>	<u>2,846,516</u>	<u>2,905,487</u>	<u>5,071,905</u>	<u>5,143,044</u>	<u>8,134,215</u>	<u>9,320,376</u>	<u>4,980,791</u>	<u>5,474,050</u>	<u>6,884,106</u>

(A) - City began reporting revenue bond debt activity previously reported as business-type activities in the governmental activities.

(Continued)

TABLE 2
(Continued)

	FISCAL YEAR									
	2011	2012	2013	(A) 2014	2015	2016	2017	2018	2019	2020
Business-type activities:										
Water operations	4,497,227	5,171,920	4,592,465	4,174,878	4,144,455	4,354,864	5,527,918	5,189,144	4,922,016	4,487,239
Sewer operations	1,740,561	1,748,119	1,802,899	1,633,623	1,718,541	1,852,998	1,777,843	1,776,866	1,670,142	1,790,558
Sanitation operations	3,330,969	3,285,025	3,228,695	2,918,401	3,055,264	3,096,508	3,027,390	3,170,381	3,104,622	3,223,758
Airport	123,874	111,902	94,250	92,304	1,683,222	377,253	188,523	354,275	4,745,835	109,803
Total business-type activities program revenues	<u>9,692,631</u>	<u>10,316,966</u>	<u>9,719,309</u>	<u>8,819,206</u>	<u>10,601,482</u>	<u>9,681,623</u>	<u>10,521,674</u>	<u>10,490,666</u>	<u>14,442,615</u>	<u>9,611,358</u>
Total primary government program revenues	<u>\$ 12,389,560</u>	<u>\$ 13,163,482</u>	<u>\$ 12,624,796</u>	<u>\$ 13,891,111</u>	<u>\$ 15,744,526</u>	<u>\$ 17,815,838</u>	<u>\$ 19,842,050</u>	<u>\$ 15,471,457</u>	<u>\$ 19,916,665</u>	<u>\$ 16,495,464</u>
Net (Expense)/Revenue										
Governmental activities:	\$ (14,494,122)	\$ (15,445,527)	\$ (15,237,018)	\$ (14,979,041)	\$ (15,040,906)	\$ (13,064,484)	\$ (13,096,614)	\$ (17,499,464)	\$ (16,649,763)	\$ (19,430,946)
Business-type activities:	(2,007,925)	(1,707,133)	(1,126,940)	1,158,626	2,353,149	2,246,877	123,010	1,142,463	4,997,386	46,692
Total primary government net expense	<u>\$ (16,502,047)</u>	<u>\$ (17,152,660)</u>	<u>\$ (16,363,958)</u>	<u>\$ (13,820,415)</u>	<u>\$ (12,687,757)</u>	<u>\$ (10,817,607)</u>	<u>\$ (12,973,604)</u>	<u>\$ (16,357,001)</u>	<u>\$ (11,652,377)</u>	<u>\$ (19,384,254)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Sales and use taxes	\$ 14,342,476	\$ 15,256,164	\$ 14,056,846	\$ 13,950,434	\$ 14,416,789	\$ 14,601,333	\$ 14,689,957	\$ 14,800,284	\$ 16,658,759	\$ 16,651,644
Franchise and public service taxes	687,905	584,264	552,713	607,578	577,352	552,316	544,954	603,833	677,819	600,048
Hotel/motel taxes	507,415	549,088	471,081	447,768	652,340	759,410	655,558	722,313	868,071	591,456
E-911 taxes	677,966	650,409	668,209	630,849	600,114	584,718	576,406	652,139	541,612	627,716
Property taxes	-	-	-	-	-	-	-	-	-	863
Intergovernmental revenue not restricted to specific programs	317,934	332,365	305,734	291,828	301,603	302,608	305,518	308,791	320,528	370,222
Investment income	178,656	139,075	90,143	69,007	64,026	71,856	118,910	288,517	295,970	206,780
Miscellaneous	178,678	198,423	116,579	1,436,459	341,415	446,824	211,918	188,983	265,710	246,999
Transfers-Internal activity	(3,356,890)	(4,477,786)	(7,180,863)	1,030,202	1,075,317	795,616	2,589,288	435,718	(276,710)	145,364
Total governmental activities	<u>13,534,140</u>	<u>13,232,002</u>	<u>9,080,442</u>	<u>18,464,125</u>	<u>18,028,956</u>	<u>18,114,681</u>	<u>19,692,509</u>	<u>18,000,578</u>	<u>19,351,759</u>	<u>19,441,092</u>
Business-type activities:										
Investment income	17,248	11,717	16,700	13,945	12,432	13,601	27,181	54,059	61,518	50,164
Miscellaneous	20,367	25,795	116,389	45,673	33,436	116,933	50,210	63,222	71,639	95,620
Transfers - Internal activity	3,356,890	4,477,786	7,180,863	(1,030,202)	(1,075,317)	(795,616)	(2,589,288)	(435,718)	276,710	(145,364)
Total business-type activities	<u>3,394,505</u>	<u>4,515,298</u>	<u>7,313,952</u>	<u>(970,584)</u>	<u>(1,029,449)</u>	<u>(665,082)</u>	<u>(2,511,897)</u>	<u>(318,437)</u>	<u>409,867</u>	<u>420</u>
Total primary government	<u>\$ 16,928,645</u>	<u>\$ 17,747,300</u>	<u>\$ 16,394,394</u>	<u>\$ 17,493,541</u>	<u>\$ 16,999,507</u>	<u>\$ 17,449,599</u>	<u>\$ 17,180,612</u>	<u>\$ 17,682,141</u>	<u>\$ 19,761,626</u>	<u>\$ 19,441,512</u>
Change in Net Position										
Governmental activities	\$ (959,982)	\$ (2,213,525)	\$ (6,156,576)	\$ 3,495,084	\$ 2,988,050	\$ 5,050,197	\$ 6,595,895	\$ 501,114	\$ 2,701,996	\$ 10,146
Business-type activities	1,386,580	2,808,165	6,187,012	188,042	1,323,700	1,581,795	(2,388,887)	824,026	5,407,253	47,112
Total primary government	<u>\$ 426,598</u>	<u>\$ 594,640</u>	<u>\$ 30,436</u>	<u>\$ 3,673,126</u>	<u>\$ 4,311,750</u>	<u>\$ 6,631,992</u>	<u>\$ 4,207,008</u>	<u>\$ 1,325,140</u>	<u>\$ 8,109,249</u>	<u>\$ 57,258</u>

