



# **CITY OF HARRAH, OKLAHOMA**

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

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

# **CITY OF HARRAH, OKLAHOMA**

## **LIST OF PRINCIPAL OFFICIALS**

### **City Council**

Danny Trent  
Bernadette Klimkowski  
Tim Rudek  
Jeff Brzozowski  
Steve Scalzo

Mayor  
Councilman  
Councilman  
Councilman  
Councilman

Michele Cogdill

Finance Director

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# **INDEPENDENT AUDITOR'S REPORT**



**DILLON & ASSOCIATES, PC**  
Certified Public Accountants

1401 S. Douglas Blvd., Suite A  
Midwest City, OK 73130  
Phone: 405-732-1800

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harrah, Oklahoma ("the City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which 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.

## **INDEPENDENT AUDITOR'S REPORT - Continued**

### ***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 and *Government 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, which 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, the budgetary comparison information, and the pension plan information 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

## **INDEPENDENT AUDITOR'S REPORT - Continued**

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 accompanying combining and individual nonmajor fund financial statements, debt service coverage schedules, and schedules of expenditures of federal and state awards information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the debt service coverage schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 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.

***Dillon & Associates, PC***

Midwest City, Oklahoma  
September 25, 2024

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**Management's Discussion and Analysis**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

As management of the City of Harrah, we offer readers this narrative overview and analysis of the financial activities of the City of Harrah for the fiscal year ended June 30, 2024. We encourage readers to use this information in conjunction with the City's financial statements, which follow this section.

**FINANCIAL AND ACTIVITY HIGHLIGHTS**

- The City's total net position increased by \$1,339,208 and the assets of the City exceeded its liabilities \$19,408,085 (net position). Of this amount, \$7,735,163 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- On June 30, 2024, the City's governmental funds reported combined ending fund balances of \$5,658,406. Of this total amount, \$4,337,006 is available for spending at the government's discretion (unassigned fund balance).
- At the end of fiscal year 2024, unassigned fund balance for the General Fund was \$4,337,006, or approximately 92.2% of total General Fund expenditures and transfers.
- Sales and use taxes totaled \$4,234,931, an increase of \$51,923 or 1.2% over the prior fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the City of Harrah (the "City") and its component unit the Harrah Public Works Authority (HPWA) using the integrated approach as prescribed by GASB Statement No. 34. Included in this report are government-wide statements for two categories of activities - governmental and business-type activities. The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type of activities separately and combined. These statements include all of the assets of the City (including infrastructure capital assets) as well as all liabilities (including all long-term debt), along with any inflows and outflows that are deferred.

**Management's Discussion and Analysis**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**REPORTING ON THE CITY AS A WHOLE**

***The Statement of Net Position and the Statement of Activities***

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

These two government-wide statements report on 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 and deferred outflows of resources and liabilities and deferred inflows of resources - 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 the financial position of the City 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 the quality of services to assess the overall health and performance of the City.

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

- **Governmental activities** - Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** - The City'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 sanitation utilities are reported here.
- **Judicial** - The Municipal Judge is a practicing attorney appointed and approved by the City Council.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

**REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, 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 can be divided into two categories: governmental funds and proprietary funds.

**Management's Discussion and Analysis**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

***Fund Financial Statements - Continued***

Governmental funds - Most of the City's basic services are reported in governmental funds. Governmental fund financial statements are prepared on the modified accrual basis. Under the modified accrual basis, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, with the exception of long-term debt and other similar items which are recorded when due. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basis of 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 the Government-Wide financial statements are explained in a reconciliation following each Government Fund financial statement.

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

The City uses enterprise funds to account for its water, sewer, and sanitation utility operations.

**NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The notes to the Financial Statements can be found following the Statement of Cash Flows for Proprietary Funds.

**A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**NET POSITION**

The City's combined net position increased from \$18,068,877 to \$19,408,085 between fiscal years 2022-23 and 2023-24. Looking at the net position of governmental and business-type activities separately, governmental activities increased \$832,912 primarily due to growing charge for services and grant proceeds.

The net position for business-type activities increased by \$506,296 primarily due to City transfers to the Public Works Authority and capital assets purchased by governmental activities for the benefit of the Authority.

**Management's Discussion and Analysis**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NET POSITION - Continued**

A comparative, condensed presentation of net position is as follows:

Table 1  
**Net Position**  
(In Thousands)

	Governmental			Business-type			Total		
	Activities		% Inc.	Activities		% Inc.	Primary Government		% Inc.
	2024	2023	(Dec.)	2024	2023	(Dec.)	2024	2023	(Dec.)
Current and other assets	\$ 6,600	5,757	15%	16,918	7,213	135%	23,518	12,970	81%
Capital assets	4,539	4,396	3%	18,622	17,648	6%	23,161	22,044	5%
Total assets	11,139	10,153	10%	35,540	24,861	43%	46,679	35,014	33%
Deferred outflow of resources	1,983	1,820		499	640		2,482	2,460	
Long-term debt outstanding	2,291	2,351	-3%	25,012	15,054	66%	27,303	17,405	57%
Other liabilities	1,095	972	13%	645	488	32%	1,740	1,460	19%
Total liabilities	3,386	3,323	2%	25,657	15,542	65%	29,043	18,865	54%
Deferred inflow of resources	463	210		246	330		709	540	
Net assets:									
Invested in capital assets, net of debt	3,843	3,587	7%	6,194	5,712	8%	10,037	9,299	8%
Restricted	1,321	1,005	31%	315	175	80%	1,636	1,180	39%
Unrestricted (deficit)	4,109	3,848	7%	3,627	3,742	-3%	7,736	7,590	2%
Total net assets	\$ 9,273	8,440	10%	10,136	9,629	5%	19,409	18,069	7%

A significant portion of net position consists of net investment in capital assets, e.g., land, buildings, improvements, equipment (net of related debt) and, as such, is not available for future spending. The increase in net investment in capital assets is largely due to street improvements and water and sewer projects.

**CHANGE IN NET POSITION**

For the year ended June 30, 2024, the change in net position of the primary government is shown below. Note that the increase to the net position of Governmental Activities is primarily due to grant funding and conservative budgeting of sales and use taxes.

The increase in governmental expenses is primarily due to changes in pension plan liability estimates. The increase in business-type expenses is primarily due to cost increases.

**Management's Discussion and Analysis**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**CHANGE IN NET POSITION - Continued**

Table 2  
Changes in Net Position  
(In Thousands)

