

**City of McAlester Annual Comprehensive Financial Report
and Accompanying Independent Audit Reports
Year End June 30, 2023**



THE CITY OF MCALESTER, OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

**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, 2023**

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McALESTEROK

Small Town. Big Frontier.

PO Box 578 (1st & Washington) McAlester, Oklahoma 74502 · 918-423-9300 · FAX 918-421-4971 ·
www.cityofmcalester.com

January 24, 2024

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 annual comprehensive annual financial report for the fiscal year ended June 30, 2022. This was the 9th consecutive year that The City of McAlester has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 for this award could not have been accomplished without the efficient and dedicated service of our highly qualified staff in the Finance Department.

Management assumes responsibility for the completeness and reliability of the information contained in this report. The City of McAlester's leadership is tasked with establishing and upholding an internal control framework. This framework is designed to safeguard the City's assets against loss, theft, or misuse. Its primary purpose is to guarantee the compilation of sufficient and accurate accounting data, facilitating the preparation of financial statements that are devoid of significant misstatements. We have confidence that the information presented is accurate in all significant aspects, and we have included all necessary disclosures to ensure a comprehensive understanding of the City's financial activities. The internal control framework is crafted to offer reasonable,

though not absolute, assurance that the financial statements are free from any substantial misstatements.

The City's financial statements have been audited by Arledge, 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 misstatements. The independent auditor has issued an unmodified opinion on the City's financial statements for the year ended June 30, 2023. 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 critical infrastructure. The City also provides water, wastewater, storm water, and solid waste services to its residents under the legal entity of McAlester Public Works Authority (MPWA).

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; however, the City Manager may transfer appropriations between departments without City Council approval up to \$25,000. Additionally, appropriations must 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 remains the regional economic hub for southeast Oklahoma, covering a service area of more than 125,000 residents across 8 counties. These residents rely on McAlester for housing, employment opportunities, retail and dining options, recreation, and healthcare. For those products and services in limited supply in rural Oklahoma, McAlester has convenient access to the markets. They are Tulsa (91 miles), Oklahoma City (130 miles), and Dallas (170 miles)

McAlester has focused on retail development and industrial recruitment efforts. The retail development project, The Shops at McAlester, has generated well over 128,000 visits per month since October 2022 resulting in increased sales tax revenue with approximately 80% of shoppers coming from communities outside of a 30-mile plus radius to McAlester.

The City of McAlester demonstrated a strong economic position as indicated by a 15 percent increase in sales tax revenue from the previous fiscal year. In addition, the 12.4 percent growth in lodging tax from last fiscal year demonstrates McAlester is primed for continued growth both as an event-community and logistical hub for the region.

Moving ahead, McAlester reaffirms its dedication to economic development, supporting our community's endeavors for growth, prosperity, and the enhanced quality of life for our residents. We are steadfast in our long-term commitment to economic vitality, formulating strategies to entice and retain businesses, fostering regional partnerships, and broadening the sales tax base.

There is a revived interest among industrial clients in the McAlester area, driven by the affordability of property and the cost of living. Despite the hindrance caused by rising interest rates, the successful placement of these projects has the potential to generate hundreds of jobs within the next two years.

Furthermore, the Oklahoma Department of Commerce granted the City of McAlester \$2,940,000.00 to facilitate the development of the Steven Taylor Industrial Park, addressing the requirements of forthcoming industrial opportunities.

The City of McAlester, like most cities in the State of Oklahoma, is dependent on sales tax. The strongest indicator of increased economic activity is sales and use tax. Consequently, the City's finances are directly impacted by economic conditions.

Change in Sales Tax over prior years



Major Initiatives

The city continued to focus on capital needs and infrastructure projects during Fiscal Year 2022-2023. We are systematically replacing our aging water and waste-water infrastructure.

List of 2022-2023 initiatives:

- DWSRF Projects continued
- Firing range improvements for Police Dept
- West Madison Ave Sewer Improvements
- Adams St 16" Water Line Replacement
- 14th Street and Vieux Sewer Replacement
- Newton Circle Sewer and Stormwater Replacement
- Van Buren & 1st Street Sewer Improvements
- Thunderbird Park Sewer Improvements
- Strong Blvd Sidewalk project, Phase I & II
- Asphalt Overlay Project
- Phase III - Sewer upgrades in Connally Addition
- Valve Replacement Project
- New Ambulance
- New Fire Truck
- SCBA for Fire Department
- 3 Police Vehicles
- LED Lighting Retrofit for City Hall

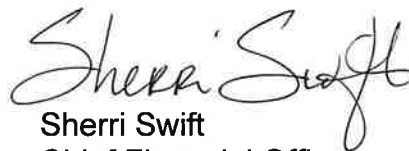
The preparation of this Comprehensive Annual Financial Report is a combined effort of the Finance Department and the professional assistance of Crawford & Associates, P.C. Our sincere appreciation is extended to all who contributed to its preparation.

Finally, we would like to thank the mayor, the esteemed members of the City Council, and the members of the Audit and Finance Committee for their policy guidance which is reflected 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,



Dave Andren
City Manager



Sherri Swift
Chief Financial Officer

CITY OF MCALESTER, OKLAHOMA

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2023

City Council

John Browne, Mayor
Weldon Smith, Member Ward 1
Justin Few, Member Ward 2
Cliff House, Member Ward 3
Randy Roden, Member Ward 4
Billy Jack Boatright, Member Ward 5
Kevin Beaty, Member Ward 6

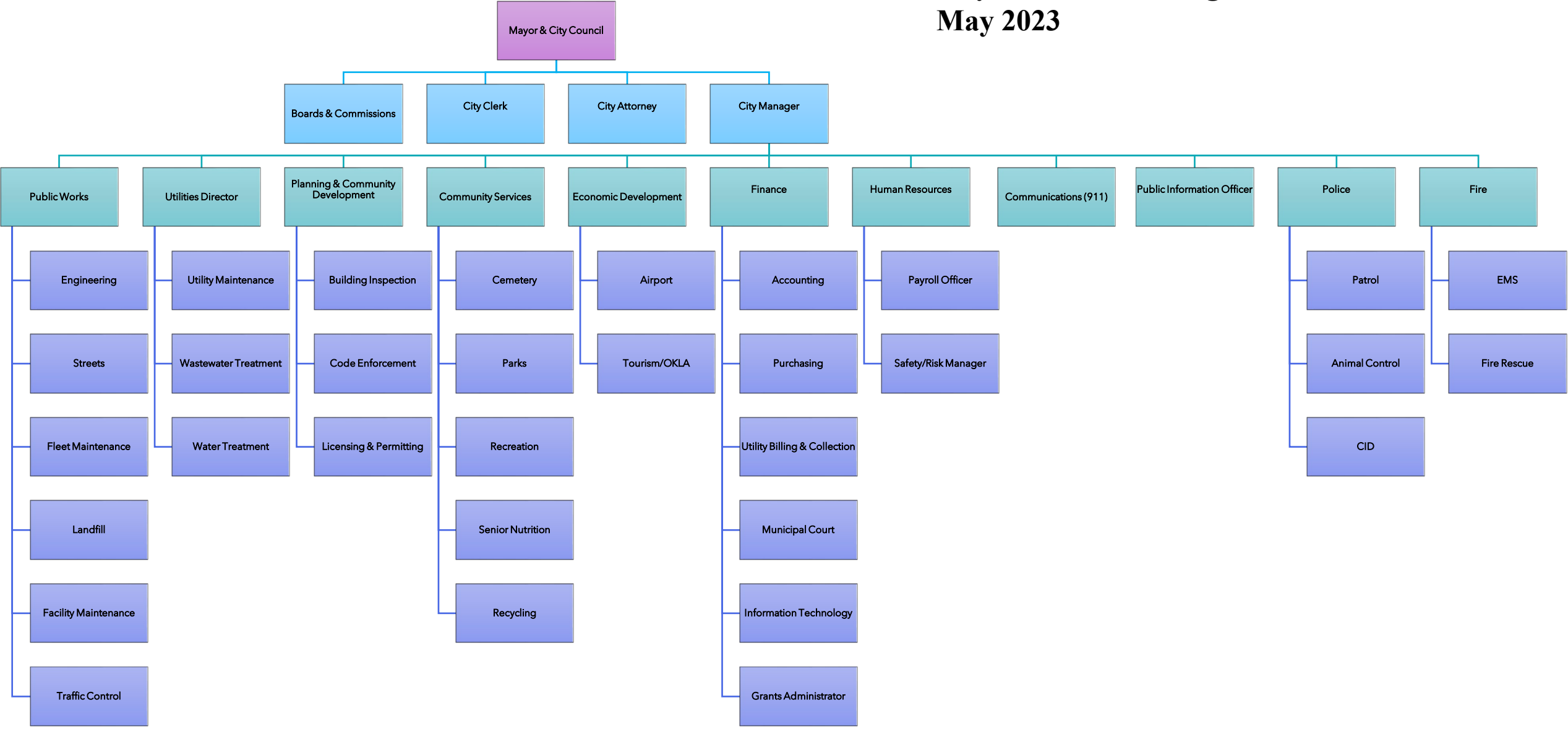
Administration

Dave Andren
Cora Middleton
Unfilled
Sherri Swift

City Manager
City Clerk
Assistant City Manager
Chief Financial Officer

City of McAlester Organizational Chart

May 2023





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of McAlester
Oklahoma**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of McAlester, Oklahoma

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City's discretely presented component unit, McAlester Regional Health Center Authority (the "Authority"), which represent 99.9% of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, are based solely on the report of the other auditors.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 6 to the financial statements, in 2023 the City adopted new accounting guidance, GASB Statement No. 96, Subscription-based Information Technology Arrangements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2024, 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 City's internal control over financial reporting and compliance.

Arlidge & Associates PC.

Edmond, Oklahoma
January 24, 2024



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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, 2023. 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, 2023. Total net position increased by \$10,515,893 with the City's total government-wide assets and deferred outflows continuing to exceed its total liabilities and deferred inflows at June 30, 2023, by \$56,195,881 which represents its total government-wide net position.
- The City's governmental activities experienced a current year increase in net position of \$6,046,568, while business-type activities experienced a current year increase in net position of \$4,469,325. 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 \$56,195,881, it is segregated by \$45,017,548 in a net investment in capital assets and \$11,526,672 of net position restricted for various purposes, thus leaving the City with (\$348,339) in a total unrestricted net position (deficit), with (\$1,985,212) of the unrestricted net position (deficit) located in the City's governmental activities and \$1,636,873 of the unrestricted net position located in the City's business-type activities.
 - At June 30, 2023, the City's governmental funds reported combined ending fund balances of \$22,548,547. That net amount is the result of \$17,108,864 of restricted fund balance, \$5,258,398 of assigned fund balance, and \$181,285 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 government-wide statements by providing information about the City's most significant funds. These government-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 (closed to new entrants), 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, 2023, net position for the governmental activities and business-type activities totaled \$56,195,881, an increase of \$10,515,893. 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, restated	\$ 13,188,725	\$ 32,491,263	\$ 45,679,988
Increase in net position	6,046,568	4,469,325	10,515,893
Ending net position	\$ 19,235,293	\$ 36,960,588	\$ 56,195,881

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			
		2023	2022		2023	2022		2023	2022	
	Assets:									
Current and other assets	\$	28,622,288	\$ 29,837,787	-4%	\$ 9,439,393	\$ 8,271,338	14%	\$ 38,061,681	\$ 38,109,125	0%
Capital assets		39,539,064	40,140,934	-1%	48,528,506	37,648,413	29%	88,067,570	77,789,347	13%
Total assets		68,161,352	69,978,721	-3%	57,967,899	45,919,751	26%	126,129,251	115,898,472	9%
Deferred Outflows of Resources:										
Deferred amounts related to pensions		5,702,775	3,068,274	86%	618,123	84,731	630%	6,320,898	3,153,005	100%
Deferred amounts on refunding		379,460	473,540	-20%	-	-	N/A	379,460	473,540	-20%
Liabilities:										
Long-term liabilities		51,463,330	47,477,458	8%	20,495,618	9,584,981	114%	71,958,948	57,062,439	26%
Other liabilities		2,232,038	4,027,109	-45%	1,063,346	3,674,323	-71%	3,295,384	7,701,432	-57%
Total liabilities		53,695,368	51,504,567	4%	21,558,964	13,259,304	63%	75,254,332	64,763,871	16%
Deferred Inflows of Resources:										
Deferred amounts related to leases		474,712	501,351	-5%	-	-	N/A	474,712	501,351	-5%
Deferred amounts related to pensions		838,214	8,325,892	-90%	66,470	253,915	-74%	904,684	8,579,807	-89%
Net position:										
Net investment in capital assets		9,693,833	6,977,884	39%	35,323,715	34,165,637	3%	45,017,548	41,143,521	9%
Restricted		11,526,672	8,502,352	36%	-	-	N/A	11,526,672	8,502,352	36%
Unrestricted (deficit)		(1,985,212)	(2,291,511)	-13%	1,636,873	(1,674,374)	-198%	(348,339)	(3,965,885)	-91%
Total net position	\$	19,235,293	\$ 13,188,725	46%	\$ 36,960,588	\$ 32,491,263	14%	\$ 56,195,881	\$ 45,679,988	23%

The increase in deferred outflows related to pensions was the result of all 3 plans (Fire, Police, and OMRF) having an increase from the prior year. The decrease in deferred inflows related to pensions was also the result of all 3 plans (Fire, Police, and OMRF) having a decrease from the prior year.

The decrease in the amount of other liabilities of the governmental activities is mainly due to the decrease in unearned revenue in the amount of \$1,181,771 related to ARPA grant funds not yet expended. The increase in the amount of long-term liabilities of the business-type activities is mainly related to the increase in notes payable of \$10,958,871 from the additional draw-downs of an OWRB loan.

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 \$45.0 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 \$11.5 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 \$348,339 deficit. The governmental activities unrestricted net position deficit balance of \$1,985,212 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		
	2023	2022		2023	2022		2023	2022	
Revenues:									
Program revenues:									
Charges for Services	\$ 4,672,951	\$ 3,955,835	18%	\$ 12,185,813	\$ 10,879,883	12%	\$ 16,858,764	\$ 14,835,718	14%
Grants & Contributions	2,523,221	2,520,604	0%	37,095	201,867	-82%	2,560,316	2,722,471	-6%
Capital Grants & Contributions	852,735	306,496	178%	187,145	1,282,353	-85%	1,039,880	1,588,849	-35%
General Revenues:									
Sales & Use Tax	20,776,425	19,271,697	8%	-	-		20,776,425	19,271,697	8%
Other Taxes	3,288,632	1,979,392	66%	-	-		3,288,632	1,979,392	66%
Other General Revenues	3,913,565	1,526,418	156%	293,769	76,840	282%	4,207,334	1,603,258	162%
Total Revenues	36,027,529	29,560,442	22%	12,703,822	12,440,943		48,731,351	42,001,385	16%
Program Expenses:									
Legislature	120,326	130,266	-8%	-	-		120,326	130,266	-8%
Administration	4,288,082	3,456,077	24%	-	-		4,288,082	3,456,077	24%
Public safety	10,786,235	7,274,864	48%	-	-		10,786,235	7,274,864	48%
Community services	3,076,620	3,448,002	-11%	-	-		3,076,620	3,448,002	-11%
Administration services	988,217	893,890	11%	-	-		988,217	893,890	11%
Health and welfare	265,605	253,302	5%	-	-		265,605	253,302	5%
Public works	3,630,653	3,874,336	-6%	-	-		3,630,653	3,874,336	-6%
Economic development	419,436	1,730,319	-76%	-	-		419,436	1,730,319	-76%
Stormwater	35,068	83,449	-58%	-	-		35,068	83,449	-58%
Payment to component unit-Hospital	580,115	556,343	4%	-	-		580,115	556,343	4%
Interest on long-term debt	1,727,686	1,761,072	-2%	-	-		1,727,686	1,761,072	-2%
Water	-	-		5,790,815	5,487,156	6%	5,790,815	5,487,156	6%
Sewer	-	-		2,928,912	2,590,313	13%	2,928,912	2,590,313	13%
Sanitation	-	-		2,909,089	2,803,055	4%	2,909,089	2,803,055	4%
Airport	-	-		668,599	563,419	19%	668,599	563,419	19%
Total Expenses	25,918,043	23,461,920	10%	12,297,415	11,443,943		38,215,458	34,905,863	9%
Revenues over (under) expenses	10,109,486	6,098,522	66%	406,407	997,000	-59%	10,515,893	7,095,522	48%
Net Transfers	(4,062,918)	1,186,063	-443%	4,062,918	(1,186,063)	-443%	-	-	
Increase in Net Position	\$ 6,046,568	\$ 7,284,585	-17%	\$ 4,469,325	\$ (189,063)	-2464%	\$ 10,515,893	\$ 7,095,522	48%
Net Position - beginning	13,188,725	5,904,140	123%	32,491,263	32,680,326	-1%	45,679,988	38,584,466	18%
Net Position - Ending	19,235,293	13,188,725	46%	36,960,588	32,491,263	14%	56,195,881	45,679,988	23%

For the year ended June 30, 2023, on a government-wide basis, the City experienced an improvement in its financial condition resulting in an increase in total net position of \$10,515,893. The increase in the size from the prior year change in net position can be attributable to a combination of a decrease in capital grants and contributions of \$548,969 related mainly to OWRB loan forgiveness in the prior year and the receipt of a TSET grant in current year totaling \$191,444 and a Fire Equipment Grant from Homeland Security totaling \$234,180. Other general revenues increased \$2,604,076 from the prior year related mainly to the ARPA Grant.

The City's current year governmental activities increase in net position of \$6,046,568 represents a decrease from the increase in net position of \$7,284,585 experienced in the prior year. This year's increase in the change in net position from the prior year change can be attributable in large part to an increase in sales & use tax of \$1,504,728 related to increased sales, other taxes of \$1,309,240 related mainly to TIF revenues, an increase in other general revenues of \$2,604,076 as noted in the preceding paragraph, an increase in expenses of \$2,456,123 (primarily related to public safety-pension changes) in the current year and an increase in net transfers out of \$5,248,981.

The business-type activities experienced a current year increase in net position of \$4,469,325, which represents a significant change from the decrease in net position of \$189,063 experienced in the prior year. This year's increase in the change in net position from the prior year change can be attributable in large part to a decrease in capital grants and contributions of \$1,095,208, an increase in expenses of \$853,472 and an increase in net transfers of \$5,248,981.

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 2023 fiscal year, the governmental funds reported a combined fund balance of \$22,548,547. However, that amount is the result of \$17,108,864 of restricted fund balance, \$5,258,398 of assigned fund balance, and \$181,285 of unassigned fund balance.

For the reasons discussed previously regarding business-type activities, the enterprise funds reported combined net position of approximately \$37.0 million.

The General Fund's total fund balance decreased by \$1,333,887, or 47.9%, which is a significant decrease from the increase in total fund balance of the prior year. This is due in a large part to an increase in tax revenues of \$1,698,516, an increase in expenditures of \$2,866,005, and an increase in net transfers out of \$998,876 from the prior year.

The McAlester Public Works Authority enterprise fund reported an increase in net position, after transfers and capital contributions of \$4,166,602 for the year.

General Fund Budgetary Highlights

For the year ended June 30, 2023, the General Fund reported actual budgetary basis amounts available for appropriations above final estimates by \$769,791 or a 3.9% positive variance. The majority of this variance was due to the collection of more tax revenues and ambulance revenues than budgeted. General Fund actual expenditures were under final appropriations by \$686,246 or a 3.4% positive variance. The majority of this variance was due to spending approximately \$270,000 less than the amount budgeted in the Interdepartmental budget.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the City had approximately \$88.1 million invested in capital assets including land, buildings, machinery and equipment, park facilities, water, sewer and stormwater systems, roads and bridges. After the effect of accumulated depreciation, this represents a net increase of \$10,278,223 from last year.

Below are details regarding the City's capital assets for the years ended June 30, 2023 and 2022.¹

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	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,769,637	\$ 1,769,637	\$ 212,571	\$ 212,571	\$ 1,982,208	\$ 1,982,208
Buildings and Improvements	20,496,004	19,728,997	11,020,532	10,810,173	31,516,536	30,539,170
Machinery and Equipment	14,633,041	13,485,506	5,804,103	5,418,964	20,437,144	18,904,470
Infrastructure	82,114,629	81,015,567	-	-	82,114,629	81,015,567
Utility Property	-	-	61,922,997	58,777,317	61,922,997	58,777,317
Water rights contracts	-	-	719,075	719,075	719,075	719,075
Construction-in-progress	898,723	1,049,878	16,961,721	7,715,392	17,860,444	8,765,270
Totals	119,912,034	117,049,585	96,640,999	83,653,492	216,553,033	200,703,077
Less Depreciation	(80,372,970)	(76,908,651)	(48,112,493)	(46,005,079)	(128,485,463)	(122,913,730)
Totals, Net	\$ 39,539,064	\$ 40,140,934	\$ 48,528,506	\$ 37,648,413	\$ 88,067,570	\$ 77,789,347

This year's more significant capital asset additions include \$408,211 for Connally Sewer Line Improvement Project-Phase III, \$327,776 for Morris Ave Water System Improvement Project, \$545,178 for 2021 CDBG Water Project, \$155,356 for 14th and Vieux Sewer Improvement Project, \$573,716 for Adams Ave Water Main Replacement Project, \$401,964 for DWSRF Materials Only-16" PVC Pipe Project, \$234,180 for 30 SCBA-Self Contained Breathing Apparatuses, \$522,023 for Fire Pumper Truck, \$594,440 for Hunter Park Improvements, \$523,752 for Tanglewood Drive Overlay Project, \$222,250 for FY 22/23 Street Repair Projects, and \$345,229 for Main & Electric Drainage Improvements.

Debt Administration

At year-end, the City had \$58.7 million in long-term debt outstanding, which represents a \$7,833,504 increase from the prior year.²

The City of McAlester's Long-term Debt

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Claims liability	\$ 1,079,406	\$ 157,695	\$ -	\$ -	\$ 1,079,406	\$ 157,695
Accrued compensation	2,469,834	2,417,004	293,794	253,961	2,763,628	2,670,965
Notes Payable	551,418	795,876	13,204,791	3,482,776	13,756,209	4,278,652
Revenue Bonds Payable	35,106,278	38,130,592	-	-	35,106,278	38,130,592
Landfill Closure and Post-Closure	-	-	5,371,536	5,017,593	5,371,536	5,017,593
Deposits subject to refund	-	-	598,172	586,228	598,172	586,228
Totals	\$ 39,206,936	\$ 41,501,167	\$ 19,468,293	\$ 9,340,558	\$ 58,675,229	\$ 50,841,725

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

Located in the heart of Pittsburg County, the City of McAlester has a population of 18,108, with a 35-mile radius population of 45,000. McAlester offers a diverse economic community of commercial, industrial, residential, tourism development and a major employment hub within the Southeastern region of Oklahoma. McAlester brings a renewed commitment to economic development serving our community efforts of growth, prosperity, and the overall quality of life for our citizens. We are ensuring a long-term commitment to economic vitality, developing initiatives to attract and retain businesses, create regional partnerships, and expand the sales tax base.

Business retention and expansion are part of our economic vision with over 75% of new businesses created by existing companies in our area. The retail sector continues to exceed expectations with opportunities for growth at The Shops at McAlester. Industrial growth includes a new McAlester regional airport terminal, improvements to our existing Steven Taylor Industrial Park and the development of new sites for mixed use and housing developments.

The McAlester Army Ammunition Plant (MCAAP) remains the region's largest employer and growth engine. Located on a 45,000-acre installation MCAAP's mission is to receive, store, ship, produce, renovate, for the United States Army. With over 1600 employees the impact to our community and beyond assists with expanding the area sales tax base.