(A) - City began reporting revenue bond debt activity previously reported as business-type activities in the governmental activities.

CITY OF MCALESTER, OKLAHOMA
FUND BALANCES - GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
TABLE 3

	Fiscal Year									
	2011	2012	2013	2014 ^(A)	2015	2016	2017	2018	2019	2020
General Fund										
Reserved for:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	5,987	2,053	2,520	2,487	2,426	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	59,263	61,353	6,143	48,842	41,881	52,235	48,954	25,093	7,686	68,541
Unassigned	1,153,793	1,872,415	2,348,271	2,612,033	2,122,942	882,840	683,387	660,590	814,347	2,156,517
Total General Fund	<u>\$ 1,213,056</u>	<u>\$ 1,933,768</u>	<u>\$ 2,354,414</u>	<u>\$ 2,666,862</u>	<u>\$ 2,166,876</u>	<u>\$ 937,595</u>	<u>\$ 734,828</u>	<u>\$ 688,109</u>	<u>\$ 822,033</u>	<u>\$ 2,225,058</u>
All Other Governmental Funds										
Reserved for:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Restricted	15,583,329	12,528,800	9,774,023	28,542,781	24,305,808	18,544,395	18,110,700	17,799,126	16,800,962	13,103,973
Assigned	473,187	2,965,222	2,202,832	3,461,487	3,761,458	3,552,621	3,380,159	3,106,717	3,086,805	2,622,832
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 16,056,516</u>	<u>\$ 15,494,022</u>	<u>\$ 11,976,855</u>	<u>\$ 32,004,268</u>	<u>\$ 28,067,266</u>	<u>\$ 22,097,016</u>	<u>\$ 21,490,859</u>	<u>\$ 20,905,843</u>	<u>\$ 19,887,767</u>	<u>\$ 15,726,805</u>
 GRAND TOTAL	 <u>\$ 17,269,572</u>	 <u>\$ 17,427,790</u>	 <u>\$ 14,331,269</u>	 <u>\$ 34,671,130</u>	 <u>\$ 30,234,142</u>	 <u>\$ 23,034,611</u>	 <u>\$ 22,225,687</u>	 <u>\$ 21,593,952</u>	 <u>\$ 20,709,800</u>	 <u>\$ 17,951,863</u>

NOTE: GASB 54 was implemented in fiscal year 2011. Years prior to implementation of GASB 54 have not been restated.
 (A) - City began reporting revenue bond debt activity previously reported in the proprietary funds in the governmental funds.

CITY OF MCALESTER, OKLAHOMA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
TABLE 4