	Governmental			Business-type			Total		
	<u>Activities</u>		<u>% Inc.</u>	<u>Activities</u>		<u>% Inc.</u>	<u>Primary Government</u>		<u>% Inc.</u>
	<u>2024</u>	<u>2023</u>	<u>(Dec.)</u>	<u>2024</u>	<u>2023</u>	<u>(Dec.)</u>	<u>2024</u>	<u>2023</u>	<u>(Dec.)</u>
<b>Revenues</b>									
Charges for services	\$ 620	704	-12%	3,103	2,930	6%	3,723	3,634	2%
Operating grants	608	246	147%	-	-	-	608	246	147%
Capital grants	-	294	0%	-	-	-	-	294	0%
Sales and use taxes	4,235	4,183	1%	-	-	-	4,235	4,183	1%
Franchise tax (fees)	293	321	-9%	-	-	-	293	321	-9%
Other taxes	144	136	6%	-	-	-	144	136	6%
Investment income	274	149	84%	722	228	217%	996	377	164%
Other	48	184	-74%	-	6	0%	48	190	-75%
Total revenues	<u>6,222</u>	<u>6,217</u>	<u>0%</u>	<u>3,825</u>	<u>3,164</u>	<u>21%</u>	<u>10,047</u>	<u>9,381</u>	<u>7%</u>
<b>Expenses</b>									
General government	1,139	1,101	3%	-	-	-	1,139	1,101	3%
Public safety	2,815	2,254	25%	-	-	-	2,815	2,254	25%
Public works	124	162	-23%	-	-	-	124	162	-23%
Cultural & recreation	274	215	27%	-	-	-	274	215	27%
Debt service	44	39	0%	-	-	-	44	39	0%
Water and sewer	-	-	-	4,311	3,361	28%	4,311	3,361	28%
Total expenses	<u>4,396</u>	<u>3,771</u>	<u>17%</u>	<u>4,311</u>	<u>3,361</u>	<u>28%</u>	<u>8,707</u>	<u>7,132</u>	<u>22%</u>
<b>Increase in net position</b>									
before transfers	1,826	2,446	-25%	(486)	(197)	147%	1,340	2,249	-40%
Capital contributions	(262)	(269)	-	262	269	-	-	-	-
Transfers	(731)	(747)	-2%	731	747	-2%	-	-	-
<b>Change in net position</b>	<u>833</u>	<u>1,430</u>	<u>0%</u>	<u>507</u>	<u>819</u>	<u>-38%</u>	<u>1,340</u>	<u>2,249</u>	<u>-40%</u>
<b>Begininng net position</b>	<u>8,440</u>	<u>7,010</u>	<u>20%</u>	<u>9,629</u>	<u>8,810</u>	<u>9%</u>	<u>18,069</u>	<u>15,820</u>	<u>14%</u>
<b>Ending net position</b>	<u>\$ 9,273</u>	<u>8,440</u>	<u>10%</u>	<u>10,136</u>	<u>9,629</u>	<u>5%</u>	<u>19,409</u>	<u>18,069</u>	<u>7%</u>

The following are explanations for the more significant changes:

*Governmental Activities:*

Operating grants and contributions - includes recognition of ARPA grant revenues of \$284,426; a emergency radio equipment grant of \$42,748; a an emergency management grant of \$58,619 ; and a rural fire grant of \$9,994.

**Management's Discussion and Analysis**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**CHANGE IN NET POSITION - Continued**

Investment income - investment income for 2024 was \$995,869 compared to \$377,059 for 2023 due to increased interest rates and funds available for interest earnings.

Government activity expenses - increased to \$4,395,982 in 2024 compared to \$3,771,235 in 2023 due to general increase in prices and payroll.

**GOVERNMENTAL ACTIVITIES**

Under Governmental Activities, the public safety expense includes pension income (expense) from the City's proportionate share of the Oklahoma Police Pension and Retirement Fund and the Oklahoma Firefighter's Pension and Retirement Fund. The annual pension plan estimates can cause significant fluctuations in public safety expense.

To aid in the understanding of the Statement of Activities on page 2 of the Basic Financial Statements, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenditures, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

Table 3  
Net Revenues (Expenses) of Governmental Activities  
(In Thousands)

				Net Revenue		
	Total Expenses		% Inc.	(Expenses)		% Inc.
	of Services		(Dec.)	of Services		(Dec.)
	2024	2023		2024	2023	
General government	\$ 1,139	1,101	3%	(903)	(829)	9%
Public safety	2,815	2,254	25%	(1,908)	(1,724)	11%
Public works	124	162	-23%	(39)	255	-115%
Cultural & recreation	274	215	27%	(274)	(191)	43%
Debt service	44	39	13%	(44)	(39)	13%
Total	4,396	3,771	17%	(3,168)	(2,528)	25%

Explanations for significant changes are shown after Table 2.

**Management's Discussion and Analysis**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**BUSINESS-TYPE ACTIVITIES**

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

Table 5  
Net Revenues (Expenses) of Business-Type Activities  
(In Thousands)

			Net Revenue				
Total Expenses			% Inc.	(Expenses)		% Inc.	
of Services			(Dec.)	of Services		(Dec.)	
2024				2024	2023		
2023							
Water, sewer and sanitation	\$	4,311	3,361	28%	(1,208)	(431)	180%
Total		4,311	3,361	28%	(1,208)	(431)	180%

Explanations for significant changes are shown after Table 2.

**A FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As the City completed its 2024 fiscal year, the governmental funds reported a combined fund balance of \$5,658,406, an increase of \$969,967 from the prior year. The largest increase was \$653,409 in the General Fund and \$266,146 in the Capital Improvement Fund.

The proprietary fund reported a combined net position of \$10,135,369 an increase of \$506,296 from the prior year.

***General Fund Budgetary Highlights***

Actual revenues and transfers in were under final estimates by \$204,588 mainly due to interest income being more than estimated. Expenditures were under final appropriations by \$1,813,207 mainly due to prudent budgetary control.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of June 30, 2024, the City had \$23,161,224 invested in capital assets, net of depreciation, including land, buildings, machinery and equipment, park facilities, water, sewer and stormwater systems, roads, and bridges. This represents a net increase of \$1,118,254 over last year.

**Management's Discussion and Analysis**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**Table 4**  
**Primary Government Capital Assets**  
**(In Thousands)**  
**(Net of Accumulated Depreciation)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Construction in progress	\$ -	-	396	905	396	905
Land	1,002	1,002	-	-	1,002	1,002
Buildings	2,026	2,011	542	542	2,568	2,553
Machinery and equipment	2,255	1,956	2,607	2,327	4,862	4,283
Vehicles	2,895	2,764	-	-	2,895	2,764
Infrastructure	2,870	2,768	29,168	27,186	32,038	29,954
Less: Accumulated depreciation	(6,509)	(6,105)	(14,091)	(13,312)	(20,600)	(19,417)
Total capital assets, net	\$ 4,539	4,396	18,622	17,648	23,161	22,044

Major capital asset events during the current fiscal year included the following:

- Street improvements.
- Water and sewer lines along 29<sup>th</sup> Street.
- Sewer line along 23<sup>rd</sup> Street.
- Vehicle and equipment purchases for various departments.

***Long-term Debt***

At year-end, the City had \$24,245,776 in long-term debt outstanding, excluding accrued compensated absences, due to depositors and net pension liability, which represents a \$9,541,724 increase from the prior year due to the issuance of the OWRB 2023 revenue notes in the amount of \$10,000,000.

**Table 6**  
**Outstanding Debt**  
**(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Notes payable	\$ 686	809	23,559	13,895	24,245	14,704
Other debt	-	-	-	-	-	-
Totals	\$ 686	809	23,559	13,895	24,245	14,704



**Management's Discussion and Analysis**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

## **ECONOMIC OUTLOOK**

- The unemployment rate for the Oklahoma City metropolitan area which includes Harrah is currently 3.5 percent, which is an increase of 0.2 percent from a year ago. This compares favorably to the state's average unemployment rate of 3.4 percent and favorably to the national average rate of 4.1 percent.
- Inflationary trends in the region compare favorably to national indices.
- The City's major source of revenue is sales and use tax revenue. Sales and use tax revenue increased 1.2% over the prior year total.

All of these factors were considered in preparing the City's budget for the 2024-2025 fiscal year.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, bond rating agencies and creditors with a general overview of the City's finances reflecting the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Office at 19625 N.E. 23<sup>rd</sup> St., Harrah, Oklahoma 73045.