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, 2023

Government-Wide Statement of Net Position– June 30, 2023

	<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	\$ 21,318,734	\$ 5,196,890	\$ 26,515,624	\$ 15,276,227	\$ 67,727
Investments	577,562	317,755	895,317	9,837,146	-
Accounts receivable, net of allowance	292,300	1,725,553	2,017,853	9,092,239	60
Franchise tax receivable	67,529	-	67,529	-	-
Ambulance receivable, net of allowance	42,937	-	42,937	-	-
Court fines receivable, net of allowance	1,845,805	-	1,845,805	-	-
Due from other governments	3,277,549	122,107	3,399,656	-	-
Prepaid items	-	-	-	2,624,924	-
Other receivables	94,084	-	94,084	-	-
Internal balances	64,759	(64,759)	-	-	-
Inventory	-	-	-	3,173,212	-
Investment in joint venture	-	2,141,847	2,141,847	5,183,602	-
Restitution receivable:					
Due within one year	10,995	-	10,995	-	-
Due in more than one year	(10,995)	-	(10,995)	-	-
Net pension asset	582,345	-	582,345	-	-
Lease receivable	458,684	-	458,684	581,937	-
Capital assets:					
Land, improvements, and construction in progress	2,668,360	17,893,367	20,561,727	1,639,259	-
Other capital assets, net of depreciation	36,870,704	30,635,139	67,505,843	44,203,004	-
Total assets	<u>68,161,352</u>	<u>57,967,899</u>	<u>126,129,251</u>	<u>91,611,550</u>	<u>67,787</u>
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred amounts related to pensions	5,702,775	618,123	6,320,898	-	-
Deferred amount on refunding	379,460	-	379,460	-	-
Total deferred outflows of resources	<u>6,082,235</u>	<u>618,123</u>	<u>6,700,358</u>	<u>-</u>	<u>-</u>
LIABILITIES:					
Accounts payable	1,178,669	773,649	1,952,318	8,361,806	422
Accrued payroll liabilities	280,328	49,655	329,983	6,387,295	-
Accrued interest payable	618,970	68,552	687,522	-	-
Estimated amounts due to third-party payers	-	-	-	20,000	-
Due to other governments	-	3,614	3,614	-	-
Due to bondholders	11,274	-	11,274	-	-
Unearned revenue	142,797	167,876	310,673	-	-
Long-term liabilities:					
Due within one year	4,683,264	1,368,776	6,052,040	16,135,236	-
Due in more than one year	46,780,066	19,126,842	65,906,908	5,127,869	-
Total liabilities	<u>53,695,368</u>	<u>21,558,964</u>	<u>75,254,332</u>	<u>36,032,206</u>	<u>422</u>
DEFERRED INFLOWS OF RESOURCES:					
Deferred amounts related to leases	474,712	-	474,712	584,845	-
Deferred amounts related to pensions	838,214	66,470	904,684	-	-
Total deferred inflows of resources	<u>1,312,926</u>	<u>66,470</u>	<u>1,379,396</u>	<u>584,845</u>	<u>-</u>
NET POSITION:					
Net investment in capital assets	9,693,833	35,323,715	45,017,548	24,579,158	-
Restricted for emergencies	3,873,620	-	3,873,620	-	-
Restricted for economic development-bonds	800,000	-	800,000	-	-
Restricted for E911	28,730	-	28,730	-	-
Restricted for debt service	2,006,414	-	2,006,414	-	-
Restricted for stormwater	2,138,827	-	2,138,827	-	-
Restricted for other	2,209,406	-	2,209,406	2,486,154	-
Restricted for pension	469,675	-	469,675	-	-
Unrestricted (deficit)	(1,985,212)	1,636,873	(348,339)	27,929,187	67,365
Total net position	<u>\$ 19,235,293</u>	<u>\$ 36,960,588</u>	<u>\$ 56,195,881</u>	<u>\$ 54,994,499</u>	<u>\$ 67,365</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, 2023

Government-Wide Statement of Activities –Year Ended June 30, 2023

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	McAlester Regional Health Center Authority	McAlester Parking Authority
Primary government									
Governmental Activities									
Legislature	\$ 120,326	\$ -	\$ -	\$ -	\$ (120,326)	\$ -	\$ (120,326)	\$ -	\$ -
Administration	4,288,082	701,979	250,156	105,000	(3,230,947)	-	(3,230,947)	-	-
Public safety	10,786,235	2,201,260	1,299,126	286,825	(6,999,024)	-	(6,999,024)	-	-
Community services	3,076,620	97,815	574,082	101,466	(2,303,257)	-	(2,303,257)	-	-
Administration services	988,217	225,873	-	-	(762,344)	-	(762,344)	-	-
Health and welfare	265,605	-	52,991	-	(212,614)	-	(212,614)	-	-
Public Works	3,630,653	1,992	237,420	191,444	(3,199,797)	-	(3,199,797)	-	-
Economic development	419,436	-	109,446	168,000	(141,990)	-	(141,990)	-	-
Stormwater	35,068	1,444,032	-	-	1,408,964	-	1,408,964	-	-
Hospital (payment to component unit)	580,115	-	-	-	(580,115)	-	(580,115)	-	-
Interest on long-term debt	1,727,686	-	-	-	(1,727,686)	-	(1,727,686)	-	-
Total governmental activities	25,918,043	4,672,951	2,523,221	852,735	(17,869,136)	-	(17,869,136)	-	-
Business-type activities:									
Water	5,790,815	6,082,681	-	45,980	-	337,846	337,846	-	-
Sewer	2,928,912	2,340,184	-	-	-	(588,728)	(588,728)	-	-
Sanitation	2,909,089	3,568,594	-	22,607	-	682,112	682,112	-	-
Airport	668,599	194,354	37,095	118,558	-	(318,592)	(318,592)	-	-
Total business-type activities	12,297,415	12,185,813	37,095	187,145	-	112,638	112,638	-	-
Total primary government	38,215,458	16,858,764	2,560,316	1,039,880	(17,869,136)	112,638	(17,756,498)	-	-
Component Units:									
Parking	\$ 6,706	\$ 2,700	-	-					\$ (4,006)
Hospital	111,101,449	93,734,672	559,917	644,968				\$ (16,161,892)	
Total component units	\$ 111,108,155	\$ 93,737,372	\$ 559,917	\$ 644,968				\$ (16,161,892)	\$ (4,006)
General revenues:									
Taxes:									
Sales and use taxes					\$ 20,776,425	\$ -	\$ 20,776,425	\$ -	\$ -
Franchise and public service taxes					724,607	-	724,607	-	-
Hotel/motel taxes					760,977	-	760,977	-	-
E-911 taxes					533,600	-	533,600	-	-
Property taxes					26	-	26	-	-
Sales tax increment					1,269,422	-	1,269,422	-	-
Intergovernmental revenue not restricted to specific programs					3,138,656	-	3,138,656	1,654,279	-
Investment income					549,181	123,929	673,110	690,217	-
Miscellaneous					225,728	169,840	395,568	-	-
Transfers from primary government					-	-	-	580,115	-
Transfers - internal activity					(4,062,918)	4,062,918	-	-	-
Total general revenues and transfers					23,915,704	4,356,687	28,272,391	2,924,611	-
Change in net position					6,046,568	4,469,325	10,515,893	(13,237,281)	(4,006)
Net position - beginning					13,188,725	32,491,263	45,679,988	68,231,780	71,371
Net position - ending					\$ 19,235,293	\$ 36,960,588	\$ 56,195,881	\$ 54,994,499	\$ 67,365

See accompanying notes to the basic financial statements.

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Governmental Funds Balance Sheet - June 30, 2023

	<u>Special Revenue</u>		<u>Capital Project</u>	<u>Debt Service</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Reserve Fund</u>	<u>American Rescue Plan Fund</u>	<u>Dedicated Sales Tax - MPWA</u>	<u>Bond Trustee Fund</u>		
ASSETS							
Cash and cash equivalents	\$ 1,632,521	\$ 3,980,277	\$ 218,173	\$ 668,899	\$ 6,051,867	\$ 8,667,112	\$ 21,218,849
Investments	317,755	-	-	-	-	259,807	577,562
Receivables:							
Accounts receivable, net of allowance	-	-	-	-	-	292,300	292,300
Due from other funds	4,840	-	-	-	-	800,000	804,840
Due from other governments	1,646,775	-	-	604,435	-	1,026,339	3,277,549
Franchise tax receivable	67,529	-	-	-	-	-	67,529
Court fines receivable, net of allowance	1,845,805	-	-	-	-	-	1,845,805
Ambulance receivable, net of allowance	42,937	-	-	-	-	-	42,937
Other receivables	4,468	-	-	-	-	89,616	94,084
Lease receivable	-	-	-	-	-	458,684	458,684
Total assets	\$ 5,562,630	\$ 3,980,277	\$ 218,173	\$ 1,273,334	\$ 6,051,867	\$ 11,593,858	\$ 28,680,139
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 252,445	\$ -	\$ 72,963	\$ 1,500	\$ -	\$ 839,986	\$ 1,166,894
Accrued payroll liabilities	257,421	-	-	-	-	16,001	273,422
Due to other funds	1,795,665	-	-	-	-	4,840	1,800,505
Unearned revenue	9,570	-	133,227	-	-	-	142,797
Due to bondholders	11,274	-	-	-	-	-	11,274
Total liabilities	2,326,375	-	206,190	1,500	-	860,827	3,394,892
Deferred Inflows of Resources:							
Deferred inflows-Leases	-	-	-	-	-	474,712	474,712
Unavailable revenue	1,788,109	-	-	-	-	486,773	2,274,882
Total deferred inflows of resources	1,788,109	-	-	-	-	961,485	2,749,594
Fund balances:							
Restricted	-	3,873,620	-	1,271,834	6,051,867	5,911,543	17,108,864
Assigned	1,204,650	106,657	11,983	-	-	3,935,108	5,258,398
Unassigned (deficit)	243,496	-	-	-	-	(62,211)	181,285
Total fund balances	1,448,146	3,980,277	11,983	1,271,834	6,051,867	9,784,440	22,548,547
Total liabilities, deferred inflows and fund balances	\$ 5,562,630	\$ 3,980,277	\$ 218,173	\$ 1,273,334	\$ 6,051,867	\$ 11,606,752	\$ 28,693,033

See accompanying notes to the basic financial statements.

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	\$	22,548,547
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 \$80,372,970		39,539,064
Certain other long-term assets and deferred outflow s are not available to pay current period expenditures and therefore are deferred or not reported in the funds:		
Grants receivable		327,181
Court fines receivable, net of allow ance for doubtful accounts \$1,660,539		1,785,787
Other receivable, net of allow ance for doubtful accounts \$399,909		161,914
Pension related deferred outflow s		5,702,775
Deferred outflow on refunding		379,460
Net pension asset		582,345
		8,939,462
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		(618,970)
Notes payable		(551,418)
Revenue bonds payable		(35,106,278)
Accrued compensated absences		(2,420,506)
Net pension liability		(12,256,394)
Pension related deferred inflow s		(838,214)
		(51,791,780)
Net Position of Governmental Activities in the Statement of Net Position	\$	19,235,293

See accompanying notes to the basic financial statements.

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2023

	<u>Special Revenue</u>		<u>Capital Project</u>	<u>Debt Service</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Reserve Fund</u>	<u>American Rescue Plan Fund</u>	<u>Dedicated Sales Tax - MPWA</u>	<u>Bond Trustee Fund</u>		
REVENUES							
Taxes	\$ 13,513,930	\$ -	\$ -	\$ 4,628,262	\$ -	\$ 5,922,865	\$ 24,065,057
Intergovernmental	2,020,621	-	2,752,758	-	-	1,129,026	5,902,405
Charges for services	2,047,702	-	-	-	-	1,623,550	3,671,252
Fines and forfeitures	611,759	-	-	-	-	-	611,759
Licenses and permits	155,638	-	-	-	-	-	155,638
Investment earnings	171,721	92,627	27,727	18,622	157,717	80,767	549,181
Miscellaneous	188,950	-	-	-	-	859,747	1,048,697
Total revenues	18,710,321	92,627	2,780,485	4,646,884	157,717	9,615,955	36,003,989
EXPENDITURES							
Current:							
Legislature	106,100	-	-	-	-	-	106,100
Administration	4,619,903	-	-	4,501	-	40,788	4,665,192
Public safety	9,979,230	-	-	-	-	844,829	10,824,059
Community services	1,711,636	-	-	-	-	877,856	2,589,492
Administrative services	624,611	-	-	-	-	343,597	968,208
Health and welfare	290,069	-	-	-	-	-	290,069
Public works	1,097,935	-	-	-	-	-	1,097,935
Economic development	-	-	-	-	-	454,107	454,107
Payment to MRHC-Cancer Center	-	-	-	-	-	580,115	580,115
Capital Outlay	242,848	-	2,773,442	-	-	4,874,862	7,891,152
Debt Service:							
Principal	-	-	-	-	3,660,000	244,458	3,904,458
Interest and other charges	-	-	-	-	1,028,290	9,790	1,038,080
Total expenditures	18,672,332	-	2,773,442	4,501	4,688,290	8,270,402	34,408,967
Excess (deficiency) of revenues over (under) expenditures	37,989	92,627	7,043	4,642,383	(4,530,573)	1,345,553	1,595,022
OTHER FINANCING SOURCES (USES)							
Transfers in	1,106,573	140,000	-	158,413	4,633,866	3,083,921	9,122,773
Transfers out	(2,478,449)	-	-	(4,634,366)	-	(1,451,533)	(8,564,348)
Total other financing sources and uses	(1,371,876)	140,000	-	(4,475,953)	4,633,866	1,632,388	558,425
Net change in fund balances	(1,333,887)	232,627	7,043	166,430	103,293	2,977,941	2,153,447
Fund balances - beginning	2,782,033	3,747,650	4,940	1,105,404	5,948,574	6,806,499	20,395,100
Fund balances - ending	\$ 1,448,146	\$ 3,980,277	\$ 11,983	\$ 1,271,834	\$ 6,051,867	\$ 9,784,440	\$ 22,548,547

See accompanying notes to the basic financial statements.

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Net change in fund balances - total governmental funds: \$ 2,153,447

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	7,367,971
Capital assets purchased for business-type activities	(4,310,703)
Depreciation expense	(3,659,138)
	(601,870)

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	(1,098)
Write off of restitution receivable	(14,226)
Change in unavailable revenue	226,478
	211,154

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.

1,117,176

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:

Revenue bond principal payments	3,660,000
Accretion of capital appreciation revenue bonds	(635,686)
Notes payable principal payments	244,458
	3,268,772

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	40,160
Amortization of deferred outflow on refunding	(94,080)
Change in accrued compensated absences expenses	(48,191)
	(102,111)

Change in net position of governmental activities \$ 6,046,568

See accompanying notes to the basic financial statements.

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Proprietary Funds Statement of Net Position - June 30, 2023

	<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	\$ 4,290,943	\$ 307,775	\$ 4,598,718	\$ 86,991
Restricted cash and cash equivalents	598,172	-	598,172	-
Investments	317,755	-	317,755	-
Due from other funds	-	-	-	1,060,424
Accounts receivable, net	1,716,581	8,972	1,725,553	-
Due from other governments	3,549	118,558	122,107	-
Total current assets	<u>6,927,000</u>	<u>435,305</u>	<u>7,362,305</u>	<u>1,147,415</u>
Noncurrent assets:				
Investment in joint venture	2,141,847	-	2,141,847	-
Capital assets:				
Land and other non-depreciable assets	17,606,287	287,080	17,893,367	-
Other capital assets, net of depreciation	24,313,712	6,321,427	30,635,139	-
Total noncurrent assets	<u>44,061,846</u>	<u>6,608,507</u>	<u>50,670,353</u>	<u>-</u>
Total assets	<u>50,988,846</u>	<u>7,043,812</u>	<u>58,032,658</u>	<u>1,147,415</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amounts related to pensions	581,482	36,641	618,123	-
LIABILITIES				
Current liabilities:				
Accounts payable	709,311	64,338	773,649	11,775
Accrued payroll liabilities	45,768	3,887	49,655	6,906
Due to other funds	64,759	-	64,759	-
Due to other governments	3,614	-	3,614	-
Interest payable	68,552	-	68,552	-
Unearned revenue	167,876	-	167,876	-
Claims liability	-	-	-	107,941
Due to depositors	119,634	-	119,634	-
Notes payable	1,219,763	-	1,219,763	-
Accrued compensated absences	28,866	513	29,379	4,933
Total current liabilities	<u>2,428,143</u>	<u>68,738</u>	<u>2,496,881</u>	<u>131,555</u>
Noncurrent liabilities:				
Claims liability	-	-	-	971,465
Landfill closure and postclosure liability	5,371,536	-	5,371,536	-
Due to depositors	478,538	-	478,538	-
Notes payable	11,985,028	-	11,985,028	-
Accrued compensated absences	259,796	4,619	264,415	44,395
Net pension liability	965,796	61,529	1,027,325	-
Total non-current liabilities	<u>19,060,694</u>	<u>66,148</u>	<u>19,126,842</u>	<u>1,015,860</u>
Total liabilities	<u>21,488,837</u>	<u>134,886</u>	<u>21,623,723</u>	<u>1,147,415</u>
DEFERRED INFLOW OF RESOURCES				
Deferred amounts related to pensions	62,489	3,981	66,470	-
NET POSITION				
Net investment in capital assets	28,715,208	6,608,507	35,323,715	-
Unrestricted	1,303,794	333,079	1,636,873	-
Total net position	<u>\$ 30,019,002</u>	<u>\$ 6,941,586</u>	<u>\$ 36,960,588</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, 2023

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2023

	Enterprise Funds			Internal Service Funds
	McAlester Public Works Authority	McAlester Airport Authority	Total	
OPERATING REVENUES				
Charges for services:				
Water	\$ 3,777,288	\$ -	\$ 3,777,288	\$ -
Sewer	2,207,137	-	2,207,137	-
Sanitation	3,170,977	-	3,170,977	-
Water taps	42,362	-	42,362	-
Sewer taps	4,800	-	4,800	-
Water districts	2,043,549	-	2,043,549	-
Landfill	2,811	-	2,811	-
Penalties	309,769	-	309,769	-
Recycle fees	37,960	-	37,960	-
Subtitle "D" fees	394,806	-	394,806	-
Airport rents and fees	-	77,992	77,992	-
Aviation fuel sales	-	116,362	116,362	-
Self insurance charges	-	-	-	1,918,368
Miscellaneous	-	-	-	6,334
Total operating revenues	<u>11,991,459</u>	<u>194,354</u>	<u>12,185,813</u>	<u>1,924,702</u>
OPERATING EXPENSES				
Utility office	563,895	-	563,895	-
Interdepartmental	980,847	-	980,847	-
Sanitation	2,360,079	-	2,360,079	-
Engineering	374,090	-	374,090	-
Sewer	972,779	-	972,779	-
Water	1,739,188	-	1,739,188	-
Utility maintenance	1,791,658	-	1,791,658	-
Landfill	540,687	-	540,687	-
Utility administration	-	-	-	-
Airport	-	347,366	347,366	-
Fleet maintenance	-	-	-	634,290
Claims expense	-	-	-	1,290,412
Depreciation expense	1,733,885	321,233	2,055,118	-
Total operating expenses	<u>11,057,108</u>	<u>668,599</u>	<u>11,725,707</u>	<u>1,924,702</u>
Operating income (loss)	934,351	(474,245)	460,106	-
NON-OPERATING REVENUES (EXPENSES)				
Investment income	123,929	-	123,929	-
Interest expense and fiscal charges	(195,965)	-	(195,965)	-
Miscellaneous revenue	169,840	-	169,840	-
Operating grant revenue	-	22,921	22,921	-
Gain on joint venture	17,658	-	17,658	-
Total non-operating revenue (expenses)	<u>115,462</u>	<u>22,921</u>	<u>138,383</u>	<u>-</u>
Income (loss) before contributions and transfers	1,049,813	(451,324)	598,489	-
Capital contributions	4,215,520	213,741	4,429,261	-
Transfers in	1,371,200	540,306	1,911,506	-
Transfers out	(2,469,931)	-	(2,469,931)	-
Change in net position	4,166,602	302,723	4,469,325	-
Total net position - beginning	25,852,400	6,638,863	32,491,263	-
Total net position - ending	<u>\$ 30,019,002</u>	<u>\$ 6,941,586</u>	<u>\$ 36,960,588</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, 2023

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2023

	Enterprise Funds			Internal Service Funds
	McAlester Public Works Authority	McAlester Airport Authority	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 11,975,785	\$ 194,706	\$ 12,170,491	\$ -
Payments to suppliers	(8,983,622)	(117,188)	(9,100,810)	(650,644)
Payments to employees	(2,715,665)	(178,916)	(2,894,581)	(316,478)
Receipts of customer meter deposits	101,398	-	101,398	-
Refund of customer meter deposits	(89,454)	-	(89,454)	-
Other receipts	187,498	-	187,498	965,638
Other payments	-	24,030	24,030	-
Net Cash Provided (Used) by Operating Activities	<u>475,940</u>	<u>(77,368)</u>	<u>398,572</u>	<u>(1,484)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	1,371,200	540,306	1,911,506	-
Transfers to other funds	(2,469,931)	-	(2,469,931)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(1,098,731)</u>	<u>540,306</u>	<u>(558,425)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(8,340,312)	(284,196)	(8,624,508)	-
Proceeds from issuance of debt	10,958,871	-	10,958,871	-
Principal payment of capital debt	(1,236,856)	-	(1,236,856)	-
Interest and fiscal charges paid on capital debt	(134,344)	-	(134,344)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>1,247,359</u>	<u>(284,196)</u>	<u>963,163</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	123,929	-	123,929	-
Sale (purchase) of investments	(32)	-	(32)	-
Net Cash Provided by Investing Activities	<u>123,897</u>	<u>-</u>	<u>123,897</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>748,465</u>	<u>178,742</u>	<u>927,207</u>	<u>(1,484)</u>
Balances - beginning of the year	<u>4,140,650</u>	<u>129,033</u>	<u>4,269,683</u>	<u>88,475</u>
Balances - end of the year	<u>\$ 4,889,115</u>	<u>\$ 307,775</u>	<u>\$ 5,196,890</u>	<u>\$ 86,991</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 4,290,943	\$ 307,775	\$ 4,598,718	\$ 86,991
Restricted cash and cash equivalents-current	598,172	-	598,172	-
Total cash and cash equivalents, end of year	<u>\$ 4,889,115</u>	<u>\$ 307,775</u>	<u>\$ 5,196,890</u>	<u>\$ 86,991</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 934,351	\$ (474,245)	\$ 460,106	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	1,733,885	321,233	2,055,118	-
Operating grant	-	24,030	24,030	-
Other non-operating revenues (expenses)	187,498	-	187,498	-
Change in assets, liabilities and deferrals:				
Receivables, net	(105,061)	352	(104,709)	-
Due from other funds	-	-	-	(921,711)
Investment in joint venture	(18,658)	-	(18,658)	-
Deferred amounts related to pensions	(678,053)	(42,784)	(720,837)	-
Accounts payable	(2,764,796)	47,388	(2,717,408)	(458)
Accrued payroll liabilities	(45,889)	(2,302)	(48,191)	(5,665)
Due to other governments	3,614	-	3,614	-
Claims liability	-	-	-	921,711
Unearned revenue	89,387	-	89,387	-
Due to depositors	11,944	-	11,944	-
Landfill closure liability	353,943	-	353,943	-
Net pension liability	737,015	45,887	782,902	-
Accrued compensated absences	36,760	3,073	39,833	4,639
Net Cash Provided (Used in) by Operating Activities	<u>\$ 475,940</u>	<u>\$ (77,368)</u>	<u>\$ 398,572</u>	<u>\$ (1,484)</u>
Noncash capital and related financing activities:				
Capital assets contributed from governmental funds	<u>\$ 4,215,520</u>	<u>\$ 95,183</u>	<u>\$ 4,310,703</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

CITY OF MCALESTER, OKLAHOMA
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As of and for the Year Ended June 30, 2023

Statement of Fiduciary Net Position – Pension Trust Fund - June 30, 2023

	<u>Defined Benefit Retirement Plan and Trust Fund</u>
ASSETS	
Cash and cash equivalents	\$ 749,328
Investments:	
Corporate bonds	472,856
Exchange-traded closed-end funds	822,579
Mortgage and asset backed securities	535,806
Government treasury securities	202,221
Mutual funds	10,059,417
Common stocks	10,713
Interest receivable	8,673
Total assets	12,861,593
 LIABILITIES	
Accounts payable	-
 NET POSITION	
Net position restricted for pensions	\$ 12,861,593

Statement of Changes in Fiduciary Net Position – Pension Trust Fund - Year Ended June 30, 2023

	<u>Defined Benefit Retirement Plan and Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 496,627
Total contributions	496,627
Investment income:	
Interest income	589,092
Realized and unrealized net gain (loss) on investments	936,372
Administrative expenses	(87,247)
Net investment income (loss)	1,438,217
Total additions	1,934,844
 DEDUCTIONS	
Benefits paid to participants or beneficiaries	1,284,131
Total deductions	1,284,131
Change in net position held in trust for employees' pension benefits	650,713
Net position - beginning	12,210,880
Net position - ending	\$ 12,861,593

See accompanying notes to the basic financial statements.

**CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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**CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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, *The Financial Reporting Entity*, and Statement No. 61, *The Financial Reporting Entity: Omnibus* and includes all component units for which the City is financially accountable.

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 18,244 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.

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.

CITY OF MCALESTER, OKLAHOMA
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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. The MRHCA governing body is appointed by the current City Council. This city has both a financial benefit/burden relationship and is able to impose its will on the Authority, and the Authority does not meet any of the criteria for blending. 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 governing body is appointed by the current City Council. This city has both a financial benefit/burden relationship and is able to impose its will on the Authority, and the Authority does not meet any of the criteria for blending. 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, street cuts and capital grants and contributions
- Economic development – capital and operating 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.
- American Rescue Plan Fund – capital project fund that accounts for revenues and capital expenditures related to ARPA grants.
- 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.
- Economic Development Fund – 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.
- 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.
- Child Abuse Response Fund – accounts for revenues from fines restricted for child abuse programs.

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.

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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.
- OWRB Debt Service Fund – accounts for revenue received from sales tax (1/4 of one-cent effective 4-1-22) approved by the voters to be used for financing of a waterline improvement project through OWRB.

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.

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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.

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.

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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 |

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

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.

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H. Deferred Outflow/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditure) until then. The government only has two items that qualify for reporting in this category. The City reports deferred outflows related to pensions and debt refunding.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenues) until that time. The governmental funds report unavailable revenues from court fines, technology and infrastructure fees, ambulance, and grants, and also reports deferred amount related to leases receivable. For all of these except leases, these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government-wide Statement of Net Position reports only deferred inflows for pension and leases.

Lease-related amounts are recognized at the inception of leases in which the city and the MPWA is the lessor and are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Leases

The City is a party as lessor for various non-cancellable long-term leases of land, buildings and infrastructure. The corresponding lease receivables are recorded in an amount equal to the present value of the expected future minimum lease payments received, discounted by an applicable interest rate.

I. 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 are classified the same as in the government-wide statements.

J. 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

K. 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, 2023, 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	\$ -	\$ -	\$ -	\$ -
Demand deposits	20,458,647	20,458,647	-	-	-	-
Demand deposits - pension trust funds	749,328	749,328	-	-	-	-
Time deposits	895,317	-	-	895,317	-	-
	<u>22,108,402</u>	<u>21,213,085</u>	<u>-</u>	<u>895,317</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	1	1	-	-
Federated Treasury Obligations Svc Money Market Fund	N/A	N/A	1,121,085	1,121,085	-	-
Federated Government Obligations Tax Managed Svc	N/A	N/A	1,225,765	1,225,765	-	-
Goldman Sachs FinancialSquare Federal Fund Admin Shares #521	AAAAm	N/A	3,705,016	3,705,016	-	-
Pension Trust Fund:						
Western Asset Smash: Series C (LMLCX) - Money Market	N/A	N/A	237,289	237,289	-	-
Western Asset Smash: Series M (LMSMX) - Money Market	N/A	N/A	306,829	306,829	-	-
WA Smash SRS CR PLS Completion (LMECX) - Money Market	N/A	N/A	681,920	681,920	-	-
Invesco Premier Ptf Instl (IPPXX) - Money Market	N/A	N/A	209,422	209,422	-	-
AB Large-Cap Grw Adv (APGYX) -Money Market	N/A	N/A	1,223,729	1,223,729	-	-
Clearbridge Large Cap Gwth I (SBLYX) -Money Market	N/A	N/A	1,250,929	1,250,929	-	-
Columbia Dividend Income Inst (GSFTX) -Money Market	N/A	N/A	1,805,843	1,805,843	-	-
First Eagle Overseas I (SGOIX) -Money Market	N/A	N/A	608,050	608,050	-	-
John Hancock Displnd Val Inst (JVLIX) -Money Market	N/A	N/A	1,856,238	1,856,238	-	-
JP Morgan Growth Advantage I (JGASX) -Money Market	N/A	N/A	1,267,369	1,267,369	-	-
MFS Intl Growth I (MQGIX) - Money Market	N/A	N/A	611,799	611,799	-	-
Corporate Bonds	AA	Level II	37,849	-	-	37,849
Corporate Bonds	A+	Level II	40,018	-	-	40,018
Corporate Bonds	A-	Level II	162,779	-	-	-
Corporate Bonds	BBB+	Level II	153,252	-	-	74,838
Corporate Bonds	BBB	Level II	78,958	-	-	-
Vanguard Short Term Bond	N/A	Level I	822,579	822,579	-	-
United States Treasury Bonds/Notes	AAA	Level I	202,221	-	-	23,283
Mortgage and asset backed securities	N/A	Level II	535,806	-	-	-
Common Stocks	N/A	Level I	10,713	10,713	-	-
			<u>18,155,459</u>	<u>16,944,576</u>	<u>-</u>	<u>175,988</u>
Total Deposits and Investments			<u>\$ 40,263,861</u>	<u>\$ 38,157,661</u>	<u>\$ -</u>	<u>\$ 895,317</u>
						<u>\$ 175,988</u>
						<u>\$ 1,034,895</u>
Reconciliation to Statement of Net Position:						
Cash and cash equivalents	\$ 26,515,624					
Investments	895,317					
Add: Fiduciary Fund cash and cash equivalents	749,328					
Add: Fiduciary Fund investments	12,103,592					
	<u>\$ 40,263,861</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

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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.

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, 2023, 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 counterpart 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:

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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

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	\$ 598,172
Total Restricted Assets	<u>\$ 598,172</u>

Component Units Deposits and Investments:

McAlester Regional Health Center Authority

Deposits

At June 30, 2023, approximately \$360,000 of the Authority’s bank balances of approximately \$12,404,000 were exposed to custodial credit risk as uninsured and uncollateralized. The above amounts exclude deposits held by the Authority’s blended component units with bank balances of approximately \$1,244,000 and carrying values of approximately \$1,092,000 at June 30, 2023.

As nongovernmental entities, the blended component units are not subject to collateralization requirements. At June 30, 2023, the blended component units’ cash accounts exceeded federally insured limits by approximately \$1,332,000.

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<u>Type of Deposits and Investments - MRHC Component Unit</u>	<u>Fair Value</u>	Maturities in Years			
		Less Than One	1 - 5	6 - 10	More Than 10
Money market mutual funds	\$ 97,535	\$ 97,535	\$ -	\$ -	\$ -
Mutual funds	7,032,399	7,032,399	-	-	-
	7,129,934	7,129,934	-	-	-
Exchange-traded funds	2,355,690				
	<u>\$ 9,485,624</u>				

The carrying value of deposits and investments shown above are included in the accompanying balance sheet as follows:

Carrying value		
Deposits	\$ 15,626,449	
Investments	\$ 9,485,624	
Petty cash	1,300	
		<u>25,113,373</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 15,276,227	
Investments	9,837,146	
		<u>25,113,373</u>

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, 2023, the "Investment in joint venture" balance changed as follows:

Beginning Investment in Joint Venture	\$ 2,123,189
Current Year Contributions	1,000
Gain (Loss) from Joint Venture	17,658
Ending Investment in Joint Venture	<u>\$ 2,141,847</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.

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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, 2023, is as follows:

	<u>General Fund</u>			<u>Economic</u>				
	<u>Ambulance</u>	<u>Court</u>	<u>Stormwater</u>	<u>Development</u>	<u>Technology</u>	<u>Infrastructure</u>	<u>MPWA</u>	<u>Airport</u>
			<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>		
Accounts receivable	\$ 3,181,574	\$ 3,691,611	\$ 133,307	\$ 100	\$ 191,299	\$ 191,299	\$ 4,343,433	\$ 10,842
Allowance for doubtful accounts	<u>(3,138,637)</u>	<u>(1,845,806)</u>	<u>(32,405)</u>	<u>-</u>	<u>(95,650)</u>	<u>(95,650)</u>	<u>(2,626,852)</u>	<u>(1,870)</u>
Accounts receivable, net	<u>\$ 42,937</u>	<u>\$ 1,845,805</u>	<u>\$ 100,902</u>	<u>\$ 100</u>	<u>\$ 95,649</u>	<u>\$ 95,649</u>	<u>\$ 1,716,581</u>	<u>\$ 8,972</u>

Primary Government Lease Receivables:

The City as a lessor, has entered into lease agreements involving a building, infrastructure and land. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$37,029. Lease receivable balances at June 30, 2023, were as follows:

Krebs Brewing	\$14,812
Cingular Tower	195,399
Mullin Tower	<u>248,473</u>
Total Lease Receivable-Governmental	<u>\$458,684</u>

Component Units:

McAlester Regional Health Center Authority

Patient receivable balances at June 30, 2023 were as follows:

	<u>MRHCA</u>
Medicare	\$ 6,946,787
Medicaid	2,535,701
Other third-party payers	9,963,890
Patients	3,052,861
Allowance for doubtful accounts	<u>(13,407,000)</u>
Accounts receivable, net	<u>\$ 9,092,239</u>

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5. Capital Assets and Depreciation

For the year ended June 30, 2023, capital assets balances changed as follows:

	Balance at June 30, 2022	Additions	Disposals and Transfers	Balance at June 30, 2023
Governmental activities:				
Non-depreciable:				
Land	\$ 1,769,637	\$ -	\$ -	\$ 1,769,637
Construction-in-progress	1,049,878	2,252,815	(2,403,970)	898,723
Total non-depreciable assets at historical cost	<u>2,819,515</u>	<u>2,252,815</u>	<u>(2,403,970)</u>	<u>2,668,360</u>
Depreciable:				
Buildings	12,477,175	-	-	12,477,175
Other improvements	7,251,822	769,952	(2,945)	8,018,829
Machinery and equipment	13,485,506	1,339,409	(191,874)	14,633,041
Infrastructure	81,015,567	1,099,062	-	82,114,629
Total depreciable assets at historical cost	<u>114,230,070</u>	<u>3,208,423</u>	<u>(194,819)</u>	<u>117,243,674</u>
Less accumulated depreciation				
Buildings	(5,318,196)	(262,031)	-	(5,580,227)
Other improvements	(3,692,065)	(383,710)	2,945	(4,072,830)
Machinery and equipment	(10,597,270)	(701,024)	191,874	(11,106,420)
Infrastructure	(57,301,120)	(2,312,373)	-	(59,613,493)
Total accumulated depreciation	<u>(76,908,651)</u>	<u>(3,659,138)</u>	<u>194,819</u>	<u>(80,372,970)</u>
Net depreciable assets	<u>37,321,419</u>	<u>(450,715)</u>	<u>-</u>	<u>36,870,704</u>
Governmental activities capital assets, net	<u>\$ 40,140,934</u>	<u>\$ 1,802,100</u>	<u>\$ (2,403,970)</u>	<u>\$ 39,539,064</u>
	Balance at June 30, 2022	Additions	Disposals and Transfers	Balance at June 30, 2023
Business-type activities				
Non-depreciable:				
Land	\$ 212,571	\$ -	\$ -	\$ 212,571
Water rights contracts	719,075	-	-	719,075
Construction-in-progress	7,715,392	12,749,507	(3,503,178)	16,961,721
Total non-depreciable assets at historical cost	<u>8,647,038</u>	<u>12,749,507</u>	<u>(3,503,178)</u>	<u>17,893,367</u>
Depreciable:				
Buildings	2,773,061	-	-	2,773,061
Other improvements	8,037,112	210,359	-	8,247,471
Machinery and equipment	5,418,964	332,843	52,296	5,804,103
Utility property	58,777,317	3,145,680	-	61,922,997
Total depreciable assets at historical cost	<u>75,006,454</u>	<u>3,688,882</u>	<u>52,296</u>	<u>78,747,632</u>
Less accumulated depreciation				
Buildings	(2,047,062)	(55,067)	-	(2,102,129)
Other improvements	(5,328,853)	(275,002)	-	(5,603,855)
Machinery and equipment	(4,016,969)	(223,160)	(52,296)	(4,292,425)
Utility property	(34,612,195)	(1,501,889)	-	(36,114,084)
Total accumulated depreciation	<u>(46,005,079)</u>	<u>(2,055,118)</u>	<u>(52,296)</u>	<u>(48,112,493)</u>
Net depreciable assets	<u>29,001,375</u>	<u>1,633,764</u>	<u>-</u>	<u>30,635,139</u>
Business-type capital assets, net	<u>\$ 37,648,413</u>	<u>\$ 14,383,271</u>	<u>\$ (3,503,178)</u>	<u>\$ 48,528,506</u>

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	(Restated) Balance at June 30, 2022	Additions	Transfers	Disposals	Balance at June 30, 2023
Component Unit (MRHCA):					
Non-depreciable:					
Land	\$ 1,182,789	\$ 78,000	\$ -	\$ -	\$ 1,260,789
Construction-in-progress	477,370	1,693,494	(1,792,394)	-	378,470
Total non-depreciable assets at historical cost	<u>1,660,159</u>	<u>1,771,494</u>	<u>(1,792,394)</u>	<u>-</u>	<u>1,639,259</u>
Depreciable:					
Land improvements	2,153,360	532,000	-	-	2,685,360
Buildings and improvements	70,809,388	3,183,559	1,792,394	-	75,785,341
Machinery and equipment	48,094,463	1,378,631	-	-	49,473,094
Total depreciable assets at historical cost	<u>121,057,211</u>	<u>5,094,190</u>	<u>1,792,394</u>	<u>-</u>	<u>127,943,795</u>
Less accumulated depreciation					
Land improvements	(1,557,164)	(65,053)	-	-	(1,622,217)
Buildings and improvements	(44,140,720)	(2,486,455)	-	-	(46,627,175)
Machinery and equipment	(37,797,950)	(2,797,552)	-	-	(40,595,502)
Total accumulated depreciation	<u>(83,495,834)</u>	<u>(5,349,060)</u>	<u>-</u>	<u>-</u>	<u>(88,844,894)</u>
Other Assets:					
Subscription assets	2,142,653	-	-	-	2,142,653
Intangible leased buildings	3,292,483	1,404,164	-	(1,780,547)	2,916,100
Intangible leased major moveable equipment	2,481,265	-	-	-	2,481,265
Total other assets	<u>7,916,401</u>	<u>1,404,164</u>	<u>-</u>	<u>(1,780,547)</u>	<u>7,540,018</u>
Less accumulated amortization:					
Subscription assets	-	(781,166)	-	-	(781,166)
Intangible leased buildings	(734,845)	(597,907)	-	660,120	(672,632)
Intangible leased major moveable equipment	(522,521)	(459,596)	-	-	(982,117)
Total accumulated depreciation	<u>(1,257,366)</u>	<u>(1,838,669)</u>	<u>-</u>	<u>660,120</u>	<u>(2,435,915)</u>
Total depreciable assets at historical cost	<u>44,220,412</u>	<u>(689,375)</u>	<u>1,792,394</u>	<u>(1,120,427)</u>	<u>44,203,004</u>
Component Unit (MRHCA) capital assets, net	<u>\$ 45,880,571</u>	<u>\$ 1,082,119</u>	<u>\$ -</u>	<u>\$ (1,120,427)</u>	<u>\$ 45,842,263</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	\$ 333,524
Public safety	342,164
Community services	467,848
Public works	2,515,602
Total governmental activities depreciation expense	<u>\$ 3,659,138</u>

Depreciation expense charged to business-type activities:

Water	\$ 1,125,002
Sewer	582,902
Sanitation	25,981
Airport	321,233
Total business-type activities depreciation expense	<u>\$ 2,055,118</u>

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6. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2023, the reporting entity's long-term debt changed as follows:

	Balance			Balance	Amounts
	June 30, 2022	Additions	Deductions	June 30, 2023	Due Within
					One Year
Governmental Activities:					
Notes Payable-direct borrowing	\$ 795,876	\$ -	\$ 244,458	\$ 551,418	\$ 483,339
Revenue Bonds Payable-direct placement	28,660,000	-	3,660,000	25,000,000	3,845,000
Revenue Bonds Payable	9,470,592	635,686	-	10,106,278	-
Accrued Compensated Absences	2,417,004	534,826	481,996	2,469,834	246,984
Claims Liability	157,695	1,290,412	368,701	1,079,406	107,941
Total Governmental Long-Term Debt	<u>\$ 41,501,167</u>	<u>\$ 2,460,924</u>	<u>\$ 4,755,155</u>	<u>\$ 39,206,936</u>	<u>\$ 4,683,264</u>
			Net pension liability	12,256,394	
				<u>\$ 51,463,330</u>	
Business-type Activities:					
Landfill Closure and Post-closure Liability	\$ 5,017,593	\$ 353,943	\$ -	\$ 5,371,536	\$ -
Due to Depositors	586,228	101,398	89,454	598,172	119,634
Notes Payable-direct borrowing	3,482,776	10,958,871	1,236,856	13,204,791	1,219,763
Accrued Compensated Absences	253,961	73,438	33,605	293,794	29,379
Total Business-type Long-Term Debt	<u>\$ 9,340,558</u>	<u>\$ 11,487,650</u>	<u>\$ 1,359,915</u>	<u>\$ 19,468,293</u>	<u>\$ 1,368,776</u>
			Net pension liability	1,027,325	
				<u>\$ 20,495,618</u>	

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.

Notes Payable - Direct Borrowings:

\$100,133 notes payable 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	\$18,032
\$763,736 notes payable with Bancfirst for city vehicles, payable in monthly interest installments and one balloon principal payment due January 25, 2022, with interest at 0.65%, paid from the Capital Improvement Plan Fund	397,635
\$26,601 notes payable 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	3,354

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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. 6,655,000

Total Revenue Bonds Payable (Direct Placements) \$ 25,000,000

Current portion \$ 3,845,000

Noncurrent portion 21,155,000

Total Revenue Bonds Payable (Direct Placements) \$ 25,000,000

Accrued Compensated Absences:

Current portion \$ 246,984

Noncurrent portion 2,222,850

Total Accrued Compensated Absences \$ 2,469,834

Claims Liability:

Current portion \$107,941

Non-current portion 971,465

Total Claims Liability \$ 1,079,406

Business-type activities long-term debt:

Notes Payable (Direct Borrowings):

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. \$12,430

MPWA Note Payable with First National Bank and used for clear well liner project, dated March 4, 2021, original line of credit amount of \$641,160, with an annual interest rate of 2.73%, due in 12 monthly interest payments followed by monthly installments of \$6,704, final installment March 4, 2031. Drawdowns to date \$594,524. Secured by equipment purchased. 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). 500,491

MPWA Note Payable with First National Bank and used for roll off vehicle, dated September 30, 2020, original amount of \$168,850, with an annual interest rate of 2.73%, due in monthly installments of \$3,013, final installment September 25, 2025. Secured by equipment purchased. 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). 78,795

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MPWA Note Payable with Arvest Bank and used for 2018 Gradall, dated March 29, 2021, original amount of \$337,500, with an annual interest rate of 2.955%, due in monthly installments of \$4,456, final installment April 15, 2028. 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 18% per annum or the highest rate permitted by law until paid. 240,994

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). 17,670

MPWA Drinking Water OWRB Note Payable used for a waterline improvement project, dated December 21, 2021, original amount of \$32,500,000, with an annual interest rate of 1.50% and administrative fee of 0.5%, payable in semi-annual principal installments of 523,333 beginning September 15, 2022. Principal forgiveness of \$1,100,000 was approved in FY 21-22. Total drawdowns through 6-30-23 totaled \$14,504,412. Secured by pledged revenues and restricted sales tax. In the event of default: 1) suit for specific performance of any or all covenants of the Authority contained in the Note Indentures or the notes; 2) acceleration of the payment of principal and interest; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action or inaction of parties under provisions of the agreement. 12,354,411

Total Notes Payable (Direct Borrowings)	<u>\$ 13,204,791</u>
Current portion	\$ 1,219,763
Non-current portion	<u>11,985,028</u>
Total Notes Payable (Direct Borrowings)	<u>\$ 13,204,791</u>

Landfill Closure and Post-Closure Liability:

A \$5,371,536 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 72.41% of the estimated capacity of the landfill. It is estimated that an additional \$2,046,688 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 55 years.

Current portion	\$ -
Noncurrent portion	<u>5,371,536</u>
Total Landfill Closure and Postclosure Liability	<u>\$ 5,371,536</u>

Accrued Compensated Absences:

Current portion	\$ 29,379
Noncurrent portion	<u>264,415</u>
Total Accrued Compensated Absences	<u>\$ 293,794</u>

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Deposits Subject to Refund:	
Current portion	\$ 119,634
Noncurrent portion	<u>478,538</u>
Total Deposits Subject to Refund	<u>\$ 598,172</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 Borrowing</u>		<u>Revenue Bonds Payable</u>		<u>Direct Placement</u>	
	<u>Notes 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>
2024	\$ 483,339	\$ 4,482	\$ -	\$ -	\$ 3,845,000	\$ 882,306
2025	29,730	1,511	-	-	4,040,000	737,103
2026	30,564	677	-	-	4,245,000	584,530
2027	7,785	36	-	-	7,080,000	403,538
2028	-	-	-	-	4,920,000	162,021
2029-2033	-	-	11,790,000	-	870,000	22,343
2034	-	-	5,770,000	-	-	-
Total	<u>\$ 551,418</u>	<u>\$ 6,706</u>	17,560,000	-	25,000,000	2,791,841
Less: Unaccrued Portion of Debt			<u>(7,453,722)</u>	<u>7,453,722</u>	-	-
			<u>\$ 10,106,278</u>	<u>\$ 7,453,722</u>	<u>\$ 25,000,000</u>	<u>\$ 2,791,841</u>

Year Ended June 30,	<u>Business-Type Activity Debt - Direct Borrowing</u>	
	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,219,763	\$ 252,328
2025	1,206,317	227,775
2026	1,183,288	203,667
2027	1,176,625	180,126
2028	1,169,400	156,552
2029-2033	5,394,987	456,815
2034-2035	1,854,411	40,703
Total	<u>\$ 13,204,791</u>	<u>\$ 1,517,966</u>

Component Units have the following long-term debt at June 30, 2023:

	(Restated)				Amounts
	Balance	Additions	Deductions	Balance	Due Within One Year
	June 30, 2022			June 30, 2023	
Component Unit Activities (MRHCA):					
Lease Liabilities	\$ 4,651,068	\$ 1,404,164	\$ 2,048,018	\$ 4,007,214	\$ 993,001
Notes Payable to Banks	9,389,920	7,985,141	1,413,994	15,961,067	14,410,412
Subscription Liabilities	2,142,653	-	847,829	1,294,824	731,823
Total Component Unit Debt	<u>\$ 16,183,641</u>	<u>\$ 9,389,305</u>	<u>\$ 4,309,841</u>	<u>\$ 21,263,105</u>	<u>\$16,135,236</u>

Restated due to implementation of GASB 96. Prior year MD&A balances were not changed.