	Fiscal Year									
	2011	2012	2013	(A) 2014	2015	2016	2017	2018	2019	2020
Revenues										
Sales and use taxes	\$ 14,342,476	\$ 15,256,164	\$ 14,056,846	\$ 13,950,434	\$ 14,416,789	\$ 14,601,333	\$ 14,689,957	\$ 14,800,284	\$ 16,658,759	\$ 16,651,644
Franchise and public service taxes	687,905	584,264	552,713	607,578	577,352	552,316	544,954	603,833	677,819	600,048
E-911 taxes	677,966	650,409	668,209	630,849	600,114	584,718	576,406	652,139	541,612	627,716
Hotel/motel taxes	507,415	549,088	471,081	447,768	652,340	759,410	655,558	722,313	868,071	591,456
Property taxes	-	-	-	-	-	-	-	-	-	863
Intergovernmental	1,707,380	1,676,580	2,300,455	1,833,809	2,234,251	2,246,760	3,186,856	2,146,002	2,171,746	3,495,564
Charges for services	1,784,835	2,150,778	2,131,082	2,695,476	2,414,327	2,426,459	2,564,778	2,670,365	2,515,456	2,344,706
Fines and forfeitures	757,186	634,183	610,803	787,160	899,885	895,397	807,538	733,907	674,705	623,606
Licenses and permits	159,227	92,307	111,896	141,489	102,207	128,069	87,507	80,810	96,088	89,906
Investment income	178,656	139,075	90,143	69,007	64,026	71,856	118,910	288,517	295,970	206,780
Miscellaneous	260,565	272,927	228,241	133,871	381,449	1,052,725	489,979	241,348	474,063	550,700
Total Revenues	21,063,611	22,005,775	21,221,469	21,297,441	22,342,740	23,319,043	23,722,443	22,939,518	24,974,289	25,782,989
Expenditures:										
Legislature	95,728	118,071	117,769	92,698	118,144	128,178	109,580	114,976	107,346	120,592
Administration	2,403,037	2,378,667	2,355,933	2,475,490	2,693,127	2,941,113	3,169,857	3,076,689	3,113,548	3,398,085
Public safety	7,994,007	7,598,168	7,789,438	7,861,764	8,042,126	8,424,576	8,495,607	8,670,354	8,817,054	9,158,995
Community services	1,931,979	2,687,709	2,374,036	1,862,157	1,725,163	1,857,977	1,695,062	1,617,674	2,437,507	4,096,764
Administration services	1,092,842	1,041,293	1,097,904	1,010,714	1,301,925	1,183,280	1,178,194	1,204,963	1,398,863	1,208,240
Health and welfare	288,913	293,906	282,311	254,596	255,044	261,585	279,695	269,875	284,427	264,565
Public works	1,234,246	1,136,893	1,064,904	1,169,200	1,029,679	941,827	1,124,038	1,057,453	946,927	895,955
Economic Development	250,974	257,449	313,870	217,067	237,615	562,710	375,014	427,278	395,556	352,093
Capital outlay	1,301,384	4,489,791	1,929,581	2,508,114	7,725,006	9,724,557	5,241,133	2,650,404	3,440,082	5,699,104
Debt service:										
Principal retirement	343,619	109,304	201,674	3,207,664	3,754,875	3,702,267	4,007,685	4,343,371	4,884,159	3,342,080
Interest and fiscal charges	29,198	16,126	11,025	2,148,216	2,267,239	2,077,268	1,901,274	1,758,982	1,574,049	1,419,385
Total Expenditures	16,965,927	20,127,377	17,538,445	22,807,680	29,149,943	31,805,338	27,577,139	25,192,019	27,399,518	29,955,858
Excess of revenues over(under) expenditures	4,097,684	1,878,398	3,683,024	(1,510,239)	(6,807,203)	(8,486,295)	(3,854,696)	(2,252,501)	(2,425,229)	(4,172,869)
Other financing sources(uses) and special item:										
Transfers in	2,107,823	5,125,820	2,288,687	8,121,706	9,926,637	9,417,913	9,840,603	8,981,245	8,160,735	7,966,315
Debt Proceeds	180,987	-	-	4,910,000	658,805	12,752,951	238,734	-	126,734	329,843
Bond issue costs	-	-	-	(83,603)	-	(363,725)	-	-	-	-
Proceeds from sales of capital assets	-	-	-	1,350,000	-	-	-	-	-	-
Payment to escrow-refunding	-	-	-	-	-	(12,581,463)	-	-	-	-
Transfers out	(5,045,219)	(6,846,000)	(9,068,232)	(6,709,096)	(8,215,227)	(7,938,912)	(7,033,565)	(7,360,479)	(6,419,167)	(6,385,366)
Transferout- McAlester Regional Health Center Authority	-	-	-	-	-	-	-	-	(327,225)	(495,860)
Total other financing sources(uses) and special item	(2,756,409)	(1,720,180)	(6,779,545)	7,589,007	2,370,215	1,286,764	3,045,772	1,620,766	1,541,077	1,414,932
Net change in fund balances	\$ 1,341,275	\$ 158,218	\$ (3,096,521)	\$ 6,078,768	\$ (4,436,988)	\$ (7,199,531)	\$ (808,924)	\$ (631,735)	\$ (884,152)	\$ (2,757,937)
Debt service as a percentage of noncapital expenditures	2.4%	0.8%	1.4%	26.4%	28.1%	26.2%	26.5%	26.4%	26.6%	19.3%

(A) - City began reporting revenue bond debt activity previously reported in the proprietary funds in the governmental funds.

CITY OF MCALESTER, OKLAHOMA
 GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
 Last Ten Fiscal Years
 TABLE 5

Fiscal Year	Sales Tax	Use Tax	Franchise Tax	Hotel/ Motel Tax	E-911 Tax	Property Tax	Totals
2011	13,787,766	554,710	687,905	507,415	677,966	-	16,215,762
2012	14,663,740	592,424	584,264	549,088	650,409	-	17,039,925
2013	13,357,829	699,017	552,713	471,081	668,209	-	15,748,849
2014	13,325,717	624,717	607,578	447,768	630,849	-	15,636,629
2015	13,775,363	641,426	577,352	652,340	600,114	-	16,246,595
2016	13,842,667	758,666	552,316	759,410	584,718	-	16,497,777
2017	13,256,719	1,433,238	544,954	655,558	576,406	-	16,466,875
2018	13,691,840	1,108,444	603,833	722,313	652,139	-	16,778,569
2019	15,394,077	1,264,682	677,819	868,071	541,612	-	18,746,261
2020	14,910,051	1,741,593	600,048	591,456	627,716	863	18,471,727

REVENUE CAPACITY

CITY OF MCALESTER, OKLAHOMA
SALES TAX RATES OF DIRECT AND OVERLAPPING GOVERNMENTS
 Last Ten Fiscal Years
TABLE 6

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City of McAlester	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%
Pittsburg County	1.00%	1.00%	1.00%	1.00%	1.00%	1.50%	1.50%	1.50%	1.50%	1.50%
State of Oklahoma	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Total	9.00%	9.00%	9.00%	9.00%	9.00%	9.50%	9.50%	9.50%	9.75%	9.75%

City-Nov 2008 changed to 3.5% dropped .25% for Hospital

County - Jan 2006 .75% for remodel

County-Jan 2009 added .25% FireFighters

County-Oct 2015 decreased 0.50%

County-Jan 2016 added 1.0% for streets

City-Nov 2018 changed to 3.75% added 12.5% schools and 12.5% hospital; .25% econ dev and .25% schools replaced with .50% infrastructure.