## **BASIC FINANCIAL STATEMENTS**

City of Harrah, Oklahoma  
Statement of Net Position  
June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Pooled cash and cash equivalents	\$ 5,827,574	4,888,097	10,715,671
Restricted assets:			
Restricted cash and investments	-	11,622,238	11,622,238
Receivables (net of allowance for uncollectibles)	77,126	273,529	350,655
Internal balances	(133,789)	133,789	-
Due from other government agencies	789,908	-	789,908
Net pension asset	39,152	-	39,152
Capital assets:			
Land, improvements and construction in progress	1,001,528	396,110	1,397,638
Other capital assets, net of depreciation	3,537,584	18,226,002	21,763,586
Total assets	<u>11,139,083</u>	<u>35,539,765</u>	<u>46,678,848</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<u>1,982,906</u>	<u>498,952</u>	<u>2,481,858</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	194,883	32,187	227,070
Accrued interest payable	10,044	255,616	265,660
Due to bondholders	1,393	-	1,393
Due to other government agencies	143,864	-	143,864
Unearned revenue	562,272	-	562,272
Current portion of long-term debt	182,168	357,579	539,747
Long-term liabilities:			
Long-term debt and other liabilities	729,353	24,348,972	25,078,325
Net pension liability	1,562,023	662,885	2,224,908
Total liabilities	<u>3,386,000</u>	<u>25,657,239</u>	<u>29,043,239</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	<u>463,273</u>	<u>246,109</u>	<u>709,382</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,842,651	6,193,690	10,036,341
Restricted for:			
Debt service	-	315,181	315,181
Capital improvements	1,155,878	-	1,155,878
Other purposes	165,522	-	165,522
Unrestricted (deficit)	4,108,665	3,626,498	7,735,163
Total net position	<u>\$ 9,272,716</u>	<u>10,135,369</u>	<u>19,408,085</u>

See accompanying notes to the basic financial statement.

City of Harrah, Oklahoma  
Statement of Activities  
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 1,139,500	236,311	-	-
Public safety	2,814,619	299,415	607,573	-
Public works	123,598	84,670	-	-
Culture and recreation	273,782	-	-	-
Debt service	44,483	-	-	-
Total governmental activities	4,395,982	620,396	607,573	-
Business-type activities:				
Water , sewer and sanitation	4,311,024	3,102,861	-	-
Total business-type activities	4,311,024	3,102,861	-	-
Total primary government	8,707,006	3,723,257	607,573	-

**City of Harrah, Oklahoma**  
**Statement of Activities**  
*For the Year Ended June 30, 2024*

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Change in Net Position:</b>			
<b>Net (expense) revenue</b>	\$ (3,168,013)	(1,208,163)	(4,376,176)
<b>General revenues:</b>			
Taxes:			
Sales taxes	3,484,612	-	3,484,612
Use taxes	750,319	-	750,319
Franchise taxes (fees)	292,891	-	292,891
Other taxes	144,102	-	144,102
Unrestricted investment income	274,312	721,557	995,869
Miscellaneous	48,305	(714)	47,591
Transfers	(731,090)	731,090	-
Capital contributions	(262,526)	262,526	-
<b>Total general revenues and transfers</b>	<b>4,000,925</b>	<b>1,714,459</b>	<b>5,715,384</b>
<b>Change in net position</b>	<b>832,912</b>	<b>506,296</b>	<b>1,339,208</b>
<b>Net Position - beginning</b>	<b>8,439,804</b>	<b>9,629,073</b>	<b>18,068,877</b>
<b>Net Position - ending</b>	<b>\$ 9,272,716</b>	<b>10,135,369</b>	<b>19,408,085</b>

See accompanying notes to the basic financial statement.

**City of Harrah, Oklahoma**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2024**

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,952,053	1,711,390	161,736	5,825,179
Cash - Police bond account	2,394	-	-	2,394
Receivables:				
Due from other governments	783,101	-	6,807	789,908
Due from other funds	30,356	162,546	-	192,902
Other receivables	77,126	-	-	77,126
<b>Total assets</b>	<b>4,845,030</b>	<b>1,873,936</b>	<b>168,543</b>	<b>6,887,509</b>

**LIABILITIES AND FUND BALANCES**

Liabilities:

Accounts payable	35,175	154,187	-	189,362
Police bonds outstanding	1,393	-	-	1,393
Deposits subject to refund	2,500	-	3,021	5,521
Due to other funds	325,092	1,599	-	326,691
Due to other governments - Police radios	143,864	-	-	143,864
Deferred revenue - ARPA grant	-	562,272	-	562,272
<b>Total liabilities</b>	<b>508,024</b>	<b>718,058</b>	<b>3,021</b>	<b>1,229,103</b>

Fund balances:

Nonspendable	-	1,155,878	165,522	1,321,400
Unassigned	4,337,006	-	-	4,337,006
<b>Total fund balances</b>	<b>4,337,006</b>	<b>1,155,878</b>	<b>165,522</b>	<b>5,658,406</b>

<b>Total liabilities and fund balances</b>	<b>\$ 4,845,030</b>	<b>1,873,936</b>	<b>168,543</b>	
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not required in the funds, net of accumulated depreciation of \$6,508,596	4,539,112
Certain deferred outflows are not available to pay current period expenditures and certain long-term liabilities and deferred outflows are not due and payable from current financial resources, and therefore, are not reported in these fund financial statements, but are reported in the governmental activities of the Statement of Net Position:	
Pension related deferred outflows	1,982,906
Net pension asset	39,152
Net pension liability	(1,562,023)
Pension related deferred inflows	(463,273)
Certain long-term liabilities are not due and payable from current financial resources and, therefore, along with deferred inflows, are not reported in the funds:	
Notes payable	(696,460)
Accrued interest payable	(10,044)
Accrued compensated absences	(215,060)
<b>Net position of governmental activities</b>	<b>\$ 9,272,716</b>

See accompanying notes to the basic financial statement.

**City of Harrah, Oklahoma**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2024**

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 4,613,687	-	58,237	4,671,924
Intergovernmental	93,047	344,333	-	437,380
Licenses and permits	236,311	-	-	236,311
Charge for services	-	-	84,669	84,669
Fines and forfeitures	299,415	-	-	299,415
Interest	185,748	88,563	1	274,312
Miscellaneous	35,660	12,645	-	48,305
Total revenues	<u>5,463,868</u>	<u>445,541</u>	<u>142,907</u>	<u>6,052,316</u>
<b>EXPENDITURES</b>				
Current:				
General government	305,430	107,416	-	412,846
Administration	430,256	-	-	430,256
Building inspection	124,890	-	-	124,890
Planning	69,858	-	-	69,858
Legal	33,841	-	-	33,841
Police	1,329,657	214,579	-	1,544,236
Fire	753,773	149,647	-	903,420
Senior citizens center	77,385	58,634	-	136,019
Parks	-	9,339	72,824	82,163
Streets	-	101,272	91,671	192,943
Debt service:				
Principal	-	112,363	-	112,363
Interest	-	45,898	-	45,898
Total expenditures	<u>3,125,090</u>	<u>799,148</u>	<u>164,495</u>	<u>4,088,733</u>
Excess (deficiency) of revenues over expenditures	<u>2,338,778</u>	<u>(353,607)</u>	<u>(21,588)</u>	<u>1,963,583</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	227,385	959,664	72,000	1,259,049
Transfers out	(1,912,754)	(77,385)	-	(1,990,139)
Contributed capital - fixed assets	-	(262,526)	-	(262,526)
Total other financing sources and uses	<u>(1,685,369)</u>	<u>619,753</u>	<u>72,000</u>	<u>(993,616)</u>
Net change in fund balances	653,409	266,146	50,412	969,967
Fund balances-beginning	3,683,597	889,732	115,110	4,688,439
Fund balances-ending	<u>\$ 4,337,006</u>	<u>1,155,878</u>	<u>165,522</u>	<u>5,658,406</u>

See accompanying notes to the basic financial statement.