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Notes Payable to Banks (MRHCA):

The notes payable to bank are due between January 2023 and June 2036, payable monthly, including interest at rates of 2.55% to 5.15%. The notes are secured by real estate and certain capital assets.

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. These notes 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, as defined. 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. At June 30, 2023, the Authority did not meet the debt service coverage ratio and a waiver was not obtained. As a result, the 2016 Note and 2017 Note are reflected as current in the accompanying balance sheets at June 30, 2023.

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.

In June 2023, as part of the acquisition of ASLG (Associated Senior Living Group), the Authority assumed responsibility for a note payable to bank. This note was amended in December 2022 and carried a principal balance of approximately \$6,783,000. The note bears interest at the rate of 4.75% and matures in January 2024. The note is secured by certain property of the Authority.

The total debt outstanding on these notes as of June 30, 2023 is as follows:

Series 2016 Hospital Revenue Note	\$ 6,083,620
Series 2017 Hospital Revenue Note	801,461
Other notes payable	1,849,787
Promissory note – downtown building	558,786
Note payable to bank – Belfair	<u>6,667,413</u>
	<u>\$ 15,961,067</u>

The originally scheduled principal and interest payments as of June 30, 2023, excluding consideration of the potential acceleration of debt due to debt covenant violations discussed below, are as follows:

Year Ended June 30,	<u>Discretely Presented Component Unit</u>	
	<u>Notes Payable to Banks</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 8,421,628	\$ 417,243
2025	1,097,816	183,907
2026	684,504	160,879
2027	663,623	143,886
2028	680,973	126,535
2029-2033	2,821,462	390,677
2034-2036	<u>1,591,061</u>	<u>63,208</u>
Total	<u>\$ 15,961,067</u>	<u>\$ 1,486,335</u>

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Lease Liabilities (MRHCA):

The Authority leases equipment and clinic space, the terms of which expire in various years through 2033. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance.

The following is a schedule by year of payments under the leases as of June 30, 2023:

Year Ended June 30,	<u>Discretely Presented Component Unit</u>	
	<u>Lease Liabilities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 993,001	\$ 148,136
2025	1,045,113	107,703
2026	796,776	66,912
2027	469,203	40,158
2028	329,753	23,757
2029-2033	<u>373,368</u>	<u>21,322</u>
Total	<u>\$ 4,007,214</u>	<u>\$ 407,988</u>

Subscription Liabilities:

The Authority has various SBITAs, the terms of which expire in various years through 2026.

Year Ended June 30,	<u>Discretely Presented Component Unit</u>	
	<u>Subscription Liabilities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 731,823	\$ 40,844
2025	500,221	7,431
2026	<u>62,780</u>	<u>314</u>
Total	<u>\$ 1,294,824</u>	<u>\$ 48,589</u>

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7. Fund Balances

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

	General Fund	Reserve Fund	American Rescue Plan Fund	Dedicated Sales Tax - MPWA	Bond Trustee Fund	Other Governmental Funds	Total
Fund Balance:							
Restricted For:							
Grant purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 260	\$ 260
E911	-	-	-	-	-	28,730	28,730
Tourism	-	-	-	-	-	468,069	468,069
Other	-	-	-	-	-	705,186	705,186
Stormwater	-	-	-	-	-	2,138,827	2,138,827
Health - cancer center	-	-	-	-	-	75,554	75,554
Police capital outlay	-	-	-	-	-	14,964	14,964
Cemetery	-	-	-	-	-	433,186	433,186
Technology improvements	-	-	-	-	-	9,199	9,199
Infrastructure improvements	-	-	-	-	-	502,988	502,988
Emergencies	-	3,873,620	-	-	-	-	3,873,620
Capital improvements:							
Economic development-bond repayment	-	-	-	-	-	800,000	800,000
Debt Service	-	-	-	1,271,834	6,051,867	734,580	8,058,281
Sub-total Restricted	-	3,873,620	-	1,271,834	6,051,867	5,911,543	17,108,864
Assigned to:							
Tourism	-	-	-	-	-	586,394	586,394
Economic development	-	-	-	-	-	793,975	793,975
Other	-	-	11,983	-	-	25,590	37,573
Police capital outlay	-	-	-	-	-	221	221
Technology improvements	-	-	-	-	-	9,465	9,465
Infrastructure improvements	-	-	-	-	-	1,291,081	1,291,081
Capital improvements	-	-	-	-	-	1,228,382	1,228,382
Emergencies	-	106,657	-	-	-	-	106,657
Nutrition services	204,469	-	-	-	-	-	204,469
Budget balancing purposes	1,000,181	-	-	-	-	-	1,000,181
Sub-total Assigned	1,204,650	106,657	11,983	-	-	3,935,108	5,258,398
Unassigned (deficit)	243,496	-	-	-	-	(62,211)	181,285
Total Fund Balance	\$ 1,448,146	\$ 3,980,277	\$ 11,983	\$ 1,271,834	\$ 6,051,867	\$ 9,784,440	\$ 22,548,547

Restricted Net Position – Governmental Activities

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

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Fund	Restricted By	Amount
State Forfeiture Fund	State statutes and/or debt indentures	\$ 10,150
Cemetery Perpetual Care Fund	State statutes and/or debt indentures	433,186
Federal Forfeiture Fund	State statutes and/or debt indentures	450
Capital Improvement Plan Fund	State statutes and/or debt indentures	800,000
Child Abuse Response Fund	State statutes and/or debt indentures	40
OWRB Debt Fund	State statutes and/or debt indentures	658,616
Sinking Fund	State statutes and/or debt indentures	140
		\$ 1,902,582
General Fund	External parties (pension)	\$ 469,675
Dedicated Sales Tax - MPWA	External parties (voters)	1,271,834
E911 Fund	External parties (voters)	28,730
Reserve Fund	External parties (voters)	3,873,620
Gifts & Contributions Fund	External parties (donors)	705,146
Stormwater Fund	External parties (voters)	2,138,827
MRHC-Cancer Center Fund	External parties (voters)	75,554
Infrastructure Fund	External parties (voters)	502,988
Sales Tax - Schools Fund	External parties (voters)	75,824
Fire Improvement Grant Fund	External parties (grantors)	260
Police Equipment Fund	External parties (grantors)	4,364
Technology Fund	External parties (voters)	9,199
Tourism/SE Expo Fund	External parties (voters)	468,069
		\$ 9,624,090

8. Dedicated Tax Revenues and Pledges of Future Revenues

Sales and Use Tax

Sales and use tax revenue represent a 4.00 cent tax on each dollar of taxable sales which is recorded as revenue within the respective funds. Upon receipt, the sales tax is recorded as follows:

- 2 cents recorded in the General Fund.
- 1 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)
- 1/4 cent recorded in OWRB Debt Service Fund for debt service on waterline improvements (effective April 1, 2022)

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Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge - The City has pledged two and one-quarter cents (or 56.25%) of future sales tax revenues to repay \$35,106,278 of Series 2002, 2012, 2013, 2014 and 2015 Sales Tax and Utility System Bonds and \$12,354,411 of Series 2021 OWRB DW SRF Note Payable. Proceeds from the bonds and notes provided financing for capital assets. The 2015 bonds are payable solely from pledged sales tax revenues. The 2002, 2012, 2013 and 2014 bonds, the 1999 loan and the 2021 OWRB note 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 2052. The total principal and interest payable for the remainder of the life of these bonds is \$59,152,221, which includes \$17,560,000 of accreted bonds. Pledged sales taxes in the current year were \$10,442,068 and the net utility revenues were \$2,320,870. Debt service payments of \$5,845,828, excluding accreted interest, for the current fiscal year were 55.98% of the pledged sales taxes and 45.80% of both pledged 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, 2023, were as follows:

Transfer From	Transfer To	Amount	Nature of Transfer
General Fund	Capital Improvement Plan Fund	\$ 1,157,565	Transfer for capital improvements
General Fund	Infrastructure Fund	368,905	Transfer for capital improvements
General Fund	E-911 Fund	352,461	Transfer for operations
General Fund	Economic Development Fund	50,000	Transfer for operations
General Fund	Juvenile Fine Fund	9,212	Transfer for operations
General Fund	McAlester Airport Authority	303,406	Transfer for operations
General Fund	McAlester Airport Authority	236,900	Operating subsidy - city match
Capital Improvement Plan Fund	CDBG Fund	80,833	Operating subsidy - city match
Capital Improvement Plan Fund	MPWA	210,272	Debt service payments
Dedicated Sales Tax Fund	Bond Trustee Fund	4,633,866	Debt payments to trustee bank
Dedicated Sales Tax Fund	MPWA	500	Debt payments to trustee bank
Economic Development Fund	MPWA	3,390	Debt service payments
OWRB Debt Service Fund	MPWA	1,157,038	Debt service payments
MPWA	General Fund	1,106,573	Transfer for operations
MPWA	Capital Improvement Plan Fund	704,028	Transfer for capital improvements
MPWA	Dedicated Sales Tax Fund	158,413	Debt service payments
MPWA	OWRB Debt Service Fund	360,917	Debt service payments
MPWA	Reserve Fund	140,000	Emergency transfer
		<u>\$ 11,034,279</u>	
	Transfers	Transfers	Net Transfers/
	In	Out	Internal Activity
Reconciliation to Fund			
Financial Statements:			
Governmental Funds	\$ 9,122,773	\$ (8,564,348)	\$ 558,425
Enterprise Funds	1,911,506	(2,469,931)	(558,425)
Total Transfers	<u>\$ 11,034,279</u>	<u>\$ (11,034,279)</u>	<u>\$ -</u>
Reconciliation to statement of activities:		<u>Governmental</u>	<u>Business-Type</u>
Net transfers		\$ 558,425	\$ (558,425)
Reclassification of capital asset purchases and expense between activities		(4,621,343)	4,621,343
Total Transfers - Internal Activity		<u>\$ (4,062,918)</u>	<u>\$ 4,062,918</u>

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Balances:

Interfund receivables and payables at June 30, 2023, 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	995,665	GF share of claims liability	
E-911 Fund	General Fund	4,840	Deposit error to wrong fund	
MPWA	Workers Compensation Fund	64,759	GF share of claims liability	
		<u>\$ 1,865,264</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	\$ 804,840	\$ (1,800,505)	\$ 1,060,424	\$ 64,759
Enterprise Funds	-	(64,759)	-	(64,759)
Internal Service Funds	1,060,424	-	(1,060,424)	-
Total Interfund Balances	<u>\$ 1,865,264</u>	<u>\$ (1,865,264)</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, 2020 to June 30, 2023 are as follows:

	Total Claims Liability
Claims liability, June 30, 2020	\$ 40,884
Claims incurred	435,536
Claims paid	(277,620)
Claims liability, June 30, 2021	198,800
Claims incurred	343,674
Claims paid	(384,779)
Claims liability, June 30, 2022	157,695
Claims incurred	1,290,412
Claims paid	(368,701)
Claims liability, June 30, 2023	\$ 1,079,406

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 2023, 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.

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ODEQ Consent Orders:

Water Treatment

Case 09-241 was closed out on Dec 7, 2023, by DEQ and replaced with Case 22-0045 - which continues to state that the discharge from the water plant backwash lagoons, specifically exceedance of Total Suspended Solids, Manganese, and Aluminum. DEQ added that the City will need to update the Water Treatment Plant Discharge Permit to reflect the correct amounts and limits so that the City will comply with the lagoon's backwash limits. DEQ has accepted and issued the new Water Treatment Discharge Permit submitted by the City. The City is currently waiting on a close-out letter from DEQ.

April 20, 2021- Case 20-235 - TTHM MCL, HAA5 MCL, regarding the high levels of TTHM MCL and HAA5 MCL found in the city water was out of compliance with DEQ standard levels. The City has been completing the set tasks outlined in the consent order and will continue to follow the flushing procedures that were approved by DEQ and monitor the TTHM and HAA5 levels.

Waste Water Treatment

July 25, 2022 - Case 21-168 - Discharges without a Permit, regarding the number of sanitary sewer overflows in the city. The City is currently working with Engineers to resolve this issue, by reporting sewer I&I's, updating the wastewater treatment plants, and the replacement of the 9 MIL pond liner at the East Wastewater Treatment plant. The Deadline was extended to April 2024.

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, 2023, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs, if any, and obtaining an estimate of those costs in the near future.

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	Total Primary Government
Net Pension Asset:			
Police Pension System	\$ 582,345	\$ -	\$ 582,345
Net Pension Liability:			
Firefighter's Pension System	\$ 9,613,685	\$ -	\$ 9,613,685
City Pension	2,642,709	1,027,325	3,670,034
Total Net Pension Liability	<u>\$ 12,256,394</u>	<u>\$ 1,027,325</u>	<u>\$ 13,283,719</u>
Deferred Outflows of Resources:			
Police Pension System	\$ 1,235,677	\$ -	\$ 1,235,677
Firefighter's Pension System	3,091,109	-	3,091,109
City Pension	1,375,989	618,123	1,994,112
Total Deferred Outflows of Resources	<u>\$ 5,702,775</u>	<u>\$ 618,123</u>	<u>\$ 6,320,898</u>
Deferred Inflows of Resources:			
Police Pension System	\$ 112,670	\$ -	\$ 112,670
Firefighter's Pension System	471,332	-	471,332
City Pension	254,212	66,470	320,682
Total Deferred Inflows of Resources	<u>\$ 838,214</u>	<u>\$ 66,470</u>	<u>\$ 904,684</u>
Pension Expense (Benefit):			
Police Pension System	\$ 131,039	\$ -	\$ 131,039
Firefighter's Pension System	1,271,328	-	1,271,328
City Pension	(162,908)	(63,329)	(226,237)
Total Pension Expense	<u>\$ 1,239,459</u>	<u>\$ (63,329)</u>	<u>\$ 1,176,130</u>

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	7.23% of Payroll (\$427,675 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	31
Terminated Vested Employees	22
Retirees or Retiree Beneficiaries	<u>110</u>
Total	<u>163</u>

C. Changes in Net Pension Liability

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2022, 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, 2022, and the City's report ending date of June 30, 2023, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

	Schedule of Changes in Net Pension Liability		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2021	\$ 17,084,908	\$ 15,425,676	\$ 1,659,232
Changes for the Year:			
Interest	1,168,486	-	1,168,486
Difference between expected and actual experience	(1,028,990)	-	(1,028,990)
Benefit payments, including refunds	(1,343,490)	(1,343,490)	-
Net investment income	-	(2,289,038)	2,289,038
City contributions	-	518,088	(518,088)
Plan administrative expenses	-	(100,356)	100,356
Net Changes	(1,203,994)	(3,214,796)	2,010,802
Balances at 6/30/22	\$ 15,880,914	\$ 12,210,880	\$ 3,670,034

The City reported (\$226,237) in pension expense (benefit) for the year ended June 30, 2023. At June 30, 2023, 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	\$ -	\$ 237,459
Net difference between projected and actual earnings on pension plan investments	1,414,262	-
Changes in proportion and differences between City contributions and change in proportion share of contributions	83,223	83,223
City contributions subsequent to the measurement date	496,627	-
Total	\$ 1,994,112	\$ 320,682

The \$496,627 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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:

2024	97,148
2024	268,172
2025	138,215
2027	673,268
\$	1,176,803

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 return by the target asset allocation percentage and by adding expected inflation. Best estimate of

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geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
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 27.45%.

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:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's Net Pension Liability			
City's Net Pension Liability - 2021	\$ 2,442,992	\$ 1,659,232	\$ 990,447
City's Net Pension Liability - 2022	\$ 5,266,924	\$ 3,670,034	\$ 2,298,324
City's Net Pension Liability - 2023	\$ 4,181,482	\$ 2,584,579	\$ 1,209,469

The components of the net pension liability of the City as of June 30, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023, were as follows:

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability	\$ 16,785,991	\$ 16,956,873	\$ 17,143,757	\$ 17,238,457	\$ 17,381,764	\$ 17,130,694	\$ 17,084,908	\$ 15,880,914	\$ 15,446,172
Plan Fiduciary Net Position	13,318,299	12,547,080	13,612,583	13,808,534	13,533,739	12,908,022	15,425,676	12,210,880	12,861,593
Net Pension Liability	\$ 3,467,692	\$ 4,409,793	\$ 3,531,174	\$ 3,429,923	\$ 3,848,025	\$ 4,222,672	\$ 1,659,232	\$ 3,670,034	\$ 2,584,579
Plan Fiduciary Net Position as a percentage of the total pension liability	79.3%	74.0%	79.4%	80.1%	77.9%	75.4%	90.3%	76.9%	83.3%

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 \$341,276. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$840,202 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 \$753,093. 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.

**CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the City reported a net pension liability of \$9,613,685 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information, the City's proportion was 0.73514 percent.

For the year ended June 30, 2023, the City recognized pension expense of \$1,271,328. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,234,138	\$ 48,532
Changes of assumptions	-	61,295
Net difference between projected and actual earnings on pension plan investments	1,117,214	-
Changes in proportion	395,684	360,916
City contributions during measurement date	2,797	589
City contributions subsequent to the measurement date	341,276	-
Total	\$ 3,091,109	\$ 471,332

The \$341,276 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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:	
2024	\$ 569,743
2025	470,068
2026	172,835
2027	1,065,855
Total	\$ 2,278,501

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

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

**CITY OF MCALESTER, OKLAHOMA
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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, 2022, 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, 2022, are summarized in the following table:

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

Discount Rate- The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by 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	\$ 12,387,974	\$ 9,613,685	\$ 7,293,127

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.

**CITY OF MCALESTER, OKLAHOMA
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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 \$350,870. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$322,841 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 \$289,371. 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.

CITY OF MCALESTER, OKLAHOMA
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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, 2023, the City reported an asset of \$582,345 for its proportionate share of the total net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information, the City's proportion was 0.7262 percent.

For the year ended June 30, 2023, the City recognized pension expense of \$131,039. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 285,647	\$ 63,432
Changes of assumptions	20,274	-
Net difference between projected and actual earnings on pension plan investments	568,250	-
Changes in proportion	7,464	39,942
City contributions during measurement date	3,172	9,296
City contributions subsequent to the measurement date	350,870	-
Total	\$ 1,235,677	\$ 112,670

\$350,870 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of or an addition to the net pension liability (asset) in the year ended June 30, 2024. 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:	
2024	\$ 175,948
2025	40,872
2026	(164,277)
2027	689,582
2028	30,012
Total	\$ 772,137

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

Inflation:	2.75%
Salary increases:	3.5% to 12% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

**CITY OF MCALESTER, OKLAHOMA
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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, 2022, 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, 2022, are summarized in the following table:

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

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

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

**CITY OF MCALESTER, OKLAHOMA
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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)	\$ 1,687,225	\$(582,345)	\$(2,500,686)

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
2021	315,929	100%	2021	310,535	100%
2022	339,743	100%	2022	327,207	100%
2023	341,276	100%	2023	350,870	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, 2023, the City contributed \$208,390 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, 2023

	GENERAL FUND (BUDGETARY BASIS)			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ 2,355,523	\$ 2,094,467	\$ (261,056)
Resources (Inflows):				
TAXES:				
Sales tax	9,077,182	9,077,182	9,281,838	204,656
Use tax	2,027,345	2,027,345	2,326,773	299,428
Franchise tax	900,919	900,919	698,887	(202,032)
Sales tax increment	-	1,085,706	1,211,055	125,349
Total Taxes	<u>12,005,446</u>	<u>13,091,152</u>	<u>13,518,553</u>	<u>427,401</u>
INTERGOVERNMENTAL:				
Alcoholic beverage tax	271,079	271,079	256,397	(14,682)
Tobacco/cigarette tax	153,480	153,480	133,433	(20,047)
Gas excise tax	35,821	35,821	32,314	(3,507)
Vehicle tax	152,996	152,996	131,349	(21,647)
Grant revenue	45,000	45,000	83,347	38,347
Healthcare reimbursement by state	113,300	113,300	183,622	70,322
Total Intergovernmental	<u>771,676</u>	<u>771,676</u>	<u>820,462</u>	<u>48,786</u>
CHARGES FOR SERVICES:				
Court costs	250,000	250,000	271,361	21,361
Cemetery opening/closing	20,000	20,000	22,225	2,225
Incarceration fee	10,000	10,000	14,288	4,288
Cemetery fees	7,500	7,500	9,325	1,825
Swimming pool revenue	10,000	10,000	16,692	6,692
Ambulance revenue	859,145	859,145	1,111,553	252,408
Street cuts	3,000	3,000	1,992	(1,008)
Recreation fees	5,000	5,000	4,105	(895)
Oil and gas leases	443,001	443,001	505,246	62,245
Abatements	50,000	50,000	67,068	17,068
Rental rooms	1,000	1,000	2,605	1,605
Burgular alarms	8,000	8,000	13,160	5,160
Complex concessions	20,000	20,000	22,303	2,303
Complex rental	12,500	12,500	12,487	(13)
Total Charges for Services	<u>1,699,146</u>	<u>1,699,146</u>	<u>2,074,410</u>	<u>375,264</u>
FINES AND FORFEITURES	<u>637,646</u>	<u>637,646</u>	<u>633,979</u>	<u>(3,667)</u>
LICENSES AND PERMITS	<u>134,100</u>	<u>134,100</u>	<u>155,638</u>	<u>21,538</u>
INVESTMENT INCOME	<u>9,000</u>	<u>9,000</u>	<u>171,721</u>	<u>162,721</u>
MISCELLANEOUS:				
Auctions	13,500	13,500	35,395	21,895
Hay sales	-	-	1,310	1,310
Vendors	25	25	-	(25)
Cemetery lots	16,500	16,500	10,522	(5,978)
Demolitions	3,000	3,000	370	(2,630)
Court admin fee	4,000	4,000	4,511	511
Miscellaneous	8,900	8,900	5,017	(3,883)
Restitution reimbursements	-	-	1,098	1,098
Reimbursements	128,500	140,220	126,726	(13,494)
Total Miscellaneous	<u>174,425</u>	<u>186,145</u>	<u>184,949</u>	<u>(1,196)</u>
OTHER FINANCING SOURCES:				
Transfers from other funds	1,106,573	1,106,573	1,106,573	-
Total Other Financing Sources	<u>1,106,573</u>	<u>1,106,573</u>	<u>1,106,573</u>	<u>-</u>
Amounts available for appropriation	<u>16,538,012</u>	<u>19,990,961</u>	<u>20,760,752</u>	<u>769,791</u>

(Continued)

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

(Continued)

	GENERAL FUND (BUDGETARY BASIS)			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges to Appropriations (Outflows):				
LEGISLATURE	127,385	127,385	106,341	21,044
ADMINISTRATION:				
City Manager	513,898	496,750	415,697	81,053
Finance	409,871	432,366	427,678	4,688
City Clerk	137,637	142,180	141,172	1,008
City Attorney	126,655	128,361	121,120	7,241
Court	203,584	223,631	215,383	8,248
Interdepartmental	1,945,729	2,546,393	2,275,987	270,406
Information Services	491,702	542,497	534,701	7,796
CID	491,140	543,495	541,604	1,891
TOTAL ADMINISTRATION	4,320,216	5,055,673	4,673,342	382,331
PUBLIC SAFETY:				
Patrol	3,434,037	3,821,850	3,819,795	2,055
Animal Control	55,473	59,427	57,368	2,059
Communications	198,196	173,903	160,708	13,195
Fire	3,514,310	3,690,220	3,682,610	7,610
EMS	165,350	173,350	170,316	3,034
TOTAL PUBLIC SAFETY	7,367,366	7,918,750	7,890,797	27,953
COMMUNITY SERVICES:				
Parks	1,013,321	1,005,541	964,517	41,024
Swimming Pools	168,906	151,856	107,168	44,688
Recreation	255,039	198,272	137,857	60,415
Cemetery	243,836	320,482	297,472	23,010
Facility Maintenance	244,650	284,314	267,490	16,824
Carl Albert Building	92,250	92,275	89,421	2,854
TOTAL COMMUNITY SERVICES	2,018,002	2,052,740	1,863,925	188,815
ADMINISTRATIVE SERVICES:				
Planning & Community Development	485,386	512,696	454,796	57,900
Human Resources/Risk Management	172,344	188,322	183,856	4,466
TOTAL ADMINISTRATIVE SERVICES	657,730	701,018	638,652	62,366
PUBLIC WORKS:				
Traffic Control	232,168	248,563	208,960	39,603
Streets	1,076,595	1,150,912	1,137,963	12,949
TOTAL PUBLIC WORKS	1,308,763	1,399,475	1,346,923	12,949
OTHER FINANCING USES:				
Transfers to other funds	738,550	2,735,920	2,745,132	(9,212)
Total Charges to Appropriations	16,538,012	19,990,961	19,265,112	686,246
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 1,495,640	\$ 1,456,037