CITY OF MCALISTER, OKLAHOMA
TAXABLE SALES BY CATEGORY
Last Ten Fiscal Years
TABLE 7

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture, forestry, and fishing	\$ -	\$ -	\$ 191	\$ -	\$ 2	\$ 1,538	\$ 1,413	\$ 1,079	\$ 773	\$ 497
Mining Quarrying, and Oil and Gas Extraction	-	-	11,948	703	5,878	4,360	(1,378)	2,203	73,189	49,315
Utilities	-	-	476,905	785,842	800,800	775,938	722,816	784,018	1,031,403	953,526
Construction	-	-	15,998	34,043	37,205	79,462	75,693	112,475	126,480	84,652
Manufacturing	-	-	177,865	262,981	309,241	377,581	283,213	520,137	338,805	232,862
Transportation and Warehousing	-	-	7,011	12,982	17,130	9,746	7,960	9,718	16,281	19,905
Information	-	-	267,476	401,979	416,476	409,791	412,100	399,955	425,005	395,536
Wholesale trade	-	-	638,228	856,848	875,118	888,427	851,854	890,282	1,133,843	1,064,274
Retail trade	-	-	5,605,712	8,236,655	8,496,420	8,401,248	8,082,769	8,080,244	8,829,658	8,987,567
Finance, insurance,	-	-	11,473	27,697	3,574	3,065	4,422	5,901	10,505	8,129
Real Estate and Rental and Leasing	-	-	107,370	286,863	218,093	190,121	199,120	230,165	341,824	285,601
Professional, Scientific, and Technical Services	-	-	44,289	52,484	28,232	27,981	32,758	29,713	44,276	37,417
Administrative and Support and Waste Management and Remediation Services	-	-	4,785	3,996	2,720	2,302	11,473	7,384	4,536	29,705
Educational Services	-	-	1,559	1,365	115	14	7	747	1,518	3,497
Health Care and Social Assistance	-	-	176	1,227	2,159	828	2,014	1,283	404	6,053
Arts, Entertainment, and Recreation	-	-	31,980	46,204	59,278	50,014	47,620	48,669	49,538	45,114
Accommodation and Food Services	-	-	1,380,169	2,069,055	2,187,338	2,326,704	2,226,766	2,290,853	2,646,606	2,410,226
Other services (except Public Administration)	-	-	160,057	246,998	261,812	250,894	258,673	263,385	302,873	301,550
Public Administration	-	-	(194)	27	(328)	(96)	-	28	43	-
Nonclassifiable establishments	-	-	(17,661)	105,270	128,590	106,515	83,672	46,614	34,726	33,279
Agriculture	3,398	4,275	1,466	-	-	-	-	-	-	-
Mining	1,274	(239)	91	-	-	-	-	-	-	-
Construction	15,167	20,018	5,468	-	-	-	-	-	-	-
Manufacturing	630,929	895,821	196,585	-	-	-	-	-	-	-
Transportation	5,750	8,573	3,983	-	-	-	-	-	-	-
Communications and utilities:										
Communications	458,645	590,649	193,928	-	-	-	-	-	-	-
Electric, gas, and sanitary services	710,258	811,074	233,346	-	-	-	-	-	-	-
Wholesale trade	1,228,276	1,295,467	340,798	-	-	-	-	-	-	-
Retail trade:										
Building materials, hardware, garden supply and mobile home dealer	1,154,230	1,086,353	324,535	-	-	-	-	-	-	-
General merchandise stores	3,968,778	4,174,660	1,259,759	-	-	-	-	-	-	-
Food stores	665,075	650,225	221,670	-	-	-	-	-	-	-
Automotive dealers and gasoline service stations	571,892	629,373	219,764	-	-	-	-	-	-	-
Apparel and accessory stores	311,810	320,656	109,347	-	-	-	-	-	-	-
Furniture, home furnishings and equipment stores	545,530	447,391	142,865	-	-	-	-	-	-	-
Eating and drinking places	1,547,300	1,661,899	553,320	-	-	-	-	-	-	-
Miscellaneous retail	960,451	1,010,940	299,524	-	-	-	-	-	-	-
Finance, insurance, and real estate	2,278	1,986	2,028	-	-	-	-	-	-	-
Services:										
Hotels and motels	387,153	489,648	155,914	-	-	-	-	-	-	-
Personal services	72,171	75,481	23,034	-	-	-	-	-	-	-
Business services	156,993	249,457	61,222	-	-	-	-	-	-	-
Automotive repair services and garages	142,361	150,875	61,066	-	-	-	-	-	-	-
Miscellaneous repair services	15,658	25,366	8,775	-	-	-	-	-	-	-
Motion pictures	86,782	83,227	27,111	-	-	-	-	-	-	-
Other services	76,184	100,108	20,819	-	-	-	-	-	-	-
Nonclassifiable establishments	193,282	40,595	8,764	-	-	-	-	-	-	-
	\$ 13,911,625	\$ 14,823,878	\$ 13,400,519	\$ 13,433,218	\$ 13,849,853	\$ 13,906,433	\$ 13,302,965	\$ 13,724,853	\$ 15,412,286	\$ 14,948,705

Note: In November 2012 the classifications were change from SIC code to NAICS

Information obtained from the Oklahoma Tax Commission websit

DEBT CAPACITY

**CITY OF MCALESTER, OKLAHOMA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
TABLE 8**

<u>Jurisdiction</u>	<u>Net (1) Debt Outstanding</u>	<u>Percentage (2) Applicable to City of McAlester</u>	<u>Amount Applicable to City of McAlester</u>
Direct - City of McAlester	\$ 44,446,662	100.00%	\$44,446,662
Overlapping: McAlester School District	\$ 3,210,000	100.00% (3)	3,210,000.00
Pittsburg County	\$ -	45%	-
Total	<u>\$47,656,662</u>		<u>\$47,656,662</u>

Outstanding bond debt : 06-30-20

- (1) Gross general bonded debt outstanding less debt service reserves.
- (2) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in the City of McAlester.
- (3) Only 74% of City residents would be responsible for the debt.