City of Harrah, Oklahoma  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds	\$ 969,967
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	546,884
Depreciation expense	(403,413)
In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. The fund financial statements report pension contributions as expenditures.	
	(346,033)
Repayment of debt principal and note issue costs is an expenditure in the governmental funds. However, the repayment reduces long-term liabilities in the Statement of Net Position:	
Proceeds from issuance of long-term debt	-
Long-term debt principal payments	112,364
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 compensated absences	(48,272)
Change in accrued interest payable	1,415
Change in net position of governmental activities.	\$ <u>832,912</u>



City of Harrah, Oklahoma  
Statement of Net Position - Proprietary Funds  
June 30, 2024

	Harrah Public Works Authority
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 4,888,097
Restricted cash and investments	11,622,238
Accounts receivable, net of allowance of \$273,234	273,529
Due from other funds	162,546
Total current assets	<u>16,946,410</u>
Capital assets:	
Land, improvements, and construction in progress	396,110
Other capital assets, net of accumulated depreciation	18,226,002
Total non-current assets	<u>18,622,112</u>
Total assets	<u><u>35,568,522</u></u>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>	
Deferred amounts related to pensions	<u>498,952</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	9,438
Accrued interest payable	255,616
Deferred revenues	22,749
Due to other funds	28,757
Current portion of long-term obligations	357,579
Total current liabilities	<u>674,139</u>
Non-current liabilities:	
Notes payable - non-current	24,125,441
Net pension liability	662,885
Deposits subject to refund	175,900
Accrued compensated absences - non-current	47,631
Total non-current liabilities	<u>25,011,857</u>
Total liabilities	<u>25,685,996</u>
<b>DEFERRED INFLOW OF RESOURCES:</b>	
Deferred amounts related to pensions	<u>246,109</u>
<b>NET POSITION</b>	
Net investment in capital assets	6,193,690
Restricted:	
Debt service	315,181
Unrestricted	<u>3,626,498</u>
Total net position	<u><u>\$ 10,135,369</u></u>

See accompanying notes to the basic financial statement.

**City of Harrah, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds**  
*For the Year Ended June 30, 2024*

	Harrah Public Works <u>Authority</u>
<b>REVENUES</b>	
Water	\$ 1,191,801
Sewer	899,258
Sanitation	739,458
Other	272,344
Total operating revenues	<u>3,102,861</u>
<b>OPERATING EXPENSES</b>	
Personal services	1,040,916
Maintenance and operations	1,403,587
Bad debt expense	13,269
Depreciation and amortization	779,524
Total operating expenses	<u>3,237,296</u>
Operating income (loss)	<u>(134,435)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Miscellaneous revenues (expense)	(713)
Interest income	721,557
Interest expense and fiscal charges	(1,073,728)
Total nonoperating revenues (expenses)	<u>(352,884)</u>
<b>OPERATING TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	
Transfers in	881,089
Transfers out	(150,000)
Contributed capital	262,526
Total operating transfers and capital contributions	<u>993,615</u>
Change in net position	506,296
Net position - beginning	<u>9,629,073</u>
Net position - ending	<u><u>\$ 10,135,369</u></u>

See accompanying notes to the basic financial statement.

City of Harrah, Oklahoma  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended June 30, 2024

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 3,066,742
Payments to suppliers and employees	(2,330,062)
Net receipts (refunds) of customer meter deposits	16,490
Net cash provided (used) by operating activities	<u>753,170</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Operating transfers in (out)	731,089
Net cash provided (used) by noncapital financing activities	<u>731,089</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchase of capital assets	(1,737,817)
Debt issuances	10,000,000
Principal paid on debt	(335,650)
Capital contributions	262,526
Interest expense and fiscal charges	(741,532)
Net cash provided (used) by capital and related financing activities	<u>7,447,527</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	721,557
Net cash provided (used) by investing activities	<u>721,557</u>

Net increase (decrease) in cash and cash equivalents	9,653,343
Cash and cash equivalents, beginning of the year	6,856,992

Cash and cash equivalents, end of the year	<u>\$ 16,510,335</u>
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**Reconciliation to Statement of Net Position:**

Cash and cash equivalents	4,888,097
Restricted cash and cash equivalents	11,622,238
Total cash and cash equivalents, end of year	<u>\$ 16,510,335</u>

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:**

Operating income (loss)	(134,435)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Cash flows reported in other categories:	
Depreciation and amortization expense	779,524
Miscellaneous revenue (expense)	(713)
Change in assets and liabilities:	
(Increase) decrease in receivables	(36,119)
(Increase) decrease in due from other funds	(14,526)
Increase (decrease) in accounts payable and accrued expenses	156,517
Increase (decrease) in deferred revenues	3,277
Increase (decrease) in net pension liability and related deferrals	(355)
Total adjustments	<u>887,605</u>
Net cash provided by (used in) operating activities	<u>\$ 753,170</u>

See accompanying notes to the basic financial statement.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the City of Harrah, Oklahoma (the “City”) conforms to accounting principles generally accepted in the United States of America for state and local governments. Generally accepted accounting principles for municipalities are defined as those principles promulgated by the Governmental Accounting Standards Board (“GASB”). The following represent the more significant accounting and reporting policies and practices of the City.

**Financial Reporting Entity** - The City is an incorporated municipality located in central Oklahoma. The City operates under a council-manager form of government with a charter that provides for three branches of government:

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

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 GASB Statement 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, and includes all component units for which the City is financially accountable.

The accompanying financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City’s operations and therefore data from these units are combined with the data of the City. Each blended component unit has a June 30 year end.

**Blended Component Units** - The Harrah Public Works Authority (HPWA) was created pursuant to a Trust Indenture, for the benefit of the City of Harrah. HPWA was established to acquire, construct, develop, equip, operate, and maintain the City’s water, sanitary sewer, and solid waste disposal systems. The water, sanitary sewer and solid waste disposal systems owned by the City have been leased to HPWA, including long-term financing and capital development. Council members serve as Trustees and the City Manager is General Manager. The Authority is reported as an enterprise fund.

Separate financial statements have not been prepared for the blended component units.

Each component unit is a Public Trust established pursuant to Title 60 of the Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through the issuance of revenue bonds and notes 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 has leased certain existing assets at the creation for the Authority to the Trustees on a long-term basis. The City, as beneficiary of the Public Trust, receives title to any residual assets when a Public Trust is dissolved.

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Basis of presentation and accounting:**

The City follows Governmental Accounting Standards Board (“GASB”) statements in the preparation of its financial statements. The presentation includes financial statements that communicate the City’s financial condition and changes therein at two distinct levels:

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

**Government-wide and fund financial statements** - The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities.

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Fund Financial Statements -**

**Governmental Funds** - Most of the City's basic services are reported in governmental funds, which focus on how much money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds report their activities on the modified accrual basis of accounting and current financial resources measurement focus that is different from other funds. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for reimbursement type grants that are recorded as revenues when the related expenditures are recognized. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, judgments, and pension liabilities are recorded only when payment is due.

Sales and use taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Expenditure driven grants are recognized as revenues when qualifying expenditures have been incurred and all eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

**The following are the City's major governmental funds:**

- General Fund - accounts for general operations of the City including public safety, parks, public facilities, street maintenance and internal service support.
- Capital Projects Fund - accounts major capital improvement projects.