**CITY OF MCALESTER, OKLAHOMA
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As of and for the Year Ended June 30, 2023**

Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2023, (Continued)

	SPECIAL REVENUE - RESERVE FUND (Budgetary Basis)			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
			Positive (Negative)	
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 3,747,650	\$ 3,747,650
Resources (Inflows):				
Investment income	10,000	10,000	92,627	82,627
Transfers in	-	-	140,000	140,000
Amounts available for appropriation	10,000	10,000	3,980,277	3,970,277
Charges to appropriations (outflows):				
Transfers out	-	-	-	-
Total Charges to Appropriations	-	-	-	-
Ending Budgetary Fund Balance	\$ 10,000	\$ 10,000	\$ 3,980,277	\$ 3,970,277

See accompanying notes to budgetary comparison schedules

Footnotes to Budgetary Comparison Schedules:

1. 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.
2. The legal level of appropriation control is the department level within a fund set by a Resolution that adopts the annual budget. Transfers of appropriation between departments within a fund require the approval of the City Manager, subject to a dollar limitation of \$25,000. However, by practice, the city has brought all budget amendments over \$25,000 to City Council for their informational purposes. 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	\$20,760,752
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.	(2,094,467)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(1,106,573)

CITY OF MCALESTER, OKLAHOMA
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The City reports on-behalf payments made by state in the General Fund in the fund financial statements, but are not budgeted.	1,163,043
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.	56,992
The City budgets for revenues on the modified cash basis of accounting, rather than on the modified accrual basis.	<u>(69,426)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$18,710,321</u>
Uses/Outflows of resources	
Actual amounts (budgetary basis) “total charges to appropriations” from the budgetary comparison schedule	\$19,265,112
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.	699,240
The City reports on-behalf payments made by state in the General Fund in the fund financial statements, but are not budgeted.	1,163,043
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.	290,069
Transfers to other funds and component units are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(2,745,132)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$18,672,332</u>
	<u>Reserve Fund</u>
Sources/Inflows of resources	
Actual amounts (budgetary basis) “available appropriation” from the budgetary comparison schedule	\$3,980,277
Differences – budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(140,000)
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	<u>(3,747,650)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$92,627</u>

4. For the year ended June 30, 2023, the City complied, in all material respects, with the applicable budget laws.

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

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	2021	2022	2023
Total pension liability										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	1,125,249	1,159,854	1,170,468	1,178,194	1,190,824	1,195,454	1,202,785	1,181,301	1,168,486	1,097,236
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	354,880	4,086	25,240	103,095	68,272	161,251	(200,112)	152,269	(1,028,990)	(247,847)
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)	(1,379,356)	(1,343,490)	(1,284,131)
Net change in total pension liability	<u>487,134</u>	<u>171,387</u>	<u>170,862</u>	<u>186,884</u>	<u>94,700</u>	<u>143,307</u>	<u>(251,070)</u>	<u>(45,786)</u>	<u>(1,203,994)</u>	<u>(434,742)</u>
Total pension liability - beginning	<u>16,127,470</u>	<u>16,614,604</u>	<u>16,785,991</u>	<u>16,956,873</u>	<u>17,143,757</u>	<u>17,238,457</u>	<u>17,381,764</u>	<u>17,130,694</u>	<u>17,084,908</u>	<u>15,880,914</u>
Total pension liability - ending (a)	<u>\$ 16,614,604</u>	<u>\$ 16,785,991</u>	<u>\$ 16,956,873</u>	<u>\$ 17,143,757</u>	<u>\$ 17,238,457</u>	<u>\$ 17,381,764</u>	<u>\$ 17,130,694</u>	<u>\$ 17,084,908</u>	<u>\$ 15,880,914</u>	<u>\$ 15,446,172</u>
Plan fiduciary net position										
Contributions - employer	\$ 580,226	\$ 495,901	\$ 618,056	\$ 600,552	\$ 450,504	\$ 427,843	\$ 453,602	\$ 453,602	\$ 518,088	\$ 496,627
Contributions - member	-	-	-	-	-	-	-	-	-	-
Net investment income	2,444,464	132,780	(240,387)	1,691,613	1,039,420	629,480	291,619	3,566,897	(2,289,038)	1,525,464
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)	(1,379,356)	(1,343,490)	(1,284,131)
Administrative expense	(148,960)	(127,870)	(124,062)	(132,257)	(129,577)	(118,720)	(117,195)	(123,489)	(100,356)	(87,247)
Other	71,351	481	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	<u>1,954,086</u>	<u>(491,261)</u>	<u>(771,219)</u>	<u>1,065,503</u>	<u>195,951</u>	<u>(274,795)</u>	<u>(625,717)</u>	<u>2,517,654</u>	<u>(3,214,796)</u>	<u>650,713</u>
Plan fiduciary net position - beginning	<u>11,855,474</u>	<u>13,809,560</u>	<u>13,318,299</u>	<u>12,547,080</u>	<u>13,612,583</u>	<u>13,808,534</u>	<u>13,533,739</u>	<u>12,908,022</u>	<u>15,425,676</u>	<u>12,210,880</u>
Plan fiduciary net position - ending (b)	<u>\$ 13,809,560</u>	<u>\$ 13,318,299</u>	<u>\$ 12,547,080</u>	<u>\$ 13,612,583</u>	<u>\$ 13,808,534</u>	<u>\$ 13,533,739</u>	<u>\$ 12,908,022</u>	<u>\$ 15,425,676</u>	<u>\$ 12,210,880</u>	<u>\$ 12,861,593</u>
Net pension liability - ending (a) - (b)	<u>\$ 2,805,044</u>	<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>\$ 4,222,672</u>	<u>\$ 1,659,232</u>	<u>\$ 3,670,034</u>	<u>\$ 2,584,579</u>
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%	90.3%	76.9%	83.3%
Covered payroll	\$ 4,097,667	\$ 3,714,076	N/A	N/A	N/A	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	N/A	N/A	N/A

Notes to Schedule:

The plan was frozen on July 1, 2013.

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	2021	2022	2023
Actuarially determined contribution	\$ 489,408	\$ 458,246	\$ 478,557	\$ 427,842	\$ 453,602	\$ 503,352	\$ 518,091	\$ 496,627	\$ 427,675
Contributions in relation to the actuarially determined contribution	495,901	593,512	600,552	450,504	427,843	453,602	453,602	518,088	496,627
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>	<u>\$ 64,489</u>	<u>\$ (21,461)</u>	<u>\$ (68,952)</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)	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)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)

Notes to Schedule:

1. *Only nine years are presented because 10-year data is not yet available; plan frozen on July 1, 2013.
2. Latest Valuation Date: July 1, 2022
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 = 4 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	2021	2022	2023
Annual money-weighted rate of return, net of investment expense	0.2%	0.24%	-2.57%	12.81%	7.00%	4.00%	1.47%	27.45%	-15.53%

Note to Schedule:

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

**CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
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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>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City's proportion of the net pension liability	0.774228%	0.747576%	0.761806%	0.750071%	0.724812%	0.732668%	0.748001%	0.692638%	0.735140%
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	\$ 9,214,722	\$ 4,561,482	\$ 9,613,685
City's covered payroll	\$ 2,067,321	\$ 2,042,764	2,128,125	2,134,671	2,145,115	2,263,201	2,394,465	2,256,630	2,426,732
City's proportionate share of the net pension liability as a percentage of its covered payroll	385%	388%	437%	442%	380%	342%	385%	202%	396%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%	69.49%

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

Notes to Schedule:

*Only nine years are presented because 10-year data is not yet available.
Current year measurement date is June 30, 2022

**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>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Statutorially required contribution	\$ 285,987	\$ 297,937	\$ 298,853	\$ 300,317	\$ 316,849	\$ 335,651	\$ 315,929	\$ 339,743	\$ 341,276
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>	<u>315,929</u>	<u>339,743</u>	<u>341,276</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,042,764	2,128,125	2,134,671	2,145,115	2,263,201	2,394,465	2,256,630	2,426,732	2,437,683
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.02%	14.00%	14.00%	14.00%

Notes to Schedule:

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

**CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

**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>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City's proportion of the net pension liability (asset)	0.7942%	0.8215%	0.8551%	0.8220%	0.7797%	0.7435%	0.7512%	0.6894%	0.7262%
City's proportionate share of the net pension liability (asset)	\$ (267,389)	\$ 33,497	\$ 1,309,556	\$ 63,229	\$ (371,422)	\$ (47,463)	\$ 862,693	\$ (3,307,245)	\$ (582,345)
City's covered payroll	\$ 2,217,808	\$ 2,401,492	\$ 2,435,869	\$ 2,451,108	\$ 2,378,392	\$ 2,417,685	\$ 2,516,794	\$ 2,388,728	\$ 2,516,973
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)%	34.28%	(138.45)%	(23.14)%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%	102.74%

Notes to Schedule:

*Only nine years are presented because 10-year data is not yet available.
Current year measurement date is June 30, 2022.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Statutorially required contribution	\$ 312,194	\$ 316,663	\$ 318,644	\$ 309,191	\$ 314,299	\$ 327,058	\$ 310,535	\$ 327,207	\$ 350,870
Contributions in relation to the statutorially 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>	<u>310,535</u>	<u>327,207</u>	<u>350,870</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,401,492	\$ 2,435,869	\$ 2,451,108	\$ 2,378,392	\$ 2,417,685	\$ 2,516,794	\$ 2,388,728	\$ 2,516,973	\$ 2,698,996
Contributions as a percentage of covered payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Notes to Schedule:

*Only nine 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, 2023

Combining Balance Sheet, General Fund Accounts – June 30, 2023

	General Fund	Nutrition Account	Total General Fund
ASSETS			
Cash and cash equivalents	\$ 1,423,767	\$ 208,754	\$ 1,632,521
Investments	317,755	-	317,755
Receivables:			
Due from other governments	1,642,149	4,626	1,646,775
Franchise tax receivable	67,529	-	67,529
Due from other funds	4,840	-	4,840
Court fines receivable, net of allowance	1,845,805	-	1,845,805
Ambulance receivable, net of allowance	42,937	-	42,937
Other receivables, net of allowance	4,468	-	4,468
Total assets	\$ 5,349,250	\$ 213,380	\$ 5,562,630
 LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 248,880	\$ 3,565	\$ 252,445
Accrued payroll liabilities	252,075	5,346	257,421
Due to other funds	1,795,665	-	1,795,665
Unearned revenue	9,570	-	9,570
Due to bondholders	11,274	-	11,274
Total liabilities	2,317,464	8,911	2,326,375
Deferred inflows of resources:			
Unavailable revenue	1,788,109	-	1,788,109
Fund balances:			
Assigned	1,000,181	204,469	1,204,650
Unassigned	243,496	-	243,496
Total fund balances	1,243,677	204,469	1,448,146
Total liabilities, deferred inflows and fund balances	\$ 5,349,250	\$ 213,380	\$ 5,562,630

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances, General Fund Accounts – Year Ended June 30, 2023

	General Fund	Nutrition Account	Total General Fund
REVENUES			
Taxes	\$ 13,513,930	\$ -	\$ 13,513,930
Intergovernmental	1,967,630	52,991	2,020,621
Charges for services	2,047,702	-	2,047,702
Fines and forfeitures	611,759	-	611,759
Licenses and permits	155,638	-	155,638
Investment earnings	171,721	-	171,721
Miscellaneous	184,949	4,001	188,950
Total revenues	<u>18,653,329</u>	<u>56,992</u>	<u>18,710,321</u>
EXPENDITURES			
Current:			
Legislative	106,100	-	106,100
Administration	4,619,903	-	4,619,903
Public safety	9,979,230	-	9,979,230
Community services	1,711,636	-	1,711,636
Administrative services	624,611	-	624,611
Health and welfare	-	290,069	290,069
Public works	1,097,935	-	1,097,935
Capital Outlay	242,848	-	242,848
Total expenditures	<u>18,382,263</u>	<u>290,069</u>	<u>18,672,332</u>
Excess (deficiency) of revenues over expenditures	<u>271,066</u>	<u>(233,077)</u>	<u>37,989</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,106,573	-	1,106,573
Transfers out	(2,478,449)	-	(2,478,449)
Interaccount transfers	(266,683)	266,683	-
Total other financing sources and uses	<u>(1,638,559)</u>	<u>266,683</u>	<u>(1,371,876)</u>
Net change in fund balances	<u>(1,367,493)</u>	<u>33,606</u>	<u>(1,333,887)</u>
Fund balances - beginning	<u>2,611,170</u>	<u>170,863</u>	<u>2,782,033</u>
Fund balances - ending	<u>\$ 1,243,677</u>	<u>\$ 204,469</u>	<u>\$ 1,448,146</u>

**CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Combining Balance Sheet, Nonmajor Governmental Funds – June 30, 2023

	SPECIAL REVENUE FUNDS						
	Juvenile Fine Fund	Tourism/SE Expo Fund	E-911 Fund	Gifts & Contributions Fund	Stormwater Fund	Economic Development Fund	MRHC-Cancer Center Fund
ASSETS							
Cash and cash equivalents	\$ 50	\$ 1,013,693	\$ 21,951	\$ 787,486	\$ 2,055,556	\$ 551,503	\$ -
Investments	-	-	-	-	-	259,807	-
Accounts receivable, net of allowance	-	-	-	-	100,902	100	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	45,975	-	-	5,319	75,554
Other receivables	-	51,131	38,485	-	-	-	-
Lease receivable	-	-	-	248,473	-	14,812	-
Total assets	<u>\$ 50</u>	<u>\$ 1,064,824</u>	<u>\$ 106,411</u>	<u>\$ 1,035,959</u>	<u>\$ 2,156,458</u>	<u>\$ 831,541</u>	<u>\$ 75,554</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ 8,191	\$ 15,773	\$ 41,867	\$ 17,631	\$ 14,921	\$ -
Accrued payroll liabilities	50	2,170	11,093	-	-	2,688	-
Due to other funds	-	-	4,840	-	-	-	-
Total liabilities	<u>50</u>	<u>10,361</u>	<u>31,706</u>	<u>41,867</u>	<u>17,631</u>	<u>17,609</u>	<u>-</u>
Deferred Inflows of Resources:							
Deferred Inflows-Leases	-	-	-	263,356	-	14,638	-
Unavailable revenue	-	-	45,975	-	-	5,319	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>45,975</u>	<u>263,356</u>	<u>-</u>	<u>19,957</u>	<u>-</u>
Fund Balances:							
Restricted	-	468,069	28,730	705,146	2,138,827	-	75,554
Assigned	-	586,394	-	25,590	-	793,975	-
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>1,054,463</u>	<u>28,730</u>	<u>730,736</u>	<u>2,138,827</u>	<u>793,975</u>	<u>75,554</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 50</u>	<u>\$ 1,064,824</u>	<u>\$ 106,411</u>	<u>\$ 1,035,959</u>	<u>\$ 2,156,458</u>	<u>\$ 831,541</u>	<u>\$ 75,554</u>

(Continued)

**CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Combining Balance Sheet, Nonmajor Governmental Funds – June 30, 2023, Continued

	SPECIAL REVENUE FUNDS		CAPITAL PROJECT FUNDS				
	Child Abuse Response Fund	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	\$ 2,081	\$ 4,364	\$ 10,371	\$ 433,186	\$ -	\$ 450	\$ 260
Investments	-	-	-	-	-	-	-
Accounts receivable, net of allowance	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	50,710	-	-
Other receivables	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-
Total assets	\$ 2,081	\$ 4,364	\$ 10,371	\$ 433,186	\$ 50,710	\$ 450	\$ 260
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 2,041	\$ -	\$ -	-	\$ 62,211	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total liabilities	2,041	-	-	-	62,211	-	-
Deferred Inflows of Resources:							
Deferred Inflows-Leases	-	-	-	-	-	-	-
Unavailable revenue	-	-	-	-	50,710	-	-
Total deferred inflows of resources	-	-	-	-	50,710	-	-
Fund Balances:							
Restricted	40	4,364	10,150	433,186	-	450	260
Assigned	-	-	221	-	-	-	-
Unassigned (deficit)	-	-	-	-	(62,211)	-	-
Total fund balances	40	4,364	10,371	433,186	(62,211)	450	260
Total liabilities, deferred inflows and fund balances	\$ 2,081	\$ 4,364	\$ 10,371	\$ 433,186	\$ 50,710	\$ 450	\$ 260

(Continued)

CITY OF MCALESTER, OKLAHOMA
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As of and for the Year Ended June 30, 2023

Combining Balance Sheet, Nonmajor Governmental Funds – June 30, 2023, 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	OWRB Debt Service Fund	
ASSETS							
Cash and cash equivalents	\$ 1,472,195	\$ -	\$ 1,806,049	\$ 270	\$ 140	\$ 507,507	\$ 8,667,112
Investments	-	-	-	-	-	-	259,807
Accounts receivable, net of allowance	-	95,649	95,649	-	-	-	292,300
Due from other funds	800,000	-	-	-	-	-	800,000
Due from other governments	44,444	-	577,674	75,554	-	151,109	1,026,339
Other receivables	-	-	-	-	-	-	89,616
Lease receivable	195,399	-	-	-	-	-	458,684
Total assets	\$ 2,512,038	\$ 95,649	\$ 2,479,372	\$ 75,824	\$ 140	\$ 658,616	\$ 11,593,858
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 265,101	\$ 8,922	\$ 403,328	\$ -	\$ -	\$ -	\$ 839,986
Accrued payroll liabilities	-	-	-	-	-	-	16,001
Due to other funds	-	-	-	-	-	-	4,840
Total liabilities	265,101	8,922	403,328	-	-	-	860,827
Deferred Inflows of Resources:							
Deferred Inflows-Leases	196,718	-	-	-	-	-	474,712
Unavailable revenue	21,837	80,957	281,975	-	-	-	486,773
Total deferred inflows of resources	218,555	80,957	281,975	-	-	-	961,485
Fund Balances:							
Restricted	800,000	9,199	502,988	75,824	140	658,616	5,911,543
Assigned	1,228,382	9,465	1,291,081	-	-	-	3,935,108
Unassigned (deficit)	-	-	-	-	-	-	(62,211)
Total fund balances	2,028,382	18,664	1,794,069	75,824	140	658,616	9,784,440
Total liabilities, deferred inflows and fund balances	\$ 2,512,038	\$ 108,543	\$ 2,479,372	\$ 75,824	\$ 140	\$ 658,616	\$ 11,606,752

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As of and for the Year Ended June 30, 2023

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Nonmajor Governmental Funds – Year Ended June 30, 2023

	SPECIAL REVENUE FUNDS						
	Juvenile Fine Fund	Tourism/SE Expo Fund	E-911 Fund	Gifts & Contributions Fund	Stormwater Fund	Economic Development Fund	MRHC-Cancer Center Fund
REVENUES							
Taxes	\$ -	\$ 760,977	\$ 533,600	\$ -	\$ -	\$ -	\$ 578,532
Intergovernmental	-	-	-	8,050	-	203,370	-
Charges for services	3,651	3,167	-	-	1,444,032	-	-
Investment earnings	-	-	-	7,527	-	15,884	-
Miscellaneous	-	-	-	643,320	-	110,530	-
Total revenues	<u>3,651</u>	<u>764,144</u>	<u>533,600</u>	<u>658,897</u>	<u>1,444,032</u>	<u>329,784</u>	<u>578,532</u>
EXPENDITURES							
Current:							
Administration	-	-	-	34,813	-	-	-
Public safety	12,863	-	831,966	-	-	-	-
Community services	-	-	-	-	-	-	-
Administrative services	-	343,597	-	-	-	-	-
Economic development	-	-	-	-	-	454,107	-
Payment to MRHC-Cancer Center	-	-	-	-	-	-	580,115
Capital Outlay	-	22,469	45,975	295,680	550,211	54,765	-
Debt Service:							
Principal	-	-	-	-	37,085	-	-
Interest and other charges	-	-	-	-	2,325	-	-
Total expenditures	<u>12,863</u>	<u>366,066</u>	<u>877,941</u>	<u>330,493</u>	<u>589,621</u>	<u>508,872</u>	<u>580,115</u>
Excess (deficiency) of revenues over expenditures	(9,212)	398,078	(344,341)	328,404	854,411	(179,088)	(1,583)
OTHER FINANCING SOURCES (USES)							
Transfers in	9,212	-	352,461	-	-	50,000	-
Transfers out	-	-	-	-	-	(3,390)	-
Total other financing sources and uses	<u>9,212</u>	<u>-</u>	<u>352,461</u>	<u>-</u>	<u>-</u>	<u>46,610</u>	<u>-</u>
Net change in fund balances	-	398,078	8,120	328,404	854,411	(132,478)	(1,583)
Fund balances - beginning	-	656,385	20,610	402,332	1,284,416	926,453	77,137
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,054,463</u>	<u>\$ 28,730</u>	<u>\$ 730,736</u>	<u>\$ 2,138,827</u>	<u>\$ 793,975</u>	<u>\$ 75,554</u>

(Continued)

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Nonmajor Governmental Funds – Year Ended June 30, 2022 (Continued)

	SPECIAL REVENUE FUNDS		CAPITAL PROJECT FUNDS				
	Child Abuse Response Fund	Police Equipment Fund	State Forfeiture Fund	Cemetery	CDBG Grants Fund	Federal Forfeiture Fund	Fire Improvement Grant Fund
				Perpetual Care Fund			
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	2,712	-	569,929	-	-
Charges for services	6,000	-	-	4,678	-	-	-
Investment earnings	15	-	221	11,049	-	448	-
Miscellaneous	-	-	-	-	-	-	-
Total revenues	<u>6,015</u>	<u>-</u>	<u>2,933</u>	<u>15,727</u>	<u>569,929</u>	<u>448</u>	<u>-</u>
EXPENDITURES							
Current:							
Administration	5,975	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Community services	-	-	-	-	297,741	-	-
Administrative services	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Payment to MRHC-Cancer Center	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	183,295	21,000	-
Debt Service:							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Total expenditures	<u>5,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>481,036</u>	<u>21,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	40	-	2,933	15,727	88,893	(20,552)	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	80,833	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,833</u>	<u>-</u>	<u>-</u>
Net change in fund balances	40	-	2,933	15,727	169,726	(20,552)	-
Fund balances - beginning	-	4,364	7,438	417,459	(231,937)	21,002	260
Fund balances - ending	<u>\$ 40</u>	<u>\$ 4,364</u>	<u>\$ 10,371</u>	<u>\$ 433,186</u>	<u>\$ (62,211)</u>	<u>\$ 450</u>	<u>\$ 260</u>

(Continued)