**CITY OF MCALESTER, OKLAHOMA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
TABLE 9**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 7,109,639	\$ 7,331,792	\$ 7,555,257	\$ 7,755,946	\$ 8,065,312	\$ 8,131,853	\$ 8,606,087	\$ 8,965,554	\$ 9,648,024	\$ 9,488,171
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 7,109,639</u>	<u>\$ 7,331,792</u>	<u>\$ 7,555,257</u>	<u>\$ 7,755,946</u>	<u>\$ 8,065,312</u>	<u>\$ 8,131,853</u>	<u>\$ 8,606,087</u>	<u>\$ 8,965,554</u>	<u>\$ 9,648,024</u>	<u>\$ 9,488,171</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2020

Net assessed valuation	\$ 94,881,707
Debt limit (10% of total assessed value)	9,488,171
Debt applicable to limit:	
General obligation bonds	-
Less: Street or utility bonds outstanding	-
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 9,488,171</u>

Note: Article 10, Section 26 of the Constitution of the State of Oklahoma limits municipal debt to 10% of net assessed valuation.
Article 10, Section 27 of the Constitution of the State of Oklahoma limits municipal debt to non-utility or non-street purposes.

CITY OF MCALESTER, OKLAHOMA
UTILITY SYSTEMS DIVISION
PLEDGED REVENUE COVERAGE
Last Ten Fiscal Years
TABLE 10

		(A)	(B)	(C)	(A) / (B)	(A) / (C)		
	Eligible Revenues	Eligible Expenses (1)	Net Revenue Available for Debt Service	Average Annual Debt Service	Average Annual Debt Service Excluding Cap Appr Bonds	Revenue Bond Coverage-Excluding Cap Appr Bonds		
2011	Series 1999 and 2002 Utility System Revenue Bonds, 1999 CDBG Loan	12,910,132	6,753,690	6,156,442	3,968,564	3,028,121	1.55	2.03
2012	Series 1999 and 2002 Utility System Revenue Bonds, 1999 CDBG Loan	13,573,172	7,533,575	6,039,597	3,968,564	3,028,121	1.52	1.99
2013	Series 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	13,065,325	6,879,431	6,185,894	4,099,959	3,159,516	1.51	1.96
2014	Series 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	12,503,686	6,117,823	6,385,863	4,537,442	3,596,999	1.41	1.78
2015	Series 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	13,147,686	6,724,078	6,423,608	4,537,442	3,596,999	1.42	1.79
2016	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	14,753,173	5,470,231	9,282,942	5,866,670	4,891,115	1.58	1.90
2017	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	14,745,719	6,620,406	8,125,313	5,866,670	4,891,115	1.38	1.66
2018	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	15,531,372	6,969,950	8,561,422	5,924,056	4,891,115	1.45	1.75
2019	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	14,407,592	6,959,691	7,447,901	5,988,615	4,891,115	1.24	1.52
2020	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	13,790,180	6,957,044	6,833,136	6,061,782	4,891,115	1.13	1.40

(1) Excludes depreciation and amortization expense.

CITY OF MCALESTER, OKLAHOMA
RATIO FOR OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
TABLE 11

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	% of Total Debt to Personal Income	Per Capita
	Revenue Bonds Payable	Notes Payable	Capital Leases Payable	Revenue Bonds Payable	Notes Payable	Water Contract Obligations	Settlement/ Contract Obligation			
2011	-	-	391,421	58,586,519	1,000,251	252,857	-	60,231,048	9.34%	3,252
2012	-	-	282,117	55,895,942	810,602	227,550	1,131,249	58,347,460	8.80%	3,188
2013	-	-	80,443	62,046,923	613,683	201,587	942,707	63,885,343	9.63%	3,490
Note 2014	64,122,887	-	42,779	-	450,905	174,951	754,165	65,545,687	9.88%	3,581
2015	60,798,769	-	626,709	-	332,987	147,625	565,623	62,471,713	9.42%	3,413
2016	57,945,932	-	632,393	-	263,441	119,591	377,081	59,338,438	7.95%	3,241
2017	54,476,132	-	733,442	-	1,248,086	90,830	188,539	56,737,029	7.51%	3,086
2018	50,755,339	-	535,071	-	1,137,305	61,324	-	52,489,039	6.94%	2,855
2019	46,544,339	-	437,646	-	953,229	31,054	-	47,966,268	6.01%	2,609
2020	43,876,252	-	570,410	-	641,848	-	-	45,088,510	5.71%	2,451

Note - City began reporting revenue bonds payable as governmental activities in fiscal year 2014.