**The following are the City's aggregate non-major governmental funds:**

- Street & Alley Fund
- Park Funds

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

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**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-like activities provided to other funds or departments of the City. 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 reductions to the liability.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**The following are the City's proprietary funds:**

- Harrah Public Works Authority (HPWA) - accounts for the revenues from operations of water, sanitary sewer, and solid waste.

**Accounting Policies -**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity**

- a. *Cash and Cash Equivalents* - The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents.
- b. *Pooled Cash and Investments* - The City Charter requires all cash belonging to the City to be placed in the custody of the Financial Services Department of the City. A "Pooled Cash" concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amounts. Investments are allocated to the individual participating funds based upon a percentage determined by the Financial Services Department of the City. An interfund receivable/payable is recognized if the allocation of investments to a particular fund exceeds the fund's pooled cash amount before the allocation of the pooled investments.

The purchases and maturities of the pooled investments, as reported in the fund's statement of cash flow, are allocated to the participating proprietary funds based on their portion of total pooled investments.



**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

- c. *Investments* - Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers the quoted market price on June 30, 2024, to be the fair value of its investments.

Oklahoma Statutes authorize the City to invest in obligations of the United States government, its agencies and instrumentalities; collateralized or insured certificates of deposit and other evidences of deposit at banks, savings banks, savings and loan associations and credit unions located in this state, or fully insured certificates of deposit at banks, savings bank, savings and loan associations and credit unions located out of state; negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings bank, a savings and loan association or a state-licensed branch of a foreign bank; prime banker's acceptances which are eligible for purchases by the Federal Reserve System and which do not exceed 270 days' maturity; prime commercial paper which shall not have a maturity that exceeds 180 days nor represent more than 10% of the outstanding paper of an issuing corporation; repurchase agreements that have underlying collateral consisting of those items specified above; and money market funds regulated by the Securities and Exchange Commission and which investments consist of those items noted above.

- d. *Receivables and payables* - In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

In the governmental fund financial statements, receivables are recorded when they are both measurable and available. Proprietary fund receivables consist of all revenues earned at year-end and not yet received.

- e. *Interfund Receivable and Payables* - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / due from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."
- f. *Restricted Assets* - Restricted assets include cash and investments of both governmental activities and business-type activities that are legally restricted as to their use. The restricted assets are primarily related to debt trustee accounts and guaranty deposits.

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

- g. *Capital Assets* - Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, the majority of which generally consists of donated land and infrastructure which is recorded in the governmental funds and donated water and sewer distribution systems which are recorded in the proprietary funds, are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 - 65 years
Infrastructure	25 - 50 years
Improvements other than buildings & infrastructure	10 - 20 years
Machinery and equipment	3 - 20 years
Vehicles	3 - 7 years

- h. *Inventory* - The City records parts and fuel inventory as expenses within the General Fund. Parts inventory is recorded using actual cost.
- i. *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 and proprietary funds are reported as liabilities as incurred. The long-term debt presently is primarily comprised of revenue bonds payable, net pension liability, and accrued compensated absences. This long-term debt is reported not of unamortized discounts and premiums.

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 payments of principal and interest are reported as expenditures.

- j. *Claims and Judgments Payable* - Under state law, judgments against the City can be paid over three years or can be paid immediately. A liability would be recorded within the government-wide, proprietary, and fiduciary fund financial statements for claims and judgments payable. A liability for these amounts is reported in governmental funds only if they will be paid from current financial resources.

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

- k. *Compensated Absences* - Under the terms of union contracts and City personnel policies, City employees are granted vacation and sick leave in varying amounts. Vesting of sick leave by employees and maximum number of hours that can be accumulated for vacation and sick leave are dependent upon an employees' service as contained in the City's personnel manual. In the event of termination, an employee is paid for accumulated vacation leave.
- l. *Pensions* - For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflow of resources related to pensions and pension expense, information about the fiduciary net position of the City's multiemployer pension plans and additions to/deductions from the multiemployer pension plans have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- m. *Fund Equity* - In the government-wide financial statements, equity is classified as net position and displayed in three components:
  - 1. *Net investment in capital assets* - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings attributable to those assets.
  - 2. *Restricted net position* - Consists of net position with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
  - 3. *Unrestricted net position* - All other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted net positions are available for use, generally it is the City's policy to use restricted resources first. For projects funded with tax-exempt debt proceeds and other sources, the debt proceeds are used first.

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows and based on the nature of any limitations requiring the use of resources for specific purposes.

- a) *Nonspendable* - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements.
- b) *Restricted* - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

**Notes to Basic Financial Statements  
City of Harrah, Oklahoma  
June 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

- c) *Committed* - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City through formal action of the highest level of decision-making authority. The City Council is the highest level of decision-making authority that can, by adoption of an Ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by ordinance remains in place until a similar action by the City Council is taken (the adoption of another ordinance) to remove or revise the limitation.
- d) *Assigned* - Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- e) *Unassigned* - Includes the residual balance of the General Fund that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes with the General Fund.

When both restricted and unrestricted sources (the total of committed, assigned, and unassigned fund balance) are available for use, generally it is the City's policy to use restricted resources first. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Cost Sharing Defined Benefit Pension Plans**

The City participates in two cost-sharing multiple-employer defined benefit pension plans, the Oklahoma Firefighters Pension & Retirement System (OFPRS) and the Oklahoma Police Pension & Retirement System (OPPRS) (the Plans). For purposes of measuring the net pension asset, liability, deferred outflows of resources and deferred inflows of resources related to the pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Deferred Outflows/inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has deferred outflows related to pensions, with one being the amount of contributions made to pension plans after the measurement date, and the other the difference in investment experience between actual earnings and projected earnings on pension plan investments and the difference in assumption changes. Deferred outflows related to contributions made after the measurement date will be recognized as a reduction of pension liability in the following year. The remaining

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

amounts will be amortized to pension expense over future periods. See Note 4 for additional information.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has a deferred inflow related to pensions. This consists of the difference between expected and actual experience related to pension plans as well as the difference in assumption changes. These amounts are amortized over future periods to pension expense.

**Revenues, Expenditures and Expenses**

- a. *Sales Taxes* - Sales taxes are collected by vendors and required to be remitted to the State of Oklahoma by the 20<sup>th</sup> of the month following collection. The tax is then paid to the City by the 10<sup>th</sup> of the next month. A two-month lag exists between collection by the vendor and payment to the City by the State. Revenue received in July and August from sales made in May and June, respectively, is available for prior year expenses and is accrued in both the government-wide and fund financial statements.
- b. *Charges for Services* - Charges for service consist primarily of charges made by one fund for services such as insurance and other benefits provided to the other funds of the City.
- c. *Intergovernmental Revenues/Capital Grants Earned* - Revenues from Federal and State operating grants are recognized when expenditures are made. Similarly, capital grants are considered earned when the expenditures are made. The earned portion of capital grants in Proprietary Funds is treated as a capital contribution within the statement of revenues, expenses, and changes in fund net position.
- d. *Investment Earnings* - Investment earnings on pooled cash and investments are allocated on a pro-rata basis to the City's funds based on the percentage of each fund's average month-end pooled cash balance.

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

**Notes to Basic Financial Statements  
City of Harrah, Oklahoma  
June 30, 2024**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Compliance**

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

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

The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund.