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Nonmajor Governmental Funds – Year Ended June 30, 2022 (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	OWRB Debt Service Fund	
REVENUES							
Taxes	\$ -	\$ -	\$ 2,314,132	\$ 578,532	\$ 26	\$ 1,157,066	\$ 5,922,865
Intergovernmental	268,260	-	76,705	-	-	-	1,129,026
Charges for services	-	81,159	80,863	-	-	-	1,623,550
Investment earnings	2,657	-	42,966	-	-	-	80,767
Miscellaneous	105,897	-	-	-	-	-	859,747
Total revenues	<u>376,814</u>	<u>81,159</u>	<u>2,514,666</u>	<u>578,532</u>	<u>26</u>	<u>1,157,066</u>	<u>9,615,955</u>
EXPENDITURES							
Current:							
Administration	-	-	-	-	-	-	40,788
Public safety	-	-	-	-	-	-	844,829
Community services	-	-	-	580,115	-	-	877,896
Administrative services	-	-	-	-	-	-	343,597
Economic development	-	-	-	-	-	-	454,107
Payment to MRHC-Cancer Center	-	-	-	-	-	-	580,115
Capital Outlay	1,424,665	104,868	2,171,934	-	-	-	4,874,862
Debt Service:							
Principal	207,373	-	-	-	-	-	244,458
Interest and other charges	7,465	-	-	-	-	-	9,790
Total expenditures	<u>1,639,503</u>	<u>104,868</u>	<u>2,171,934</u>	<u>580,115</u>	<u>-</u>	<u>-</u>	<u>8,270,402</u>
Excess (deficiency) of revenues over expenditures	(1,262,689)	(23,709)	342,732	(1,583)	26	1,157,066	1,345,553
OTHER FINANCING SOURCES (USES)							
Transfers in	1,861,593	-	368,905	-	-	360,917	3,083,921
Transfers out	(291,105)	-	-	-	-	(1,157,038)	(1,451,533)
Total other financing sources and uses	<u>1,570,488</u>	<u>-</u>	<u>368,905</u>	<u>-</u>	<u>-</u>	<u>(796,121)</u>	<u>1,632,388</u>
Net change in fund balances	307,799	(23,709)	711,637	(1,583)	26	360,945	2,977,941
Fund balances - beginning	1,720,583	42,373	1,082,432	77,407	114	297,671	6,806,499
Fund balances - ending	<u>\$ 2,028,382</u>	<u>\$ 18,664</u>	<u>\$ 1,794,069</u>	<u>\$ 75,824</u>	<u>\$ 140</u>	<u>\$ 658,616</u>	<u>\$ 9,784,440</u>

CITY OF MCALESTER, OKLAHOMA
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As of and for the Year Ended June 30, 2023

Combining Schedule of Net Position, MPWA Accounts – June 30, 2023

	Enterprise Fund - MPWA			Total
	McAlester Public Works Authority Operating Account	Landfill Reserve Account	MPWA-DWSRF Projects Account	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ (202,368)	\$ 4,496,728	\$ (3,417)	\$ 4,290,943
Restricted cash and cash equivalents	598,172	-	-	598,172
Investments	317,755	-	-	317,755
Accounts receivable, net of allowance	1,684,790	31,791	-	1,716,581
Receivables from other governments	3,549	-	-	3,549
Total current assets	<u>2,401,898</u>	<u>4,528,519</u>	<u>(3,417)</u>	<u>6,927,000</u>
Non-current assets:				
Investment in joint venture	2,141,847	-	-	2,141,847
Capital Assets:				
Land and improvements	17,606,287	-	-	17,606,287
Other capital assets, net of depreciation	24,313,712	-	-	24,313,712
Total non-current assets	<u>44,061,846</u>	<u>-</u>	<u>-</u>	<u>44,061,846</u>
Total assets	<u>46,463,744</u>	<u>4,528,519</u>	<u>(3,417)</u>	<u>50,988,846</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amounts related to pensions	581,482	-	-	581,482
LIABILITIES				
Current Liabilities:				
Accounts payable	338,591	7,713	363,007	709,311
Accrued payroll liabilities	45,768	-	-	45,768
Due to other funds	64,759	-	-	64,759
Due to other governments	3,614	-	-	3,614
Accrued interest payable	68,552	-	-	68,552
Unearned revenue	167,876	-	-	167,876
Due to depositors	119,634	-	-	119,634
Notes payable	1,219,763	-	-	1,219,763
Accrued compensated absences	28,866	-	-	28,866
Total current liabilities	<u>2,057,423</u>	<u>7,713</u>	<u>363,007</u>	<u>2,428,143</u>
Non-current liabilities:				
Landfill closure and postclosure liability	5,371,536	-	-	5,371,536
Due to depositors	478,538	-	-	478,538
Notes payable	11,985,028	-	-	11,985,028
Accrued compensated absences	259,796	-	-	259,796
Net pension liability	965,796	-	-	965,796
Total non-current liabilities	<u>19,060,694</u>	<u>-</u>	<u>-</u>	<u>19,060,694</u>
Total liabilities	<u>21,118,117</u>	<u>7,713</u>	<u>363,007</u>	<u>21,488,837</u>
DEFERRED INFLOW OF RESOURCES				
Deferred amounts related to pensions	62,489	-	-	62,489
NET POSITION				
Net investment in capital assets	28,715,208	-	-	28,715,208
Unrestricted (deficit)	(2,850,588)	4,520,806	(366,424)	1,303,794
Total net position	<u>\$ 25,864,620</u>	<u>\$ 4,520,806</u>	<u>\$ (366,424)</u>	<u>\$ 30,019,002</u>

CITY OF MCALESTER, OKLAHOMA
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As of and for the Year Ended June 30, 2023

Combining Schedule of Revenues, Expenses, and Changes in Net Position, MPWA Accounts – Year Ended June 30, 2023

	Enterprise Fund - MPWA			Total
	McAlester Public Works Authority Operating Account	Landfill Reserve Account	MPWA-DWSRF Projects Account	
OPERATING REVENUES				
Charges for services:				
Water	\$ 3,777,288	\$ -	\$ -	\$ 3,777,288
Sewer	2,207,137	-	-	2,207,137
Sanitation	3,170,977	-	-	3,170,977
Water taps	42,362	-	-	42,362
Sewer taps	4,800	-	-	4,800
Water districts	2,043,549	-	-	2,043,549
Landfill	2,811	-	-	2,811
Penalties	303,266	6,503	-	309,769
Recycle fees	37,960	-	-	37,960
Subtitle "D" fees	-	394,806	-	394,806
Total operating revenues	<u>11,590,150</u>	<u>401,309</u>	<u>-</u>	<u>11,991,459</u>
OPERATING EXPENSES				
Utility office	563,895	-	-	563,895
Interdepartmental	980,847	-	-	980,847
Sanitation	2,360,079	-	-	2,360,079
Engineering	374,090	-	-	374,090
Sewer	972,779	-	-	972,779
Water	1,738,849	-	339	1,739,188
Utility maintenance	1,791,658	-	-	1,791,658
Landfill	493,752	46,935	-	540,687
Depreciation	1,733,885	-	-	1,733,885
Total Operating Expenses	<u>11,009,834</u>	<u>46,935</u>	<u>339</u>	<u>11,057,108</u>
Operating income (loss)	<u>580,316</u>	<u>354,374</u>	<u>(339)</u>	<u>934,351</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	12,675	111,254	-	123,929
Interest expense	(195,965)	-	-	(195,965)
Miscellaneous revenue	169,484	356	-	169,840
Gain (loss) on joint venture	17,658	-	-	17,658
Total non-operating revenue (expenses)	<u>3,852</u>	<u>111,610</u>	<u>-</u>	<u>115,462</u>
Income (loss) before contributions and transfers	584,168	465,984	(339)	1,049,813
Capital contributions	4,215,520	-	-	4,215,520
Transfers in	1,371,200	-	-	1,371,200
Transfers out	(2,469,931)	-	-	(2,469,931)
Interaccount transfers	<u>(2,730,007)</u>	<u>(19,056)</u>	<u>2,749,063</u>	<u>-</u>
Change in net position	970,950	446,928	2,748,724	4,166,602
Total net position - beginning	24,893,670	4,073,878	(3,115,148)	25,852,400
Total net position - ending	<u>\$ 25,864,620</u>	<u>\$ 4,520,806</u>	<u>\$ (366,424)</u>	<u>\$ 30,019,002</u>

CITY OF MCALESTER, OKLAHOMA
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As of and for the Year Ended June 30, 2023

Combining Schedule of Net Position, MAA Accounts – June 30, 2023

	McAlester Airport Authority			Total
	McAlester Airport Authority Operating Account	Airport Grant Account	Airport Hanger Account	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 242,625	\$ 65,150	\$ -	\$ 307,775
Accounts receivable, net of allowance	8,972	-	-	8,972
Due from other governments	-	118,558	-	118,558
Total current assets	251,597	183,708	-	435,305
Non-current assets:				
Capital Assets:				
Land and improvements	287,080	-	-	287,080
Other capital assets, net of depreciation	6,321,427	-	-	6,321,427
Total non-current assets	6,608,507	-	-	6,608,507
Total assets	6,860,104	183,708	-	7,043,812
DEFERRED OUTFLOW OF RESOURCES				
Deferred amounts related to pensions	36,641	-	-	36,641
LIABILITIES				
Current Liabilities:				
Accounts payable	11,438	52,900	-	64,338
Accrued payroll liabilities	3,887	-	-	3,887
Accrued compensated absences	513	-	-	513
Total current liabilities	15,838	52,900	-	68,738
Non-current liabilities:				
Accrued compensated absences	4,619	-	-	4,619
Net pension liability	61,529	-	-	61,529
Total non-current liabilities	66,148	-	-	66,148
Total liabilities	81,986	52,900	-	134,886
DEFERRED INFLOW OF RESOURCES				
Deferred amounts related to pensions	3,981	-	-	3,981
NET POSITION				
Net investment in capital assets	6,608,507	-	-	6,608,507
Unrestricted	202,271	130,808	-	333,079
Total net position	\$ 6,810,778	\$ 130,808	\$ -	\$ 6,941,586

CITY OF MCALESTER, OKLAHOMA
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Combining Schedule of Revenues, Expenses, and Changes in Net Position, MAA Accounts – Year Ended June 30, 2023

	<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	\$ 77,992	\$ -	\$ -	\$ 77,992
Aviation fuel sales	116,362	-	-	116,362
Total operating revenues	<u>194,354</u>	<u>-</u>	<u>-</u>	<u>194,354</u>
OPERATING EXPENSES				
Airport	347,366	-	-	347,366
Depreciation	321,233	-	-	321,233
Total Operating Expenses	<u>668,599</u>	<u>-</u>	<u>-</u>	<u>668,599</u>
Operating income (loss)	<u>(474,245)</u>	<u>-</u>	<u>-</u>	<u>(474,245)</u>
NON-OPERATING REVENUES (EXPENSES)				
Operating grant revenue	22,921	-	-	22,921
Total non-operating revenue (expenses)	<u>22,921</u>	<u>-</u>	<u>-</u>	<u>22,921</u>
Income (loss) before contributions and transfers	(451,324)	-	-	(451,324)
Capital contributions	95,183	118,558	-	213,741
Transfers in	303,406	236,900	-	540,306
Interaccount transfers	265,556	(228,796)	(36,760)	-
Change in net position	212,821	126,662	(36,760)	302,723
Total net position - beginning	6,597,957	4,146	36,760	6,638,863
Total net position - ending	<u>\$ 6,810,778</u>	<u>\$ 130,808</u>	<u>\$ -</u>	<u>\$ 6,941,586</u>

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Statement of Net Position, Internal Service Funds – June 30, 2023

	Internal Service Funds		
	Worker's Compensation Fund	FLEET Maintenance Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 18,982	\$ 68,009	\$ 86,991
Due from other funds	1,060,424	-	1,060,424
Total assets	<u>1,079,406</u>	<u>68,009</u>	<u>1,147,415</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	-	11,775	11,775
Accrued payroll liabilities	-	6,906	6,906
Estimated liability for claims	107,941	-	107,941
Compensated absences	-	4,933	4,933
Total current liabilities	<u>107,941</u>	<u>23,614</u>	<u>131,555</u>
Non-current liabilities:			
Estimated liability for claims	971,465	-	971,465
Compensated absences	-	44,395	44,395
Total non-current liabilities	<u>971,465</u>	<u>44,395</u>	<u>1,015,860</u>
Total liabilities	<u>1,079,406</u>	<u>68,009</u>	<u>1,147,415</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, 2023

	Internal Service Funds		
	Worker's Compensation Fund	FLEET Maintenance Fund	Total
OPERATING REVENUES			
Self insurance charges	\$ 1,284,078	\$ 634,290	\$ 1,918,368
Miscellaneous	6,334	-	6,334
Total operating revenues	<u>1,290,412</u>	<u>634,290</u>	<u>1,924,702</u>
OPERATING EXPENSES			
FLEET maintenance expense	-	634,290	634,290
Claims expense	1,290,412	-	1,290,412
Total operating expenses	<u>1,290,412</u>	<u>634,290</u>	<u>1,924,702</u>
Operating income	-	-	-
Total net position - beginning	-	-	-
Total net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Combining Statement of Cash Flows, Internal Service Funds – Year Ended June 30, 2023

	Internal Service Funds		
	Worker's Compensation Fund	FLEET Maintenance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers	\$ (370,451)	\$ (280,193)	\$ (650,644)
Payments to employees	-	(316,478)	(316,478)
Other receipts	368,701	596,937	965,638
Net Cash Provided by (Used in) Operating Activities	<u>(1,750)</u>	<u>266</u>	<u>(1,484)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,750)	266	(1,484)
Balances - beginning of the year	<u>20,732</u>	<u>67,743</u>	<u>88,475</u>
Balances - end of the year	<u>\$ 18,982</u>	<u>\$ 68,009</u>	<u>\$ 86,991</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ -	\$ -	\$ -
Change in assets and liabilities:			
Due from other funds	(921,711)	-	(921,711)
Accounts payables	(1,750)	1,292	(458)
Accrued payroll liabilities	-	(5,665)	(5,665)
Claims liability	921,711	-	921,711
Accrued compensated absences	-	4,639	4,639
Net Cash Provided by (Used in) Operating Activities	<u>\$ (1,750)</u>	<u>\$ 266</u>	<u>\$ (1,484)</u>

CITY OF MCALESTER, OKLAHOMA
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Budgetary Comparison Schedules – Major Capital Project and Debt Service Governmental Funds
– Year Ended June 30, 2023

CAPITAL PROJECT - AMERICAN RESCUE PLAN FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ 1,338,140	\$ 1,320,522	\$ (17,618)
Resources (Inflows):				
Intergovernmental	1,555,655	1,570,403	1,570,403	-
Investment income	1,300	1,300	27,727	26,427
Amounts available for appropriation	<u>1,556,955</u>	<u>2,909,843</u>	<u>2,918,652</u>	<u>8,809</u>
Charges to appropriations (outflows):				
City manager	51,955	23,387	-	23,387
Streets	515,000	-	-	-
Wastewater treatment	-	1,824,680	1,730,044	94,636
Water treatment	250,000	1,061,776	1,043,398	18,378
Utility maintenance	740,000	-	-	-
Total Charges to Appropriations	<u>1,556,955</u>	<u>2,909,843</u>	<u>2,773,442</u>	<u>136,401</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,210</u>	<u>\$ 145,210</u>

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 488,312	\$ 488,312
Resources (Inflows):				
Taxes	4,538,591	4,538,591	4,640,919	102,328
Investment income	750	750	18,622	17,872
Transfers in	158,413	158,413	158,413	-
Amounts available for appropriation	<u>4,697,754</u>	<u>4,697,754</u>	<u>5,306,266</u>	<u>608,512</u>
Charges to appropriations (outflows):				
Administration	5,000	5,500	4,501	999
Transfers out	4,692,754	4,692,254	4,634,366	57,888
Total Charges to Appropriations	<u>4,697,754</u>	<u>4,697,754</u>	<u>4,638,867</u>	<u>58,887</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 667,399</u>	<u>\$ 667,399</u>

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Budgetary Comparison Schedules – Major Debt Service Governmental Funds – Year Ended June 30, 2023, (Continued)

	DEBT SERVICE - BOND TRUSTEE FUND (Budgetary Basis)			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 5,948,574	\$ 5,948,574
Resources (Inflows):				
Investment income	-	-	157,717	157,717
Transfers in	4,692,754	4,692,754	4,633,866	(58,888)
Amounts available for appropriation	<u>4,692,754</u>	<u>4,692,754</u>	<u>10,740,157</u>	<u>6,047,403</u>
Charges to appropriations (outflows):				
Finance	<u>4,692,754</u>	<u>4,692,754</u>	<u>4,688,290</u>	<u>4,464</u>
Total Charges to Appropriations	<u>4,692,754</u>	<u>4,692,754</u>	<u>4,688,290</u>	<u>4,464</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,051,867</u>	<u>\$ 6,051,867</u>

Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2023

	SPECIAL REVENUE - JUVENILE FINE FUND (Budgetary Basis)			
			Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Charges for services	18,296	18,296	3,651	(14,645)
Transfers in	-	-	9,212	9,212
Amounts available for appropriation	<u>18,296</u>	<u>18,296</u>	<u>12,863</u>	<u>(5,433)</u>
Charges to appropriations (outflows):				
Public safety	<u>18,188</u>	<u>18,188</u>	<u>12,813</u>	<u>5,375</u>
Total Charges to Appropriations	<u>18,188</u>	<u>18,188</u>	<u>12,813</u>	<u>5,375</u>
Ending Budgetary Fund Balance	<u>\$ 108</u>	<u>\$ 108</u>	<u>\$ 50</u>	<u>\$ (58)</u>

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Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2023

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ 433,201	\$ 593,082	\$ 159,881
Resources (Inflows):				
Taxes	690,738	690,738	777,406	86,668
Charges for services	-	-	3,167	3,167
Miscellaneous	6,747	6,747	-	(6,747)
Amounts available for appropriation	<u>697,485</u>	<u>1,130,686</u>	<u>1,373,655</u>	<u>242,969</u>
Charges to appropriations (outflows):				
Administrative services	<u>697,485</u>	<u>1,130,686</u>	<u>368,153</u>	<u>762,533</u>
Total Charges to Appropriations	<u>697,485</u>	<u>1,130,686</u>	<u>368,153</u>	<u>762,533</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,005,502</u>	<u>\$ 1,005,502</u>

SPECIAL REVENUE - E-911 FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 9,525	\$ 9,525
Resources (Inflows):				
Taxes	637,565	637,565	533,886	(103,679)
Investment income	5,000	5,000	-	(5,000)
Transfers in	206,461	352,461	352,461	-
Amounts available for appropriation	<u>849,026</u>	<u>995,026</u>	<u>895,872</u>	<u>(99,154)</u>
Charges to appropriations (outflows):				
Public safety	<u>849,026</u>	<u>897,523</u>	<u>894,534</u>	<u>2,989</u>
Total Charges to Appropriations	<u>849,026</u>	<u>897,523</u>	<u>894,534</u>	<u>2,989</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ 97,503</u>	<u>\$ 1,338</u>	<u>\$ (96,165)</u>

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**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2023
(Continued)**

SPECIAL REVENUE - GIFTS & CONTRIBUTIONS FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 437,537	\$ 437,537
Resources (Inflows):				
Intergovernmental	-	8,050	8,050	-
Miscellaneous	-	630,525	630,525	-
Amounts available for appropriation	<u>-</u>	<u>638,575</u>	<u>1,076,112</u>	<u>437,537</u>
Charges to appropriations (outflows):				
Administration	<u>-</u>	<u>330,493</u>	<u>330,493</u>	<u>-</u>
Total Charges to Appropriations	<u>-</u>	<u>330,493</u>	<u>330,493</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ 308,082</u>	<u>\$ 745,619</u>	<u>\$ 437,537</u>

SPECIAL REVENUE - STORMWATER FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ 153,322	\$ 1,284,416	\$ 1,131,094
Resources (Inflows):				
Charges for services	1,050,000	1,050,000	1,444,032	394,032
Amounts available for appropriation	<u>1,050,000</u>	<u>1,203,322</u>	<u>2,728,448</u>	<u>1,525,126</u>
Charges to appropriations (outflows):				
Stormwater	<u>1,050,000</u>	<u>1,203,322</u>	<u>589,621</u>	<u>613,701</u>
Total Charges to Appropriations	<u>1,050,000</u>	<u>1,203,322</u>	<u>589,621</u>	<u>613,701</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,138,827</u>	<u>\$ 2,138,827</u>

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(Continued)

SPECIAL REVENUE - ECONOMIC DEVELOPMENT FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 517,119	\$ 423,773	\$ 934,290	\$ 510,517
Resources (Inflows):				
Intergovernmental	-	203,370	203,370	-
Charges for services	1,200	1,200	-	(1,200)
Investment income	20,000	20,000	15,884	(4,116)
Miscellaneous	20,000	109,346	110,440	1,094
Transfers in	50,000	50,000	50,000	-
Amounts available for appropriation	<u>608,319</u>	<u>807,689</u>	<u>1,313,984</u>	<u>506,295</u>
Charges to appropriations (outflows):				
Finance	27,390	57,780	54,390	3,390
Planning and community development	580,929	746,519	459,715	286,804
Transfers out	-	3,390	3,390	-
Total Charges to Appropriations	<u>608,319</u>	<u>807,689</u>	<u>517,495</u>	<u>290,194</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 796,489</u>	<u>\$ 796,489</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	567,323	580,115	580,115	-
Amounts available for appropriation	<u>567,323</u>	<u>580,115</u>	<u>580,115</u>	<u>-</u>
Charges to appropriations (outflows):				
Payment to Cancer Center	567,323	580,115	580,115	-
Total Charges to Appropriations	<u>567,323</u>	<u>580,115</u>	<u>580,115</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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(Continued)

SPECIAL REVENUE -CHILD ABUSE RESPONSE 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	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Charges for services	-	-	6,000	6,000
Investment income	-	-	15	15
Amounts available for appropriation	<u>-</u>	<u>-</u>	<u>6,015</u>	<u>6,015</u>
Charges to appropriations (outflows):				
Administration	<u>-</u>	<u>-</u>	<u>5,975</u>	<u>(5,975)</u>
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>5,975</u>	<u>(5,975)</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40</u>	<u>\$ 40</u>

CAPITAL PROJECT - POLICE EQUIPMENT 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	\$ -	\$ -	\$ 4,364	\$ 4,364
Resources (Inflows):				
Intergovernmental	-	-	-	-
Amounts available for appropriation	<u>-</u>	<u>-</u>	<u>4,364</u>	<u>4,364</u>
Charges to appropriations (outflows):				
Public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,364</u>	<u>\$ 4,364</u>

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**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2023
(Continued)**

CAPITAL PROJECT - STATE FORFEITURE FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 7,438	\$ 7,438
Resources (Inflows):				
Intergovernmental	-	-	2,712	2,712
Investment income	-	-	221	221
Amounts available for appropriation	<u>-</u>	<u>-</u>	<u>10,371</u>	<u>10,371</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>\$ 10,371</u>	<u>\$ 10,371</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	\$ -	\$ -	\$ 417,459	\$ 417,459
Resources (Inflows):				
Charges for services	5,000	5,000	4,678	(322)
Investment income	1,500	1,500	11,049	9,549
Amounts available for appropriation	<u>6,500</u>	<u>6,500</u>	<u>433,186</u>	<u>426,686</u>
Charges to appropriations (outflows):				
Community services	3,500	3,500	-	3,500
Total Charges to Appropriations	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>
Ending Budgetary Fund Balance	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 433,186</u>	<u>\$ 430,186</u>

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**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2023
(Continued)**

CAPITAL PROJECT - CDBG GRANTS FUND (Budgetary Basis)				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ 614,542	\$ (437,409)	\$ (1,051,951)
Resources (Inflows):				
Intergovernmental	-	775,401	775,401	-
Transfers in	-	-	80,833	80,833
Amounts available for appropriation	<u>-</u>	<u>1,389,943</u>	<u>418,825</u>	<u>(971,118)</u>
Charges to appropriations (outflows):				
Engineering	<u>-</u>	<u>614,542</u>	<u>481,036</u>	<u>133,506</u>
Total Charges to Appropriations	<u>-</u>	<u>614,542</u>	<u>481,036</u>	<u>133,506</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ 775,401</u>	<u>\$ (62,211)</u>	<u>\$ (837,612)</u>