DEMOGRAPHIC AND ECONOMIC INFORMATION

**CITY OF MCALESTER, OKLAHOMA
PRINCIPAL EMPLOYERS
Current and Seven Years Ago
TABLE 12**

Employer	Product/Business	2013		2020	
		Employees	% of Total City Employment	Employees	% of Total City Employment
McAlester Army Ammunition Plant	Ammunition	1,501	7.0%	2,500	14.1%
McAlester Regional Health Center	Health Care	719	3.3%	600	3.4%
McAlester Public Schools	Education	397	1.8%	300	1.7%
Wal Mart	Retail Sales	440	2.0%	300	1.7%
Oklahoma State Penitentiary	Corrections	314	1.5%	300	1.7%
Spirit Aerospace, Inc.	Manufacturing/Assembling	300	1.4%	170	1.0%
City of McAlester (full time only)	Municipality	209	1.0%	190	1.1%
Choctaw Casino	Gaming	183	0.9%	150	0.8%
Berry Plastics	Manufacturing	106	0.5%	200	1.1%
Lowe's	Retail Sales	198	0.9%	140	0.8%
Totals		<u>4,367</u>	<u>20.3%</u>	<u>4,850</u>	<u>27.4%</u>

*McAlester Employers, McAlester Chamber of Commerce, and Bureau of Labor and Statistics

Total Employed in McAlester	21,481	17,700
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CITY OF MCALESTER, OKLAHOMA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years
TABLE 13

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age of Population (3)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
2011	18,522	644,714	34,808	39.0	3,547	5.8%
2012	18,303	663,228	36,236	39.0	3,484	5.4%
2013	18,303	663,228	36,236	39.0	3,148	5.7%
2014	18,303	663,228	36,236	39.0	3,111	4.7%
2015	18,303	663,228	36,236	39.0	3,128	5.4%
2016	18,310	746,773	40,785	37.5	3,097	6.7%
2017	18,383	755,817	41,115	37.0	3,060	6.7%
2018	18,383	797,491	43,382	36.2	3,126	6.5%
2019	18,198	817,836	44,941	37.1	2,295	4.1%
2020	18,395	790,010	42,947	35.8	3,053	7.3%

Sources:

- (1) www.factfinder2.census.gov
- (2) www.bea.gov
- (3) www.economicexpert.com
- (4) McAlester School District, District Offices
- (5) www.bls.gov

OPERATING INFORMATION

CITY OF MCALESTER, OKLAHOMA
 FULL-TIME EQUIVALENT BUDGETED CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 Last Ten Fiscal Years
 TABLE 14

<u>Function/Program</u>	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
General Government										
City Manager	2	2	2	3	3	3	3	3	4	4
Finance	4	4	4	3	4	4	5	5	5	5
City Clerk	1	1	1	1	2	2	2	2	2	2
Legal	2	2	2	2	2	2	3	3	3	3
Planning	4	4	5	5	5	5	5	5	5	5
Economic Development	0	0	0	1	1	1	1	1	1	1
Tourism	0	0	0	1	1	1	1	1	1	1
Human Resources	3	3	3	2	2	2	2	2	4	4
Information Services	1	1	1	1	1	1	2	2	2	2
Total General Government	17	17	18	19	21	21	24	24	27	27
Public Safety & Judiciary										
Police	37	38	37	36	39	39	39	39	40	40
CID (Detectives)	7	8	8	8	8	8	8	8	6	7
Animal Control	2	2	2	1	1	1	1	1	1	1
Communications	4	4	4	4	4	4	4	4	4	4
Communications E911	7	10	10	10	10	10	10	10	10	10
Fire	43	43	43	43	43	43	42	43	41	43
Total Public Safety & Judiciary	100	105	104	102	105	105	104	105	102	105
Transportation										
Central Garage	7	6	6	5	5	5	5	5	5	5
Streets	14	14	14	13	13	14	13	14	13	14
Traffic Control	0	0	0	0	0	0	0	0	0	0
Airport	3	3	3	3	3	3	3	3	3	3
Total Transportation	24	23	23	21	21	22	21	22	21	22
Cultural, Parks, & Recreation										
Parks & Recreation	15	15	15	13	14	14	14	15	15	15
Expo	5	5	5	3	4	4	3	4	4	4
Nutrition	5	5	5	5	4	4	4	4	4	4
Library	0	0	0	0	0	0	0	0	0	0
Cemetery	5	5	5	5	5	5	5	5	5	5
Building Maintenance	4	4	4	3	3	3	3	3	3	3
Total Cultural, Parks, & Recreation	34	34	34	29	30	30	29	31	31	31
Utilities										
Utilities	2	2	2	0	0	0	0	0	0	0
Utility Office	7	7	8	7	8	8	8	8	8	8
Solid Waste	1	1	1	0	0	0	0	0	0	0
Landfill	4	4	2	2	2	2	1	2	1	1
Engineering	4	4	4	4	4	5	4	4	4	5
Waste Water	12	12	12	12	12	12	12	12	12	12
Water Treatment	8	8	8	7	0	0	0	0	0	0
Utility Maintenance	10	14	13	8	10	10	9	11	10	14
Total Utilities	48	52	50	40	36	37	34	37	35	40
Total Full-Time Budgeted Employees by Function/Program	223	231	229	211	213	215	212	219	216	225

CITY OF MCALESTER, OKLAHOMA
 Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years
TABLE 15