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

In accordance with Title 60 of the Oklahoma State Statutes, the Harrah Public Works Authority is required to prepare an annual budget and submit a copy to the City as beneficiary. However, there are no further requirements such as form of budget, approval of budget or definition of a legal level of control; and, therefore, no budget and actual financial presentation for the HPWA funds is included in this report.

**Deposits and Investment Laws and Regulations**

**Deposits**

*Custodial credit risk* for deposits is the risk that in the event of a bank failure, the City may not recover its deposits. The City's policy to minimize its exposure to custodial credit risk for deposit is that all deposits shall either be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by securities held by the cognizant Federal Reserve Bank or invested in United States government obligations, and direct debt obligations of municipalities, counties, and school districts in the State of Oklahoma, in the City's name. On June 30, 2024, the City's bank balances of approximately \$11,045,178 were fully insured or collateralized with securities.

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued**

**Investments**

*Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The City minimizes its exposure to interest rate risk by limiting the duration of certificates of deposits or other fixed-income securities.

*Investment credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The City minimizes its exposure to investment credit risk by adopting investment policies that comply with the Oklahoma State statutes. As a result, investments are limited to the following:

- 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.
- Certificates of deposit or savings accounts that are either insured or secured with acceptable pledged collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- 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.
- 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.
- Money market funds and repurchase agreements which consist of the authorized investments of the United States government agency obligations with restrictions as specified in state law.

Public trusts created under O.S. Title 60 are not subject to the above-mentioned investment limitations and are primarily governed by restrictions in their trust or bond indentures.

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 and agencies as of the end of year end. Unless there is information to the contrary, obligations of the United States government or obligations explicitly guaranteed by the United States government are not considered to have credit risk and do not require disclosure of credit quality.

*Custodial credit risk* for investments is the risk that in the event of a bank failure, the City may not recover the value of its investments. The City's policy to minimize its exposure to custodial credit risk for investments is that all investments shall either be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by securities held by the cognizant Federal Reserve Bank or invested in United States government obligations, and direct debt obligations of municipalities, counties, and school districts in the State of Oklahoma, in the City's name. On June 30, 2024, the City did not have any custodial credit risk as defined above.



**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued**

**Debt Restrictions and Covenants**

General Obligation Debt

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of certain outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of the net assessed valuation. For the year ended June 30, 2024, the City did not have outstanding general obligation debt.

Other Long-term Debt

As required by the Oklahoma State Constitution, the City (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval.

Revenue Note Debt

The indentures relating to the revenue note issues of the Harrah Public Works Authority contain a number of restrictions or covenants that are financial related. These include covenants such as a required flow of funds through special accounts, debt service coverage requirements and required reserve account balances.

The following schedule presents a brief summary of the most significant requirements and the Authority's level of compliance, thereon, as of June 30, 2024:

<u>Requirement</u>	<u>Level of Compliance</u>
<i>Harrah Public Works Authority</i>	
a. Flow of Funds	The Authority maintained all required accounts and made the required payments into such accounts.
1. 2015 Revenue Note	
- Construction Fund	
- Debt Service Fund	
2. 2009 OWRB Revenue Note	
- Debt Service Fund	
3. 2011 OWRB Revenue Note	
- Debt Service Fund	
4. 2020 OWRB Revenue Note	
- Construction Fund	
- Debt Service Fund	
5. 2022 OWRB Revenue Note	
- Construction Fund	
- Debt Service Fund	
6. 2023B OWRB Revenue Note	
- Construction Fund	
- Debt Service Fund	
b. Revenue Note Coverage	
Net operating revenue plus transferred. Sales tax must equal 1.25 times annual	Net revenue available amounted to \$3,244,776. The annual debt service was \$1,767,794. Actual coverage was 1.84 times.



**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

debt service on the 2004, 2009, 2011,  
2020 and 2022 OWRB Notes and the 2015  
Revenue Notes

**Fund Equity/Net Position Restrictions**

**Restricted Net Position**

Restricted net position at the government-wide financial statements is required to restrict funds in accordance with various laws and regulations, specifically those laws and regulations dealing with debt service and the use of restricted revenues. See Note 3 for details of restricted net position.

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

**Deposits and Investment Risks**

The City of Harrah, including its blended component units, held the following deposits and investments on June 30, 2024:

Type	Maturities	Credit Rating	Carrying Value
<b>Deposits:</b>			
Demand deposits			\$ 10,895,969
Cash on hand			1,600
			<u>10,897,569</u>
<b>Investments:</b>			
Trustee money market account		AAAm	<u>11,440,340</u>
			<u>11,440,340</u>
<b>Total deposits and investments</b>			<u>\$ 22,337,909</u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents			\$ 10,715,671
Restricted cash and investments			<u>11,622,238</u>
			<u>\$ 22,337,909</u>

**Restricted Assets**

The amounts reported as restricted assets on the Statement of Net Position are comprised of cash and investments held by the trustee bank on behalf of the public trusts (Authorities) related to its required revenue bond accounts as described in Note 2 and amounts due to depositors related to utility deposits.

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

**Restricted Assets - Continued**

The restricted assets as of June 30, 2024, were as follows:

	Governmental Activities	Business-type Activities
	Current	Current
	Cash and cash Equivalents	Cash and cash Equivalents
2015 Utilities & Sales Tax Revenue Note - Debt Service	\$ -	51,587
2009 OWRB Clean Water SRF Note - Debt Service	-	25,029
2011 OWRB Clean Water SRF Note - Debt Service	-	9,343
2020 OWRB FAP Note - Debt Service	-	77,184
2022 OWRB FAP Note - Construction	-	659,518
2022 OWRB FAP Note - Debt Service	-	20,027
2023B OWRB FAP Note - Construction	-	10,471,639
2023B OWRB FAP Note - Debt Service	-	126,013
Utility Deposits	-	168,962
	<u>                    </u>	<u>                    </u>
Accounts receivable, net of allowance	\$ <u>                    </u>	<u>11,609,302</u>

**Receivables and Uncollectible Accounts**

Accounts receivable of governmental and business-type activities consist of sales tax, franchise tax and fees, grants funds due, customer utilities services provided, both billed and unbilled, all reported net of allowance for uncollectible amounts are as follows:

	Governmental Activities	Business-type Activities
Sales taxes	\$ 650,186	-
Use taxes	118,362	-
Franchise taxes	49,213	-
Hotel/Motel taxes	8,101	-
Other	41,172	-
Utilities	-	546,763
Less: Allowance for uncollectible accounts	-	(273,234)
	<u>                    </u>	<u>                    </u>
Accounts receivable, net of allowance	\$ <u>867,034</u>	<u>273,529</u>

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

**Capital Assets**

Capital asset balances and governmental activities for the year ended June 30, 2024, were as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Ending</u>
<b><i>Governmental activities</i></b>					
Capital assets not being depreciated :					
Land	\$ 1,001,528	-	-	-	1,001,528
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	<u>1,001,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,001,528</u>
Capital assets being depreciated :					
Buildings and improvements	2,010,556	15,647	-	-	2,026,203
Machinery and equipment	1,955,574	300,053	-	-	2,255,627
Vehicles	2,764,639	129,912	-	-	2,894,551
Infrastructure	<u>2,768,516</u>	<u>101,272</u>	<u>-</u>	<u>-</u>	<u>2,869,788</u>
Total capital assets being depreciated	<u>9,499,285</u>	<u>546,884</u>	<u>-</u>	<u>-</u>	<u>10,046,169</u>
Less : Accumulated depreciation					
Buildings and improvements	935,864	62,017	-	-	997,881
Machinery and equipment	1,496,718	122,939	-	-	1,619,657
Vehicles	2,197,136	133,777	-	-	2,330,913
Infrastructure	<u>1,475,454</u>	<u>84,680</u>	<u>-</u>	<u>-</u>	<u>1,560,134</u>
Total capital assets being depreciated	<u>6,105,172</u>	<u>403,413</u>	<u>-</u>	<u>-</u>	<u>6,508,585</u>
Net depreciable assets	<u>3,394,113</u>	<u>143,471</u>	<u>-</u>	<u>-</u>	<u>3,537,584</u>
Governmental activities capital assets, net	\$ <u>4,395,641</u>	<u>143,471</u>	<u>-</u>	<u>-</u>	<u>4,539,112</u>