CAPITAL PROJECT - FEDERAL FORFEITURE FUND (Budgetary Basis)				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ 21,000	\$ 21,002	\$ 2
Resources (Inflows):				
Investment income	-	-	448	448
Amounts available for appropriation	<u>-</u>	<u>21,000</u>	<u>21,450</u>	<u>450</u>
Charges to appropriations (outflows):				
Public safety	<u>-</u>	<u>21,000</u>	<u>21,000</u>	<u>-</u>
Total Charges to Appropriations	<u>-</u>	<u>21,000</u>	<u>21,000</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 450</u>	<u>\$ 450</u>

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Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2023
(Continued)

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	-	-	260	260
Charges to appropriations (outflows):				
Public safety	-	-	-	-
Total Charges to Appropriations	-	-	-	-
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260</u>	<u>\$ 260</u>

CAPITAL PROJECT - CAPITAL IMPROVEMENT PLAN 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	\$ -	\$ 1,272,497	\$ 1,737,319	\$ 464,822
Resources (Inflows):				
Intergovernmental	-	234,180	245,653	11,473
Charges for services	272,760	272,760	303,266	30,506
Miscellaneous	90,000	90,000	93,137	3,137
Transfers in	400,762	1,558,327	1,558,327	-
Amounts available for appropriation	<u>763,522</u>	<u>3,427,764</u>	<u>3,937,702</u>	<u>509,938</u>
Charges to appropriations (outflows):				
City manager	117,531	112,262	50,047	62,215
Patrol	22,076	223,076	220,255	2,821
Fire	-	1,610,745	625,042	985,703
Parks	60,000	70,880	18,930	51,950
Facility Maintenance	-	60,922	34,979	25,943
Planning & Comm Dev	-	359,353	58,900	300,453
Fleet Maintenance	155,165	161,521	161,521	-
Safety/Traffic Control	-	18,720	18,720	-
Landfill	36,152	36,152	36,152	-
Streets	84,717	84,718	84,718	-
Water Treatment	80,444	394,311	333,714	60,597
Utility maintenance	207,437	214,271	206,797	7,474
Transfers out	-	80,833	80,833	-
Total Charges to Appropriations	<u>763,522</u>	<u>3,427,764</u>	<u>1,930,608</u>	<u>1,497,156</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,007,094</u>	<u>\$ 2,007,094</u>

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**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2023
(Continued)**

CAPITAL PROJECT - TECHNOLOGY FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ 50,000	\$ 28,737	\$ (21,263)
Resources (Inflows):				
Charges for services	87,500	87,500	80,103	(7,397)
Amounts available for appropriation	<u>87,500</u>	<u>137,500</u>	<u>108,840</u>	<u>(28,660)</u>
Charges to appropriations (outflows):				
Administration	87,500	137,500	104,868	32,632
Total Charges to Appropriations	<u>87,500</u>	<u>137,500</u>	<u>104,868</u>	<u>32,632</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,972</u>	<u>\$ 3,972</u>

CAPITAL PROJECT - INFRASTRUCTURE FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ 1,326,100	\$ 760,250	\$ (565,850)
Resources (Inflows):				
Taxes	2,269,295	2,269,295	2,320,460	51,165
Intergovernmental	-	2,267	2,267	-
Charges for services	75,800	75,800	79,807	4,007
Investment income	3,000	3,000	42,966	39,966
Transfers in	-	368,905	368,905	-
Amounts available for appropriation	<u>2,348,095</u>	<u>4,045,367</u>	<u>3,574,655</u>	<u>(470,712)</u>
Charges to appropriations (outflows):				
City manager	158,095	52,000	52,000	-
Facility maintenance	155,000	155,000	187,414	(32,414)
Streets	550,000	1,670,267	863,973	806,294
Wastewater treatment	335,000	735,000	167,498	567,502
Water treatment	300,000	300,000	-	300,000
Utility maintenance	850,000	1,133,100	901,049	232,051
Total Charges to Appropriations	<u>2,348,095</u>	<u>4,045,367</u>	<u>2,171,934</u>	<u>1,873,433</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,402,721</u>	<u>\$ 1,402,721</u>

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**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2023
(Continued)**

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 270	\$ 270
Resources (Inflows):				
Taxes	567,323	580,115	580,115	-
Amounts available for appropriation	<u>567,323</u>	<u>580,115</u>	<u>580,385</u>	<u>270</u>
Charges to appropriations (outflows):				
Community services	<u>567,323</u>	<u>580,115</u>	<u>580,115</u>	<u>-</u>
Total Charges to Appropriations	<u>567,323</u>	<u>580,115</u>	<u>580,115</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 270</u>	<u>\$ 270</u>

DEBT SERVICE - SINKING FUND (Budgetary Basis)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 114	\$ 114
Resources (Inflows):				
Taxes	-	-	26	26
Amounts available for appropriation	<u>-</u>	<u>-</u>	<u>140</u>	<u>140</u>
Charges to appropriations (outflows):				
Administration	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140</u>	<u>\$ 140</u>

**CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2023
(Continued)**

	DEBT SERVICE - OWRB DEBT SERVICE FUND (Budgetary Basis)			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 143,398	\$ 143,398
Resources (Inflows):				
Taxes	1,134,647	1,134,647	1,160,230	25,583
Transfers in	360,917	360,917	360,917	-
Amounts available for appropriation	1,495,564	1,495,564	1,664,545	168,981
Charges to appropriations (outflows):				
Transfers out	1,495,564	1,495,564	1,157,038	338,526
Total Charges to Appropriations	1,495,564	1,495,564	1,157,038	338,526
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 507,507	\$ 507,507

CITY OF MCALESTER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Schedule of Federal Awards Expended – Year Ended June 30, 2023

CITY OF MCALESTER, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2023

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal AL Number	Grant #	Award Amount	Federal Expenditures
FEDERAL AWARDS:				
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Bulletproof Vest Partnership Program	16.607	2022BUBX	\$ 5,355	\$ 3,958
Total U.S. Department of Justice			5,355	3,958
<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	52,991	52,991
Total U.S. Department of Health and Human Services			52,991	52,991
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
Passed through Oklahoma Department of Commerce: Community Development Block Grant	14.228	18264 CDBGSC 21	228,333	45,981
Community Development Block Grant	14.228	18116 CDBGCR 20	1,100,000	269,136
Total U.S. Department of Housing and Urban Development			1,328,333	315,117
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Federal Aviation Administration: Airport Improvement Grant	20.106	AIP 3-40-0057-018-2021	139,419	14,174
Airport Improvement Grant	20.106	AIP 3-40-0057-020-2022	59,000	22,921
Total Federal Aviation Administration			198,419	37,095
Passed through Oklahoma Tourism and Recreation Department: Recreational Trails Program Grant	20.219	RT21-103	300,000	10,016
Passed through Oklahoma Highway Safety Office: State and Community Highway Safety	20.600	PT-23-03-19-14	58,365	42,213
State and Community Highway Safety	20.600	PT-22-03-15-13	55,579	13,761
Total State and Community Highway Safety Office			113,944	55,974
Total U.S. Department of Transportation			612,363	103,085
<u>U.S. DEPARTMENT OF THE TREASURY:</u>				
American Rescue Plan Act-Traunch #1, 2, & 3	21.027	ARPA	3,126,058	2,752,758
Total U.S. Department of the Treasury			3,126,058	2,752,758
<u>U.S. DEPARTMENT OF COMMERCE-EDA:</u>				
Targeted Opportunities Grant "TOP"	11.307	ED22AUS3070005	24,000	8,000
Total U.S. Department of Commerce-EDA			24,000	8,000
<u>ENVIRONMENTAL PROTECTION AGENCY:</u>				
Passed through Oklahoma Water Resources Board: OWRB ORF-21-0019-DW	66.458	ORF-21-0019-DW	4,659,220	4,659,220
Total Environmental Protection Agency			4,659,220	4,659,220
<u>U.S. DEPARTMENT OF THE INTERIOR:</u>				
Passed through Oklahoma Tourism & Recreation Department: Outdoor Recreation Acquisition, Development and Planning Grant	15.916	40-01244	325,800	8,050
Total U.S. Department of the Interior			325,800	8,050
<u>U.S. DEPARTMENT OF ENERGY:</u>				
Passed through Oklahoma Department of Commerce: State Energy Program	81.041		105,224	105,000
Total U.S. Department of Energy			105,224	105,000
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Passed through Oklahoma Department of Emergency Management: Disaster Grant - Public Assistance	97.036	FEMA-DR-4530	9,071	9,071
Passed through Oklahoma Department of Emergency Management: Assistance to Firefighters Equipment Grant	97.044	EMW-2021-FG-05769	253,257	234,180
Total U.S. Department of Homeland Security			262,328	243,251
TOTAL FEDERAL AWARDS			\$ 10,501,672	\$ 8,251,430

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, 2023**

Schedule of State Awards Expended – Year Ended June 30, 2023

**CITY OF MCALESTER, OKLAHOMA
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the fiscal year ended June 30, 2023**

State Grantor/Pass through agency Grantor/Program Title	Grant #	Award Amount	State Expenditures
STATE AWARDS:			
<u>OKLAHOMA TOBACCO SETTLEMENT ENDOWMENT TRUST:</u>			
Healthy Incentive Program Grant for Communities	N/A	\$ 191,444	\$ 191,444
<u>OKLAHOMA AERONAUTICS COMMISSION:</u>			
OAC - Airport Terminal Redesign & Construction	N/A	\$ 869,880	\$ 118,558
<u>OKLAHOMA 911 MANAGEMENT AUTHORITY:</u>			
FEMA-911-2021-E911-OK (GIS Data Remediation)	N/A	\$ 45,975	\$ 45,975
<u>OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY:</u>			
ODEQ Solid Waste Reimbursement	N/A	\$ 24,500	\$ 22,607
TOTAL STATE AWARDS		\$ 1,131,799	\$ 378,584

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 POSITION BY COMPONENT
Last Ten Fiscal Years
TABLE 1

	FISCAL YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ (9,351,998)	\$ (8,435,552)	\$ (5,145,885)	\$ 564,792	\$ 165,470	\$ (1,073,290)	\$ 2,920,919	\$ 4,106,626	\$ 6,977,884	\$ 9,693,833
Restricted	9,671,931	10,300,783	10,794,136	10,845,699	10,407,721	10,840,610	7,177,876	6,842,952	8,502,352	11,526,672
Unrestricted	(331,766)	(11,094,279)	(9,827,102)	(8,993,447)	(7,655,033)	(4,147,166)	(4,468,495)	(4,965,538)	(2,291,511)	(1,985,212)
Total governmental activities net position	\$ (11,833)	\$ (9,229,048)	\$ (4,178,851)	\$ 2,417,044	\$ 2,918,158	\$ 5,620,154	\$ 5,630,300	\$ 5,984,040	\$ 13,188,725	\$ 19,235,293
Business-type activities										
Net investment in capital assets	\$ 25,468,139	\$ 26,970,248	\$ 26,876,679	\$ 25,937,347	\$ 26,202,550	\$ 30,985,761	\$ 30,438,867	\$ 30,552,867	\$ 34,165,637	\$ 35,323,715
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	556,515	(510,810)	1,164,554	(285,001)	273,822	897,864	1,491,870	2,127,459	(1,674,374)	1,636,873
Total business-type activities net position	\$ 26,024,654	\$ 26,459,438	\$ 28,041,233	\$ 25,652,346	\$ 26,476,372	\$ 31,883,625	\$ 31,930,737	\$ 32,680,326	\$ 32,491,263	\$ 36,960,588
Primary government										
Net investment in capital assets	\$ 16,116,141	\$ 18,534,696	\$ 21,730,794	\$ 26,502,139	\$ 26,368,020	\$ 29,912,471	\$ 33,359,786	\$ 34,659,493	\$ 41,143,521	\$ 45,017,548
Restricted	9,671,931	10,300,783	10,794,136	10,845,699	10,407,721	10,840,610	7,177,876	6,842,952	8,502,352	11,526,672
Unrestricted	224,749	(11,605,089)	(8,662,548)	(9,278,448)	(7,381,211)	(3,249,302)	(2,976,625)	(2,838,079)	(3,965,885)	(348,339)
Total primary government net position	\$ 26,012,821	\$ 17,230,390	\$ 23,862,382	\$ 28,069,390	\$ 29,394,530	\$ 37,503,779	\$ 37,561,037	\$ 38,664,366	\$ 45,679,988	\$ 56,195,881

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

	FISCAL YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
Legislature	\$ 92,698	\$ 118,144	\$ 128,178	\$ 109,580	\$ 114,976	\$ 107,346	\$ 120,592	\$ 90,348	\$ 130,266	\$ 120,326
Administration	2,833,457	3,016,773	3,075,900	3,713,371	3,766,344	3,528,957	4,236,927	4,218,989	3,456,077	4,288,082
Public safety	8,269,035	7,742,108	8,002,184	8,658,637	8,723,246	7,706,769	9,590,553	10,491,253	7,274,864	10,786,235
Community service	2,176,495	1,964,414	2,162,321	2,120,523	2,077,211	2,913,948	4,577,543	2,283,766	3,448,002	3,076,620
Administration services	1,011,076	1,280,079	1,164,926	1,198,426	1,230,232	1,421,431	1,194,570	1,027,855	893,890	988,217
Health and welfare	256,902	245,481	255,471	282,159	273,749	285,692	270,928	230,877	253,302	265,605
Public works	2,764,212	2,640,537	3,347,597	3,547,407	3,573,130	3,366,650	3,501,910	3,644,280	3,874,336	3,630,653
Economic development	243,467	237,615	557,723	372,295	426,789	395,730	356,645	331,447	1,730,319	419,436
Stormwater	-	-	-	900	3,479	5,255	14,017	4,049	83,449	35,068
Payment to Health Center Authority	-	-	-	-	-	327,225	495,860	517,679	556,343	580,115
Interest on long-term debt	2,603,604	2,938,799	2,504,399	2,413,692	2,291,099	2,064,810	1,955,507	1,859,089	1,761,072	1,727,686
Total governmental activities expenses	20,050,946	20,183,950	21,198,699	22,416,990	22,480,255	22,123,813	26,315,052	24,699,632	23,461,920	25,918,043
Business-type activities:										
Water operations	2,504,280	3,636,153	3,835,928	4,001,912	4,267,855	4,550,644	4,388,784	4,487,288	5,487,156	5,790,815
Sewer operations	1,534,532	1,833,574	2,016,793	2,077,471	2,201,943	2,162,221	2,156,967	2,355,274	2,590,313	2,928,912
Sanitation operations	3,291,636	2,454,195	911,299	3,617,289	2,158,235	1,975,479	2,168,727	2,570,467	2,803,055	2,909,089
Airport	330,132	324,411	670,726	701,992	720,170	756,885	850,188	773,495	563,419	668,599
Governmental interest & amortization	-	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	7,660,580	8,248,333	7,434,746	10,398,664	9,348,203	9,445,229	9,564,666	10,186,524	11,443,943	12,297,415
Total primary government expenses	\$ 27,711,526	\$ 28,432,283	\$ 28,633,445	\$ 32,815,654	\$ 31,828,458	\$ 31,569,042	\$ 35,879,718	\$ 34,886,156	\$ 34,905,863	\$ 38,215,458
Program Revenues										
Governmental activities:										
Legislature	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administration	1,394,521	1,044,682	3,162,687	5,183,688	663,568	740,735	678,513	357,117	812,481	1,057,135
Public safety	2,741,229	2,894,702	2,998,352	2,614,253	2,972,190	2,956,083	4,689,135	3,104,711	2,943,910	3,787,211
Community service	143,735	295,130	426,315	393,039	236,638	258,336	169,884	299,716	1,359,906	773,363
Administration services	284,712	253,325	275,793	253,082	255,769	270,786	183,850	277,050	205,474	225,873
Health and welfare	61,870	60,942	61,160	55,533	54,051	87,701	97,746	86,291	53,748	52,991
Public works	185,838	173,759	168,011	160,059	161,128	165,246	157,817	162,879	217,954	430,856
Economic development	260,000	420,504	707,749	166,666	-	158,000	125,113	217,531	16,000	277,446
Stormwater	-	-	334,148	494,056	637,447	837,163	782,048	1,206,841	1,173,462	1,444,032
Total governmental activities program revenues	5,071,905	5,143,044	8,134,215	9,320,376	4,980,791	5,474,050	6,884,106	5,712,136	6,782,935	8,048,907

(Continued)

TABLE 2
(Continued)

	FISCAL YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type activities:										
Water operations	4,174,878	4,144,455	4,354,864	5,527,918	5,189,144	4,922,016	4,487,239	5,472,276	7,042,285	6,128,661
Sewer operations	1,633,623	1,718,541	1,852,998	1,777,843	1,776,866	1,670,142	1,790,558	1,747,657	1,726,963	2,340,184
Sanitation operations	2,918,401	3,055,264	3,096,508	3,027,390	3,170,381	3,104,622	3,223,758	3,236,282	3,305,036	3,591,201
Airport	92,304	1,683,222	377,253	188,523	354,275	4,745,835	109,803	138,614	289,819	350,007
Total business-type activities program revenues	<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>	<u>10,594,829</u>	<u>12,364,103</u>	<u>12,410,053</u>
Total primary government program revenues	<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>	<u>\$ 16,306,965</u>	<u>\$ 19,147,038</u>	<u>\$ 20,458,960</u>
Net (Expense)/Revenue										
Governmental activities:	\$ (14,979,041)	\$ (15,040,906)	\$ (13,064,484)	\$ (13,096,614)	\$ (17,499,464)	\$ (16,649,763)	\$ (19,430,946)	\$ (18,987,496)	\$ (16,678,985)	\$ (17,869,136)
Business-type activities:	1,158,626	2,353,149	2,246,877	123,010	1,142,463	4,997,386	46,692	408,305	920,160	112,638
Total primary government net expense	<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>	<u>\$ (18,579,191)</u>	<u>\$ (15,758,825)</u>	<u>\$ (17,756,498)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Sales and use taxes	\$ 13,950,434	\$ 14,416,789	\$ 14,601,333	\$ 14,689,957	\$ 14,800,284	\$ 16,658,759	\$ 16,651,644	\$ 17,272,107	\$ 19,271,697	\$ 20,776,425
Franchise and public service taxes	607,578	577,352	552,316	544,954	603,833	677,819	600,048	555,910	640,817	724,607
Hotel/motel taxes	447,768	652,340	759,410	655,558	722,313	868,071	591,456	562,980	702,077	760,977
E-911 taxes	630,849	600,114	584,718	576,406	652,139	541,612	627,716	569,822	514,009	533,600
Property taxes	-	-	-	-	-	-	863	1,302	422	26
Sales tax increment	-	-	-	-	-	-	-	-	122,067	1,269,422
Intergovernmental revenue not restricted to specific programs	291,828	301,603	302,608	305,518	308,791	320,528	370,222	395,673	629,804	3,138,656
Investment income	69,007	64,026	71,856	118,910	288,517	295,970	206,780	43,339	54,398	549,181
Miscellaneous	1,436,459	341,415	446,824	211,918	188,983	265,710	246,999	228,630	842,216	225,728
Transfers-Internal activity	1,030,202	1,075,317	795,616	2,589,288	435,718	(276,710)	145,364	(288,527)	1,186,063	(4,062,918)
Total governmental activities	<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>	<u>19,341,236</u>	<u>23,963,570</u>	<u>23,915,704</u>
Business-type activities:										
Investment income	13,945	12,432	13,601	27,181	54,059	61,518	50,164	21,732	18,878	123,929
Miscellaneous	45,673	33,436	116,933	50,210	63,222	71,639	95,620	31,025	57,962	169,840
Transfers - Internal activity	(1,030,202)	(1,075,317)	(795,616)	(2,589,288)	(435,718)	276,710	(145,364)	288,527	(1,186,063)	4,062,918
Total business-type activities	<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>	<u>341,284</u>	<u>(1,109,223)</u>	<u>4,356,687</u>
Total primary government	<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>	<u>\$ 19,682,520</u>	<u>\$ 22,854,347</u>	<u>\$ 28,272,391</u>
Change in Net Position										
Governmental activities	\$ 3,495,084	\$ 2,988,050	\$ 5,050,197	\$ 6,595,895	\$ 501,114	\$ 2,701,996	\$ 10,146	\$ 353,740	\$ 7,284,585	\$ 6,046,568
Business-type activities	188,042	1,323,700	1,581,795	(2,388,887)	824,026	5,407,253	47,112	749,589	(189,063)	4,469,325
Total primary government	<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>	<u>\$ 1,103,329</u>	<u>\$ 7,095,522</u>	<u>\$ 10,515,893</u>

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Reserved for:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	5,987	2,053	2,520	2,487	2,426	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	48,842	41,881	52,235	48,954	25,093	7,686	68,541	431,046	170,863	1,204,650
Unassigned	2,612,033	2,122,942	882,840	683,387	660,590	814,347	2,156,517	1,332,693	2,611,170	243,496
Total General Fund	<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>	<u>\$ 1,763,739</u>	<u>\$ 2,782,033</u>	<u>\$ 1,448,146</u>
All Other Governmental Funds										
Reserved for:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Restricted	28,542,781	24,305,808	18,544,395	18,110,700	17,799,126	16,800,962	13,103,973	12,771,216	14,450,926	17,108,864
Assigned	3,461,487	3,761,458	3,552,621	3,380,159	3,106,717	3,086,805	2,622,832	4,178,377	3,394,078	4,053,748
Unassigned	-	-	-	-	-	-	-	-	(231,937)	(62,211)
Total all other governmental funds	<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>	<u>\$ 16,949,593</u>	<u>\$ 17,613,067</u>	<u>\$ 21,100,401</u>
GRAND TOTAL	<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>	<u>\$ 18,713,332</u>	<u>\$ 20,395,100</u>	<u>\$ 22,548,547</u>