<u>Function/Program</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Government										
Buildings	11	12	12	12	12	13	13	13	13	14
Police										
Stations	1	1	1	2	2	2	2	2	2	1
Patrol units	52	54	53	53	50	50	50	53	51	51
Fire										
Stations	4	4	4	4	4	4	4	4	4	4
Trucks	5	5	5	6	6	6	6	8	8	8
Vehicles	16	16	17	16	16	16	16	18	20	20
Streets										
Street miles	298	298	298	298	298	298	298	298	298	298
Traffic signals	22	23	23	23	23	23	23	20	20	20
Parks and recreation										
Acreage	103	103	103	103	103	103	103	135	135	135
Playgrounds	10	10	10	10	11	12	12	12	13	13
Baseball/softball diamonds	9	9	9	9	9	9	9	9	9	9
Soccer/football fields	2	2	2	2	2	2	2	2	2	2
Tennis Courts	6	6	6	6	6	6	6	6	6	6
Community Center	1	1	1	1	1	1	1	1	1	1
Pools	3	3	3	3	3	3	3	3	3	3
Wading Pools	5	5	5	5	5	5	5	5	5	5
Arboretum (Mike Deak) 1981	1	1	1	1	1	1	1	1	1	1
Skate Park 2010	1	1	1	1	1	1	1	1	1	1
Splash Pad 2008	1	1	1	1	1	1	1	1	1	1
Dog Park 2014	-	-	-	1	1	1	1	1	1	1
Frisbee Disk Golf Course 2014	-	-	-	1	1	1	1	1	1	1
Community Garden 2013	-	-	1	1	2	2	2	2	2	1
Amphitheater (Stipe Center)	1	1	1	1	1	1	1	1	1	1
Library										
Buildings	1	1	1	1	1	1	1	1	1	1
Cemetery										
Plots -Oakhill	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	4,163
Total Plots (Maintained)	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,092	35,092	3,545
Vehicles & Machinery	10	11	11	11	16	14	14	14	14	14
Water										
Water mains (miles)	170	170	170	170	170	170	170	230	230	230
Fire hydrants	954	969	970	970	970	970	970	1,035	1,035	1,035
Storage capacity (thousands of gallons)	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
Wastewater										
Sanitary sewers (miles)	143	143	143	143	143	143	143	143	143	143
Daily Treatment Capacity	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000

CITY OF MCALESTER, OKLAHOMA
Operating Indicators by Function/Program
Last Ten Fiscal Years
TABLE 16

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fire											
Emergency Responses	2,008	2,156	2,376	2,246	2,658	2,807	2,442	3,076	2,998	3,002	3,065
Fires Extinguished	149	142	197	158	140	93	106	151	132	191	126
Police											
<i>Physical Arrests</i>											
Juvenile	14	1	29	40	68	528	209	415	334	324	31
Minors	-	-	-	-	-	1,160	145	960	886	989	-
Adult	1,426	969	870	875	947	10,275	1,047	8,704	8,627	8,209	1,313
Parking Violations	228	715	283	156	429	254	207	198	104	98	36
Traffic Violations	9,718	14,618	5,441	6,892	10,383	11,709	10,712	9,881	9,847	9,522	6,813
Utilities											
<i>New Accounts</i>											
Residential	1,238	1,166	1,297	1,240	1,285	1,189	670	445	1,215	865	689
Commercial	107	97	106	119	87	70	50	50	58	63	60
Bulk		10	5	5	12	8	1	1	9	-	3
Parks & Recreation											
Athletic Field-Softball/Baseball	9	9	9	9	9	9	9	9	8	8	8
Soccer (# of fields used)	2	2	2	2	2	2	2	2	2	2	2
Tennis (# of courts used)	6	6	6	6	6	6	6	6	6	6	6
Frisbee Disk Golf Course	-	-	-	-	1	1	1	1	1	1	1
Parks	-	-	-	-	12	12	12	12	13	12	12
Dog Park	-	-	-	-	1	1	1	1	1	1	1
Swimming Pools	-	-	-	-	3	3	3	3	3	3	3
Wading Pools (# of wading pools used)	-	-	-	-	3	3	3	3	5	5	5
Basketball Courts	-	-	-	-	4	4	4	4	4	4	4
Splash Pad	-	-	-	-	1	1	1	1	1	1	1
Skate park	-	-	-	-	1	1	1	1	1	1	1
Walking Tracks	-	-	-	-	5	5	5	5	5	1	1
Amphitheater	-	-	-	-	1	1	1	1	1	1	1
Arboretum	-	-	-	-	1	1	1	1	1	1	1
Community Garden	-	-	-	-	1	2	2	2	1	1	1
Recreational Center	-	-	-	-	1	1	1	1	1	1	1
Archery Park	-	-	-	-	-	-	1	1	1	1	1
Community Center – Special Event Participants	2,414	1,411	1,662	1,124	2,368	2,368	3,879	4,986	5,200	5,500	3,500
Senior Center-Program Participants	46,393	52,041	51,619	33,227	57,923	57,923	59,697	68,678	62,338	68,503	51,500
Sr. Center Lunch Program	32,612	38,410	37,979	31,527	50,257	50,257	51,317	53,486	51,620	51,891	61,598
Cemetery											
Purchased/sold Lots	-	-	-	-	35	28	62	59	43	12	31
Funerals	-	-	-	-	113	133	135	100	92	53	67

* Fire and Police Statistics are calendar year.

Source: Various City Departments

City of McAlester, Oklahoma

Single Audit Report

For the Year Ended June 30, 2020



CITY OF McALESTER, OKLAHOMA

**SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2020**

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

Honorable Mayor and City Council
City of McAlester, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of McAlester, Oklahoma (the “City”) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 17, 2020. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information. Our report also includes a reference to other auditors who audited the financial statements of the McAlester Regional Health Center Authority (the “Authority”), a discretely presented component unit of the City as described in our report on the City’s financial statements. This report does not include the results of the Authority’s auditors’ testing of internal control over financial reporting or on compliance or other matters that are reported on separately by those auditors.

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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City’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.

(Continued)

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

Internal Control Over Financial Reporting, Continued

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

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Finley + Cook, PLLC

Shawnee, Oklahoma
December 17, 2020



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

Honorable Mayor and City Council
City of McAlester, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the City of McAlester, Oklahoma's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

(Continued)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 consider 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.