Depreciation expense for governmental activities is charged to functions as follows:

***Governmental activities:***

General government	\$ 99,529
Public safety	207,018
Streets	31,927
Cultural and recreation	<u>64,939</u>
Total depreciation expense - governmental activities	\$ <u>403,413</u>

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

**Capital Assets - Continued**

Capital asset activity for business-type activities for the year ended June 30, 2024, was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Ending</u>
<b><i>Business-type activities</i></b>					
Capital assets not being depreciated :					
Land	\$ -	-	-	-	-
Construction in progress	904,628	1,346,960	(1,855,478)	-	396,110
Total capital assets not being depreciated	904,628	1,346,960	(1,855,478)	-	396,110
Capital assets being depreciated :					
Buildings and improvements	541,681	-	-	-	541,681
Equipment and vehicles	2,327,068	280,604	-	-	2,607,672
Infrastructure	26,551,826	126,743	1,855,478	-	28,534,047
Industrial park	633,649	-	-	-	633,649
Total capital assets being depreciated	30,054,224	407,347	1,855,478	-	32,317,049
Less : Accumulated depreciation					
Buildings and improvements	438,515	16,723	-	-	455,238
Equipment and vehicles	1,683,567	110,606	-	-	1,794,173
Infrastructure	10,910,929	631,073	-	-	11,542,002
Industrial park	278,512	21,122	-	-	299,634
Total capital assets being depreciated	13,311,523	779,524	-	-	14,091,047
Net depreciable assets	16,742,701	(372,177)	1,855,478	-	18,226,002
Business-type activities capital assets, net	\$ 17,647,329	974,783	-	-	18,622,112

Depreciation expense for business-type activities is charged to functions as follows:

***Business-type activities:***

Water and wastewater	\$ 779,524
Total depreciation expense - business-type activities	<u>\$ 779,524</u>

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

**Deposits Subject to Refund**

Utility customers are required to make a meter deposit, which is refunded upon the customer's termination of services, provided there are no outstanding bills. Monies are deposited in separate accounts, and a liability has been recorded to represent the amount of deposits due to customers. As of June 30, 2024, cash and investments included \$168,962 available for refund of customer deposits, while the liability to customers was \$175,900.

Appearance bonds and other payments made to the municipal court funds are held until final disposition by the court at which time they are refunded to the bondholder or paid over to the City general fund as fines. As of June 30, 2024, \$1,303 was being held that was subject to refund.

**Long-term Debt**

The reporting entity's long-term debt is segregated by the amounts involving governmental activities and business activities.

***Governmental Activities Long-term Debt:***

As of June 30, 2024, the governmental activities long-term debt consisted of the following:

**Notes Payable**

Notes outstanding consist of debt issued by the City of Harrah.

\$290,531 note payable to FNB Community Bank; dated October 5, 2018, for the acquisition of land for economic development; due in monthly principal and interest payments of \$2,012.49 beginning November 5, 2018 and maturing October 5, 2033; secured by mortgage on the land; interest included at a rate of 3.00% per annum.	\$ 195,948
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\$205,330 note payable to FNB Community Bank; dated February 28, 2022, for the acquisition of police vehicles and equipment; due in annual principal and interest payments of \$55,535.50 beginning June 1, 2023 and maturing June 1, 2026; secured by police vehicles; interest included at a rate of 2.88% per annum.	71,172
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Total Revenue Notes	\$ 267,120
Current portion	\$ 74,443
Non-current portion	192,677
	\$ 267,120

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

**Tax Increment Revenue Note**

\$600,000 Harrah Tax Increment Finance Authority Use Tax Revenue Note, Taxable Series 2019; dated January 31, 2019. Proceeds to be used to finance the purchase of land for an economic development project. Note matures on August 1, 2030 and bears interest at an initial rate of 5.50% per annum. The interest rate resets annually on February 1 of each year at an interest rate equal to the WSJ prime rate, but not be less than 5.00% per annum. Semi-annual principal payments commence on February 1, 2021 to August 1, 2030 in varying amounts of \$23,000 to \$38,000. The note is secured by a pledge of all of the use tax revenue of the City.

\$ 429,341

Current portion 56,000

Non-current portion 373,341

\$ 429,341

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

***Business-type Activities Long-term Debt:***

As of June 30, 2024, the long-term debt payable from enterprise fund resources consisted of the following:

**Revenue Notes Payable**

\$2,220,000 Clean Water SRF Series 2004 loan payable to the Oklahoma Water Resource Board (OWRB), dated December 16, 2004, payable in semi-annual installments with a final payment due September 15, 2025; interest rate of 2.60% and administrative fee of 0.5%; secured by a pledge of a three cent sales tax and water and sewer revenues.	\$ 154,217
\$1,930,000 Clean Water SRF Series 2009 loan payable to the Oklahoma Water Resource Board (OWRB), dated May 29, 2009, payable in semi-annual installments with a final payment due March 15, 2030; interest rate of 2.35% and administrative fee of 0.5%; secured by a pledge of a three cent sales tax and water and sewer revenues.	467,789
\$490,000 Drinking Water SRF Series 2011 loan payable to the Oklahoma Water Resource Board (OWRB), dated October 1, 2011, payable in semi-annual installments with a final payment due March 15, 2032; interest rate of 3.05% and administrative fee of 0.5%; secured by a pledge of a three cent sales tax and water and sewer revenues.	232,574
\$9,960,000 Promissory Note (FA Loan) payable to the Oklahoma Water Resource Board (OWRB), dated December 1, 2020, payable in semi-annual installments ranging from \$5,000 to \$605,000 with a final payment due September 1, 2050; interest rates ranging from 4.20% to 2.325%; secured by a pledge of three cent sales tax and water and sewer revenues.	9,945,000
\$2,210,000 Promissory Note (FA Loan) payable to the Oklahoma Water Resource Board (OWRB), dated March 16, 2022, payable in semi-annual installments ranging from \$5,000 to \$150,000 with a final payment due September 1, 2051; interest rates ranging from 4.20% to 3.20%; secured by a pledge of three cent sales tax and water and sewer revenues.	2,205,000
\$10,000,000 Promissory Note (FA Loan) payable to the Oklahoma Water Resource Board (OWRB), dated March 16, 2022, payable in semi-annual installments ranging from \$5,000 to \$150,000 with a final payment due September 1, 2051; interest rates ranging from 4.20% to 3.20%; secured by a pledge of three cent sales tax and water and sewer revenues.	10,000,000
\$1,220,000 HPWA Utilities System and Sales Tax Revenue Note, Series 2015; payable in semi-annual installments ranging from \$35,000 to \$50,000 with a final payment due February 1, 2030; interest rate of 2.56%; secured by a pledge of a three cent sales tax and water and sewer revenues.	555,000
Total Revenue Notes Payable	\$ 23,559,580

Notes to Basic Financial Statements  
City of Harrah, Oklahoma  
June 30, 2024

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

**Revenue Notes Payable - Continued**

Current portion	\$ 354,272
Non-current portion	<u>23,205,308</u>
	<u>\$ 23,559,580</u>

**Accrued Compensated Absences**

Accrued compensated absences reported are comprised of accrued vacation leave, sick leave and compensatory time.