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Sales and use taxes	\$ 13,950,434	\$ 14,416,789	\$ 14,601,333	\$ 14,689,957	\$ 14,800,284	\$ 16,658,759	\$ 16,651,644	\$ 17,272,107	\$ 19,271,697	\$ 20,776,425
Franchise and public service taxes	607,578	577,352	552,316	544,954	603,833	677,819	600,048	555,910	640,817	724,607
E-911 taxes	630,849	600,114	584,718	576,406	652,139	541,612	627,716	528,074	555,757	533,600
Hotel/motel taxes	447,768	652,340	759,410	655,558	722,313	868,071	591,456	562,980	702,077	760,977
Property taxes	-	-	-	-	-	-	863	1,302	422	26
Sales tax increment	-	-	-	-	-	-	-	-	122,067	1,269,422
Intergovernmental	1,833,809	2,234,251	2,246,760	3,186,856	2,146,002	2,171,746	3,495,564	2,112,261	3,083,637	5,902,405
Charges for services	2,695,476	2,414,327	2,426,459	2,564,778	2,670,365	2,515,456	2,344,706	2,757,351	3,143,564	3,671,252
Fines and forfeitures	787,160	899,885	895,397	807,538	733,907	674,705	623,606	565,820	694,790	611,759
Licenses and permits	141,489	102,207	128,069	87,507	80,810	96,088	89,906	177,206	149,661	155,638
Investment income	69,007	64,026	71,856	118,910	288,517	295,970	206,780	43,339	54,398	549,181
Miscellaneous	133,871	381,449	1,052,725	489,979	241,348	474,063	550,700	419,448	1,492,902	1,048,697
Total Revenues	21,297,441	22,342,740	23,319,043	23,722,443	22,939,518	24,974,289	25,782,989	24,995,798	29,911,789	36,003,989
Expenditures:										
Legislature	92,698	118,144	128,178	109,580	114,976	107,346	120,592	89,311	130,266	106,100
Administration	2,475,490	2,693,127	2,941,113	3,169,857	3,076,689	3,113,548	3,398,085	3,275,111	3,530,899	4,665,192
Public safety	7,861,764	8,042,126	8,424,576	8,495,607	8,670,354	8,817,054	9,158,995	8,531,329	9,044,774	10,824,059
Community services	1,862,157	1,725,163	1,857,977	1,695,062	1,617,674	2,437,507	4,096,764	1,738,186	2,940,125	2,589,492
Administration services	1,010,714	1,301,925	1,183,280	1,178,194	1,204,963	1,398,863	1,208,240	1,011,237	899,867	968,208
Health and welfare	254,596	255,044	261,585	279,695	269,875	284,427	264,565	232,965	273,238	290,069
Public works	1,169,200	1,029,679	941,827	1,124,038	1,057,453	946,927	895,955	882,920	1,280,211	1,097,935
Economic Development	217,067	237,615	562,710	375,014	427,278	395,556	352,093	305,118	1,727,690	454,107
Payment to McAlester Regional Health Center Authority	-	-	-	-	-	327,225	495,860	517,679	556,343	580,115
Capital outlay	2,508,114	7,725,006	9,724,557	5,241,133	2,650,404	3,440,082	5,699,104	5,169,650	6,177,385	7,891,152
Debt service:										
Principal retirement	3,207,664	3,754,875	3,702,267	4,007,685	4,343,371	4,884,159	3,342,080	3,427,123	3,712,871	3,904,458
Interest and fiscal charges	2,148,216	2,267,239	2,077,268	1,901,274	1,758,982	1,574,049	1,419,385	1,300,377	1,172,640	1,038,080
Total Expenditures	22,807,680	29,149,943	31,805,338	27,577,139	25,192,019	27,726,743	30,451,718	26,481,006	31,446,309	34,408,967
Excess of revenues over(under) expenditures	(1,510,239)	(6,807,203)	(8,486,295)	(3,854,696)	(2,252,501)	(2,752,454)	(4,668,729)	(1,485,208)	(1,534,520)	1,595,022
Other financing sources(uses) and special item:										
Transfers in	8,121,706	9,926,637	9,417,913	9,840,603	8,981,245	8,160,735	7,966,315	9,910,110	9,479,196	9,122,773
Issuance of long-term debt	4,910,000	658,805	12,752,951	238,734	-	126,734	329,843	434,738	145,722	-
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	(6,709,096)	(8,215,227)	(7,938,912)	(7,033,565)	(7,360,479)	(6,419,167)	(6,385,366)	(8,098,171)	(6,328,730)	(8,564,348)
Total other financing sources(uses) and special item	7,589,007	2,370,215	1,286,764	3,045,772	1,620,766	1,868,302	1,910,792	2,246,677	3,296,188	558,425
Net change in fund balances	\$ 6,078,768	\$ (4,436,988)	\$ (7,199,531)	\$ (808,924)	\$ (631,735)	\$ (884,152)	\$ (2,757,937)	\$ 761,469	\$ 1,761,668	\$ 2,153,447
Debt service as a percentage of noncapital expenditures	26.4%	28.1%	26.2%	26.5%	26.4%	26.3%	18.9%	21.8%	19.0%	18.3%

REVENUE CAPACITY

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	Sales Tax Increment	Totals
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
2021	15,521,577	1,750,530	555,910	562,980	569,822	1,302	-	18,962,121
2022	17,272,307	1,999,390	640,817	702,077	514,009	422	122,067	21,251,089
2023	18,513,049	2,263,376	724,607	760,977	533,600	26	1,269,422	24,065,057

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City of McAlester	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%	3.75%	4.00%	4.00%
Pittsburg County	1.00%	1.00%	1.50%	1.50%	1.50%	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%	9.50%	9.50%	9.50%	9.75%	9.75%	9.75%	10.00%	10.00%

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-Approved Nov 2021, effective April 2022 changed to 4.00%: added .25% for DWSRF project.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Agriculture, forestry, and fishing	\$ -	\$ 2	\$ 1,538	\$ 1,413	\$ 1,079	\$ 773	\$ 497	\$ 465	\$ 456	\$ 1,143
Mining Quarrying, and Oil and Gas Extraction	703	5,878	4,360	(1,378)	2,203	73,189	49,315	26,694	18,014	8,561
Utilities	785,842	800,800	775,938	722,816	784,018	1,031,403	953,526	809,939	1,458,840	1,632,757
Construction	34,043	37,205	79,462	75,693	112,475	126,480	84,652	59,783	18,748	17,179
Manufacturing	262,981	309,241	377,581	283,213	520,137	338,805	232,862	200,348	328,891	388,021
Transportation and Warehousing	12,982	17,130	9,746	7,960	9,718	16,281	19,905	25,749	27,121	49,708
Information	401,979	416,476	409,791	412,100	399,955	425,005	395,536	352,908	372,086	411,093
Wholesale trade	856,848	875,118	888,427	851,854	890,282	1,133,843	1,064,274	1,131,804	1,186,072	1,314,106
Retail trade	8,236,655	8,496,420	8,401,248	8,082,769	8,080,244	8,829,658	8,987,567	9,743,757	10,328,231	11,607,432
Finance, insurance,	27,697	3,574	3,065	4,422	5,901	10,505	8,129	10,980	15,068	17,664
Real Estate and Rental and Leasing	286,863	218,093	190,121	199,120	230,165	341,824	285,601	216,226	350,279	314,194
Professional, Scientific, and Technical Services	52,484	28,232	27,981	32,758	29,713	44,276	37,417	47,906	48,630	52,128
Administrative and Support and Waste Management and Remediation Services	3,996	2,720	2,302	11,473	7,384	4,536	29,705	61,015	27,732	22,415
Educational Services	1,365	115	14	7	747	1,518	3,497	5,124	2,121	1,703
Health Care and Social Assistance	1,227	2,159	828	2,014	1,283	404	6,053	12,822	3,960	3,332
Arts, Entertainment, and Recreation	46,204	59,278	50,014	47,620	48,669	49,538	45,114	33,197	33,473	34,377
Accommodation and Food Services	2,069,055	2,187,338	2,326,704	2,226,766	2,290,853	2,646,606	2,410,226	2,476,243	2,773,228	3,278,855
Other services (except Public Administration)	246,998	261,812	250,894	258,673	263,385	302,873	301,550	306,777	313,740	376,283
Public Administration	27	(328)	(96)	-	28	43	-	-	-	79
Nonclassifiable establishments	105,270	128,590	106,515	83,672	46,614	34,726	33,279	29,775	10,439	17,254
	\$ 13,433,218	\$ 13,849,853	\$ 13,906,433	\$ 13,302,965	\$ 13,724,853	\$ 15,412,286	\$ 14,948,705	\$ 15,551,512	\$ 17,317,129	\$ 19,548,284

Information obtained from the Oklahoma Tax Commission website

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	\$ 35,657,696	100.00%	\$35,657,696
Overlapping: McAlester School District	\$ 2,925,000	100.00% (3)	2,925,000.00
Pittsburg County	\$ -	30%	-
Total	<u>\$38,582,696</u>		<u>\$38,582,696</u>

Outstanding bond debt : 06-30-23

- (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 75% 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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 7,755,946	\$ 8,065,312	\$ 8,131,853	\$ 8,606,087	\$ 8,965,554	\$ 9,648,024	\$ 9,488,171	\$ 10,517,320	\$ 10,831,999	\$ 14,526,929
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$ 10,517,320</u>	<u>\$ 10,831,999</u>	<u>\$ 14,526,929</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 2023

Net assessed valuation	\$ 145,269,289
Debt limit (10% of total assessed value)	14,526,929
Debt applicable to limit:	
General obligation bonds	-
Less: Street or utility bonds outstanding	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 14,526,929</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		
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
2021	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	15,046,692	7,291,807	7,754,885	6,145,401	4,891,115	1.26	1.59
2022	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 2021 DWSRF OWRB Loan	19,836,678	8,704,403	11,132,275	7,300,491	5,949,722	1.52	1.87
2023	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 2021 DWSRF OWRB Loan	22,433,527	9,670,589	12,762,938	7,490,730	6,027,397	1.70	2.12

(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			
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	5.51%	2,478
2021	41,075,892	-	883,025	-	1,207,654	-	-	43,166,571	5.45%	2,392
2022	38,130,592	795,876	-	-	3,482,776	-	-	42,409,244	5.36%	2,350
2023	35,106,278	551,418	-	-	13,204,791	-	-	48,862,487	6.01%	2,698

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Employer	Product/Business	2016		2023	
		Employees	% of Total City Employment	Employees	% of Total City Employment
McAlester Army Ammunition Plant	Ammunition	1,784	9.1%	1,500	9.1%
McAlester Regional Health Center	Health Care	850	4.3%	701	4.2%
McAlester Public Schools	Education	364	1.9%	360	2.2%
Wal Mart	Retail Sales	240	1.2%	290	1.8%
Oklahoma State Penitentiary	Corrections	285	1.5%	467	2.8%
Spirit Aerospace, Inc.	Manufacturing/Assembling	300	1.5%	-	0.0%
Big V Feeds	Retail Sales	-	0.0%	125	0.8%
City of McAlester (full time only)	Municipality	207	1.1%	227	1.4%
Choctaw Casino	Gaming	160	0.8%	136	0.8%
Berry Plastics	Manufacturing	240	1.2%	150	0.9%
Lowe's	Retail Sales	-	0.0%	120	0.7%
Totals		4,430	22.6%	4,076	24.7%

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

Total Employed in McAlester	19,607	16,512
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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>
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%
2021	18,045	791,797	43,879	36.3	2,828	5.6%
2022	18,244	787,666	43,174	35.8	3,555	4.2%
2023	18,108	812,868	44,890	35.4	3,090	4.4%

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 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
General Government										
City Manager	3	3	3	3	3	4	4	4	4	4
Finance	3	4	4	5	5	5	5	5	5	5
City Clerk	1	2	2	2	2	2	2	2	2	2
Legal	2	2	2	3	3	3	3	3	2	3
Planning	5	5	5	5	5	5	5	5	6	6
Economic Development	1	1	1	1	1	1	1	1	1	2
Tourism	1	1	1	1	1	1	1	1	1	1
Human Resources	2	2	2	2	2	4	4	3	2	2
Information Services	1	1	1	2	2	2	2	2	2	2
Safety/Risk Management	0	0	0	0	0	0	0	0	3	3
Total General Government	19	21	21	24	24	27	27	26	28	30
Public Safety & Judiciary										
Police	36	39	39	39	39	40	40	39	40	40
CID (Detectives)	8	8	8	8	8	6	7	6	7	7
Animal Control	1	1	1	1	1	1	1	1	1	1
Communications	4	4	4	4	4	4	4	4	4	4
Communications E911	10	10	10	10	10	10	10	10	10	10
Fire	43	43	43	42	43	41	43	43	43	43
Total Public Safety & Judiciary	102	105	105	104	105	102	105	103	105	105
Transportation										
Central Garage	5	5	5	5	5	5	5	5	5	6
Streets	13	13	14	13	14	13	14	14	15	15
Airport	3	3	3	3	3	3	3	1	3	3
Total Transportation	21	21	22	21	22	21	22	20	23	24
Cultural, Parks, & Recreation										
Parks & Recreation	13	14	14	14	15	15	15	15	15	12
Expo	3	4	4	3	4	4	4	2	0	0
Nutrition	5	4	4	4	4	4	4	5	5	5
Library	0	0	0	0	0	0	0	0	0	0
Cemetery	5	5	5	5	5	5	5	4	3	3
Building Maintenance	3	3	3	3	3	3	3	3	2	2
Total Cultural, Parks, & Recreation	29	30	30	29	31	31	31	29	25	22
Utilities										
Utilities	0	0	0	0	0	0	0	0	0	0
Utility Office	7	8	8	8	8	8	8	7	6	6
Solid Waste	0	0	0	0	0	0	0	1	2	2
Landfill	2	2	2	1	2	1	1	1	1	1
Engineering	4	4	5	4	4	4	5	3	5	5
Waste Water	12	12	12	12	12	12	12	11	12	14
Water Treatment	7	0	0	0	0	0	0	0	0	0
Utility Maintenance	8	10	10	9	11	10	14	14	16	17
Total Utilities	40	36	37	34	37	35	40	37	42	45
Total Full-Time Budgeted Employees by Function/Program	211	213	215	212	219	216	225	215	223	226

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>2014</u>	<u>Fiscal Year</u> <u>2015</u>	<u>Fiscal Year</u> <u>2016</u>	<u>Fiscal Year</u> <u>2017</u>	<u>Fiscal Year</u> <u>2018</u>	<u>Fiscal Year</u> <u>2019</u>	<u>Fiscal Year</u> <u>2020</u>	<u>Fiscal Year</u> <u>2021</u>	<u>Fiscal Year</u> <u>2022</u>	<u>Fiscal Year</u> <u>2023</u>
General Government										
Buildings	12	12	13	13	13	13	14	14	14	14
Police										
Stations	2	2	2	2	2	2	1	1	1	1
Patrol units	53	50	50	50	53	51	51	51	50	51
Fire										
Stations	4	4	4	4	4	4	4	4	4	4
Trucks	6	6	6	6	8	8	8	8	8	8
Vehicles	16	16	16	16	18	20	20	20	20	20
Streets										
Street miles	298	298	298	298	298	298	298	298	298	298
Traffic signals	23	23	23	23	20	20	20	20	20	13
Parks and recreation										
Acreage	103	103	103	103	135	135	135	135	150	150
Playgrounds	10	11	12	12	12	13	13	13	15	15
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	5	5
Community Center	1	1	1	1	1	1	1	1	1	1
Pools	3	3	3	3	3	3	3	3	1	1
Wading Pools	5	5	5	5	5	5	5	5	2	2
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	3	3
Dog Park 2014	1	1	1	1	1	1	1	1	1	1
Frisbee Disk Golf Course 2014	1	1	1	1	1	1	1	1	1	1
Community Garden 2013	1	2	2	2	2	2	1	1	1	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	4,163	4,163	4,163	4,163
Total Plots (Maintained)	35,000	35,000	35,000	35,000	35,092	35,092	3,545	4,163	4,163	4,163
Vehicles & Machinery	11	16	14	14	14	14	14	15	15	15
Water										
Water mains (miles)	170	170	170	170	230	230	230	189	189	189
Fire hydrants	970	970	970	970	1,035	1,035	1,035	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	6,250	6,250	6,250
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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fire										
Emergency Responses	2,658	2,807	2,442	3,076	2,998	3,002	3,065	3,177	3,743	3,985
Fires Extinguished	140	93	106	151	132	191	126	119	86	67
Police										
<i>Physical Arrests</i>										
Juvenile	68	528	209	415	334	324	31	137	25	214
Minors	-	1,160	145	960	886	989	-	571	43	573
Adult	947	10,275	1,047	8,704	8,627	8,209	1,313	5,054	1,122	5,319
Parking Violations	429	254	207	198	104	98	36	28	17	93
Traffic Violations	10,383	11,709	10,712	9,881	9,847	9,522	6,813	5,442	7,699	5,651
Utilities										
<i>New Accounts</i>										
Residential	1,285	1,189	670	445	1,215	865	689	49	1,098	1,098
Commercial	87	70	50	50	58	63	60	-	125	125
Bulk	12	8	1	1	9	-	3	2	7	7
Parks & Recreation										
Athletic Field-Softball/Basebal I	9	9	9	9	8	8	8	8	9	9
Soccer (# of fields used)	2	2	2	2	2	2	2	2	2	2
Tennis (# of courts used)	6	6	6	6	6	6	6	6	5	4
Pickleball (# of courts used)	-	-	-	-	-	-	-	-	-	6
Frisbee Disk Golf Course	1	1	1	1	1	1	1	1	1	1
Parks	12	12	12	12	13	12	12	15	15	15
Dog Park	1	1	1	1	1	1	1	1	1	1
Swimming Pools	3	3	3	3	3	3	3	2	1	1
Wading Pools (# of wading pools used)	3	3	3	3	5	5	5	2	2	2
Basketball Courts	4	4	4	4	4	4	4	4	4	4
Splash Pad	1	1	1	1	1	1	1	2	3	3
Skate park	1	1	1	1	1	1	1	1	1	1
Walking Tracks	5	5	5	5	5	1	1	4	4	4
Amphitheater	1	1	1	1	1	1	1	1	1	1
Arboretum	1	1	1	1	1	1	1	1	1	1
Community Garden	1	2	2	2	1	1	1	1	1	1
Recreational Center	1	1	1	1	1	1	1	1	1	1
Archery Park	-	-	1	1	1	1	1	1	1	1
Community Center – Special Event Participants	2,368	2,368	3,879	4,986	5,200	5,500	3,500	2,700	3,000	7,300
Senior Center-Program Participants	57,923	57,923	59,697	68,678	62,338	68,503	51,500	58,764	62,842	87,386
Sr. Center Lunch Program	50,257	50,257	51,317	53,486	51,620	51,891	61,598	57,779	60,352	83,792
Cemetery										
Purchased/sold Lots	35	28	62	59	43	12	31	24	19	26
Funerals	113	133	135	100	92	53	67	98	77	73

* Fire and Police Statistics are calendar year.

Source: Various City Departments

CITY OF MCALESTER, OKLAHOMA

**SINGLE AUDIT REPORTS
AND SUPPLEMENTARY SCHEDULES**

June 30, 2023

City of McAlester, Oklahoma

June 30, 2023

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SINGLE AUDIT REPORTS AND SUPPLEMENTARY SCHEDULES:

**Reports related to financial statements of the reporting entity
Required by GAO *Government Auditing Standards*:**

Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards* 1

Reports related to Federal Assistance Programs Required by the Uniform Guidance:

Independent Auditor's Report on Compliance for Each Major Program and
on Internal Control over Compliance Required by the Uniform Guidance;
and Report on the Schedule of Expenditures of Federal Awards Required
by the Uniform Guidance 3

Schedule of Expenditures of Federal Awards 5

Notes to the Schedule of Expenditures of Federal Awards 7

Schedule of Findings and Questioned Costs 8

Summary Schedule of Prior Audit Findings and Questioned Costs 10



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

To the Honorable Mayor and Members of City Council
City of McAlester, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 24, 2024. McAlester Regional Health Center Authority (the "Authority") is 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.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Arledge & Associates PC.

Edmond, Oklahoma
January 24, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and Members of the City Council
City of McAlester, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the City of McAlester, Oklahoma (the "City"), compliance with the types of compliance requirements identified as subject to audit 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, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

We have audited the financial statements of the City as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 24, 2024, which contained unmodified opinions on those financial statements. Our report 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 an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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.



Edmond, Oklahoma
January 24, 2024



CITY OF MCALESTER
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2023

<i>Award Information</i>	<i>AL/other #</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal Expenditures (\$)</i>
<i>Economic Development Cluster-Cluster</i>			
Department of Commerce			
Economic Adjustment Assistance			
Economic Adjustment Assistance	11.307	Targeted Opportunities Grant	8,000
Total Economic Adjustment Assistance			8,000
<i>Total Department of Commerce</i>			8,000
<i>Total Economic Development Cluster-Cluster</i>			
<i>Highway Safety Cluster-Cluster</i>			
Department of Transportation			
State and Community Highway Safety			
		OHS Traffic Grant - Traffic	
State and Community Highway Safety	20.600	Enforcement--PT-22-03-15-13	13,761
		OHS Traffic Grant - Traffic	
State and Community Highway Safety	20.600	Enforcement--PT-23-03-19-14	42,213
Total State and Community Highway Safety			55,974
<i>Total Department of Transportation</i>			55,974
<i>Total Highway Safety Cluster-Cluster</i>			
<i>Clean Water State Revolving Fund Cluster-Cluster</i>			
United States Environmental Protection Agency			
Clean Water State Revolving Fund			
		Drinking Water SRF Funds --	
Clean Water State Revolving Fund	66.458	ORF-21-0019-DW	4,659,220
Total Clean Water State Revolving Fund			4,659,220
<i>Total United States Environmental Protection Agency</i>			4,659,220
<i>Total Clean Water State Revolving Fund Cluster-Cluster</i>			
<i>Aging Cluster-Cluster</i>			
Department of Health and Human Services			
Special Programs for the Aging, Title III, Part C, Nutrition			
Services			
Special Programs for the Aging, Title III, Part C, Nutrition			
Services	93.045	Special Program for the	
Total Special Programs for the Aging, Title III, Part C, Nutrition		Aging - Title III --N/A	52,991
Services			52,991
<i>Total Department of Health and Human Services</i>			52,991
<i>Total Aging Cluster-Cluster</i>			
<i>Other Programs (Treated individually for major program determination)</i>			
Department of Housing and Urban Development			
Community Development Block Grants/State's program and Non-			
Entitlement Grants in Hawaii			
		Community Development	
Community Development Block Grants/State's program and		Block Grant--18264 CDBG SC	
Non-Entitlement Grants in Hawaii	14.228	21	45,981
		Community Development	
Community Development Block Grants/State's program and		Block Grant--18116 CDBGCR	
Non-Entitlement Grants in Hawaii	14.228	20	269,136
Total Community Development Block Grants/State's program and			315,117
Non-Entitlement Grants in Hawaii			315,117
<i>Total Department of Housing and Urban Development</i>			315,117
Department of the Interior			
Outdoor Recreation Acquisition, Development and Planning			
Outdoor Recreation Acquisition, Development and Planning	15.916		8,050
Total Outdoor Recreation Acquisition, Development and			8,050
Planning			8,050
<i>Total Department of the Interior</i>			8,050
United States Department of Justice			
Bulletproof Vest Partnership Program			
		Bulletproof Vest Partnership	
Bulletproof Vest Partnership Program	16.607	Program--2022BUBX	3,958

Total Bulletproof Vest Partnership Program			3,958
<i>Total United States Department of Justice</i>			3,958
Department of Transportation			
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs			
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	FAA - Airport CARES Act grant--3-40-0057-020-2022	22,921
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	FAA - Airport Improvement Project--3-40-0057-018-2021	14,174
Total Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs			37,095
Recreational Trails Program			
Recreational Trails Program	20.219	Recreational Trails Program - Parker Trail--RT21-103 / 21-03	10,016
Total Recreational Trails Program			10,016
<i>Total Department of Transportation</i>			47,111
Department of the Treasury			
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS			
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	American Rescue Plan Act- Traunch #1, 2, & 3	2,752,758
Total CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS			2,752,758
<i>Total Department of the Treasury</i>			2,752,758
Department of Energy			
State Energy Program			
State Energy Program	81.041	State Energy Program--18750-007-SEPL	105,000
Total State Energy Program			105,000
<i>Total Department of Energy</i>			105,000
Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		9,071
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			9,071
Assistance to Firefighters Grant			
Assistance to Firefighters Grant	97.044	FEMA - AFG Equipment Grant- -EMW-2021-FG-05769	234,180
Total Assistance to Firefighters Grant			234,180
<i>Total Department of Homeland Security</i>			243,251
Total Other Programs (Treated individually for major program determination)			3,475,245
Total Expenditures of Federal Awards			\$ 8,251,430

The accompanying notes are an integral part of this schedule

CITY OF MCALESTER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards include the federal grant activity of the City of McAlester (the “City”), under programs of the federal government for the year ended June 30, 2023. The information in the schedule of expenditures of federal awards is presented in accordance with the requirement of Title 2 U.S. *Code of Federal Regulations* 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 financial position, changes in net assets 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. The expenditures are recorded upon the disbursement of funds that meet federal award requirements.

3. 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, 2023. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. SUBRECIPIENTS

During the year ended June 30, 2023, the City did not provide federal awards to subrecipients.

5. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 24, 2024, the date on which the report on schedule of expenditures of federal awards required by the uniform guidance were available to be issued. No items of significance were determined.

CITY OF MCALESTER

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
66.468	Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes X no

CITY OF MCALESTER

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont'd)
For the Year Ended June 30, 2023**

SECTION II – FINANCIAL STATEMENT FINDINGS

Compliance Findings

There are no findings requiring reporting under this section.

Internal Control Findings

There are no findings requiring reporting under this section.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Compliance Findings

There are no findings requiring reporting under this section.

Internal Control Findings

There are no findings requiring reporting under this section.

CITY OF MCALESTER

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2023**

SECTION II – FINANCIAL STATEMENT FINDINGS

Compliance Findings

There are no findings requiring reporting under this section.

Internal Control Findings

There are no findings requiring reporting under this section.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Compliance Findings

There are no findings requiring reporting under this section.

Internal Control Findings

There are no findings requiring reporting under this section.