(Continued)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, CONTINUED**

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 17, 2020, which contained unmodified opinions on those financial statements. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information. Our report also includes a reference to other auditors who audited the financial statements of the McAlester Regional Health Center Authority, a discretely presented component unit of the City as described in our report on the City's financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Finley + Cook, PLLC

Shawnee, Oklahoma
December 17, 2020

CITY OF McALESTER, OKLAHOMA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2020

Federal/State Grantor/Pass-Through Agency Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Total Federal Expenditures
Federal Awards:				
<i>U.S. Department of Justice:</i>				
Bulletproof Vest Partnership Program	16.607	2019BUBX	\$ -	2,893
<i>Total U.S. Department of Justice</i>			-	2,893
<i>U.S. Department for Health and Human Services:</i>				
Passed Through to Oklahoma Department of Human Services and the Kiamichi Area Nutrition Project:				
Special Program for the Aging—Title III, Part C— Nutrition Services	93.045	-	-	97,746
<i>Total U.S. Department of Health and Human Services</i>			-	97,746

(Continued)

See Independent Auditors' Reports on Internal Control Over Financial Reporting and on Compliance and Other Matters and on Compliance for Each Major Program and on Internal Control Over Compliance Required by *Government Auditing Standards* and the Uniform Guidance.

See accompanying notes to schedule of expenditures of federal awards.

CITY OF McALESTER, OKLAHOMA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

Year Ended June 30, 2020

Federal/State Grantor/Pass-Through Agency Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Total Federal Expenditures
Federal Awards, Continued:				
<i>U.S. Department of Housing and Urban Development:</i>				
<i>Passed through Oklahoma Department of Commerce:</i>				
Community Development Block Grant	14.228	17571 CDBG 19	-	137,902
<i>Total U.S. Department of Housing and Urban Development</i>			-	137,902
<i>U.S. Department of Transportation:</i>				
<i>Federal Aviation Administration:</i>				
Airport Improvement Grant—CARES Act	20.106	3-40-0057-017-2020	-	10,918
Total Federal Aviation Administration			-	10,918

(Continued)

See Independent Auditors' Reports on Internal Control Over Financial Reporting and on Compliance and Other Matters and on Compliance for Each Major Program and on Internal Control Over Compliance Required by *Government Auditing Standards* and the Uniform Guidance.

See accompanying notes to schedule of expenditures of federal awards.

CITY OF McALESTER, OKLAHOMA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

Year Ended June 30, 2020

Federal/State Grantor/Pass-Through Agency Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Total Federal Expenditures
Federal Awards, Continued:				
<i>U.S. Department of Transportation, Continued:</i>				
Passed through Oklahoma Highway Safety Office:				
State and Community Highway Safety	20.616	FAST M5OT-19-03-01-03	-	1,529
State and Community Highway Safety	20.600	FAST SE-19-03-06-10	-	20,018
State and Community Highway Safety	20.600	AL-20-03-04-11	-	22,499
			-	42,517
Total Oklahoma Highway Safety Office			-	44,046
<i>Total U.S. Department of Transportation</i>			-	54,964
<i>U.S. Department of Treasury:</i>				
Passed through Oklahoma Office of Management and Enterprise Services:				
Coronavirus Relief Fund	21.019	FA-000223	-	1,250,414
<i>Total U.S. Department of Treasury</i>			-	1,250,414

(Continued)

See Independent Auditors' Reports on Internal Control Over Financial Reporting and on Compliance and Other Matters and on Compliance for Each Major Program and on Internal Control Over Compliance Required by *Government Auditing Standards* and the Uniform Guidance.

See accompanying notes to schedule of expenditures of federal awards.

CITY OF McALESTER, OKLAHOMA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

Year Ended June 30, 2020

Federal/State Grantor/Pass-Through Agency Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Total Federal Expenditures
Federal Awards, Continued:				
<i>U.S. Department of Homeland Security</i>				
Passed through Oklahoma Department of Emergency Management:				
Disaster Grant—Public Assistance	97.036	FEMA-4438-DR-OK	-	35,227
<i>Total U.S. Department of Homeland Security</i>			-	35,227
Total Federal Awards			\$ -	1,579,146

See Independent Auditors' Reports on Internal Control Over Financial Reporting and on Compliance and Other Matters and on Compliance for Each Major Program and on Internal Control Over Compliance Required by *Government Auditing Standards* and the Uniform Guidance.

See accompanying notes to schedule of expenditures of federal awards.

CITY OF McALESTER, OKLAHOMA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2020

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of McAlester, Oklahoma (the "City") under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the net position, changes in net position, or cash flows of the City.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) SUBRECIPIENTS

During the year ended June 30, 2020, the City did not provide any federal awards to subrecipients.

(4) INDIRECT COST RATE

The City does not have an indirect cost rate and had no indirect costs charged to the federal grants during the year ended June 30, 2020.

(5) MATCHING EXPENDITURES

In connection with Community Development Block Grants #17571CDBG19, the City expended \$66,048 of matching expenditures.

See Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters and on Compliance for Each Major Program and on Internal Control Over Compliance Required by *Government Auditing Standards* and the Uniform Guidance.

CITY OF McALESTER, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2020

SECTION I—SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified?

Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified?

Yes None Reported

Type of auditors’ report issued on compliance for the major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

Yes No

Identification of major federal programs:

<u>Federal CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
---------------------------------------	--------------------------------------------------

21.019	Coronavirus Relief Fund
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Dollar threshold used to distinguish between type A and type B programs: **\$750,000**

Auditee qualified as low-risk auditee?

Yes No

CITY OF McALESTER, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

Year Ended June 30, 2020

SECTION II—FINANCIAL STATEMENT FINDINGS

None.

SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

CITY OF McALESTER, OKLAHOMA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2020

There were no prior year audit findings.