Governmental activities	\$ 215,059
Business-type activities	<u>59,560</u>
Total Accrued Compensated Absences	<u><u>\$ 274,619</u></u>

**Due to Depositors**

Current portion	\$ -
Non-current portion	<u>175,900</u>
Total Due Depositors	<u><u>\$ 175,900</u></u>



**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

**Changes in Long-term Debt**

The following is a summary of changes in long-term debt for the year ended June 30, 2024:

	Beginning			Ending	Amounts
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>Due Within</u>
					<u>One Year</u>
<b>Governmental activities</b>					
Note payable - FNB - Land	\$ 213,805	-	17,857	195,948	18,443
Note payable - FNB - Vehicles	122,941	-	51,769	71,172	53,960
Revenue note - HTIFA	472,077	-	53,000	419,077	56,000
Accrued compensated absences	166,788	48,272	-	215,060	53,765
Total Governmental Activities	\$ 975,611	48,272	122,626	901,257	182,168

	Beginning			Ending	Amounts
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>Due Within</u>
					<u>One Year</u>
<b>Business-type activities</b>					
Notes payable:					
OWRB Series 2004	\$ 304,229	-	150,013	154,216	150,013
OWRB Series 2009	538,185	-	70,396	467,789	70,396
OWRB Series 2011	257,815	-	25,241	232,574	25,241
OWRB Series 2020	9,950,000	-	5,000	9,945,000	5,000
OWRB Series 2022	2,210,000	-	5,000	2,205,000	5,000
OWRB Series 2023B	-	10,000,000	-	10,000,000	10,000
Revenue note - Series 2015	635,000	-	80,000	555,000	80,000
Deposits subject to refund	159,410	16,490	-	175,900	-
Accrued compensated absences	47,714	6,051	-	53,765	11,929
Total Business-type Activities	\$ 14,102,353	10,022,541	335,650	23,789,244	357,579

**Reconciliation to Statement of Position:**

Plus : Unamortized note premium (discount)	911,511
	<u>24,700,755</u>

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

**Annual Debt Service Requirements**

The annual debt service requirements to maturity, including principal and interest, for long-term debt, with interest rates applicable as of June 30, 2024, excluding accrued compensated absences, due to depositors, estimated claims liability and net pension liability are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 128,403	31,418	354,272	867,568
2026	94,565	25,211	404,932	855,953
2027	82,599	20,749	404,462	839,812
2028	87,193	16,635	407,532	823,618
2029	89,826	12,289	420,748	807,214
2030-2034	203,611	12,874	3,047,633	3,689,484
2035-2039	-	-	4,335,000	2,868,563
2040-2044	-	-	5,180,000	2,019,278
2045-2049	-	-	5,585,000	1,108,396
2050-2054	-	-	3,420,000	213,404
Totals	686,197	119,176	23,559,579	14,093,290

**Applicability of Federal Arbitrage Regulations**

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

**Notes to Basic Financial Statements  
City of Harrah, Oklahoma  
June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

**Non-Commitment Debt**

Harrah Tax Increment Finance Authority Revenue Notes- Series 2009

On December 28, 2008, the Harrah Tax Increment Finance Authority issued tax increment revenue notes in the aggregate principal amount of \$15,760,000 with a maturity date on July 1, 2035. The Notes will be issued on a drawdown basis as project costs are incurred. The Notes shall bear interest and principal on a monthly basis, as more fully set out in a Loan Agreement and Security Agreement dated December 1, 2009. The Notes were issued in furtherance of the implementation of the Harrah Town Center Economic Development Project Plan. The proceeds of the Notes are financing the certain project costs outlined in the Project Plan.

The Notes are secured by a pledge of certain ad valorem tax and sales and use revenues generated within the Increment District. The Notes are a limited obligation of the Authority and do not constitute an obligation of the State of Oklahoma or the City of Harrah. The Authority has no taxing power.

During the fiscal year ended June 30, 2024, the Authority received and paid \$132,288 of sales tax related to the Tax Increment District.

**Pledge of Future Revenues**

Sales Tax Pledge - The City has pledged three cents of future sales tax revenues to repay \$26,810,000 of OWRB Series 2004, 2009, 2011, 2020, 2022 and 2023B Revenue Notes and \$1,470,000 of HPWA Series 2015 Revenue Notes which are payable through 2052. Proceeds from the notes provided financing for construction of designated capital improvements. The total principal and interest payable for the remainder of the life of the notes is \$37,652,870. Pledged sales tax received in the current year was \$2,599,687. Debt service payments on the Revenue Notes of \$689,922 for the current fiscal year was 26.5% of pledged sales tax. Other sources of revenue such as water and sewer are also pledged.

Utility Revenue Pledge - The City has also pledged future net water and sewer revenues to repay \$26,810,000 of OWRB Series 2004, 2009, 2011, 2020, 2022 and 2023B Revenue Notes and \$1,470,000 of HPWA Series 2015 Revenue Notes which are payable through 2052. Proceeds from the notes provided funding for utility system capital assets. The total principal and interest payable for the remainder of the life of the notes is \$37,652,870. The notes are payable from the above-mentioned utility net revenues and are additionally secured with three cents of future sales tax revenues. The debt service payments on the notes this year were \$689,922 which was 106.9% of pledged net utility revenues of \$645,089 and 21.3% of both pledged utility revenues and pledged sales taxes.

Use Tax Pledge - The City has pledged future use tax revenues to repay \$600,000 of the Harrah Tax Increment Finance Authority Series 2019 Revenue Notes which are payable through 2030. Proceeds from the note provided financing for economic development incentives. The total principal and interest payable for the remainder of the life of the notes is \$505,180. Pledged use tax received in the current year was \$750,319. Maximum annual debt service payments on the Revenue Notes of \$79,678 are 10.6% of pledged use tax.

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

**Interfund Receivables, Payables, and Transfers**

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

**Transfers:**

<b>Transfer From</b>	<b>Transfer To</b>	<b>Amount</b>	<b>Purpose of Transfer</b>
Harrah Public Works Auth.	General Fund	150,000	Operating subsidy
Capital Improvement Fund	General Fund	77,385	Operating subsidy
General Fund	Capital Improvement Fund	881,089	Sales tax transfer
General Fund	Harrah Public Works Auth.	881,089	Sales tax transfer
General Fund	Capital Improvement Fund	78,575	Operating subsidy
General Fund	Park Fund	72,000	Operating subsidy
		<u>2,140,138</u>	

Reconciliation to Fund Financial Statements:

	<b>Transfers In</b>	<b>Transfers Out</b>	<b>Net Transfers</b>
Governmental Funds	1,259,050	(1,990,139)	(731,089)
Proprietary Funds	881,089	(150,000)	731,089
	<u>2,140,139</u>	<u>(2,140,139)</u>	<u>-</u>

Reconciliation to Statement of Activities:

Net Transfers	<u>-</u>
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**Balances:**

<b>Payable Fund</b>	<b>Receivable Fund</b>	<b>Amount</b>	<b>Nature of Interfund Balance</b>
General Fund	Capital Improvement Fund	162,546	Sales tax transfer receivable
General Fund	Harrah Public Works Auth.	162,546	Sales tax transfer receivable
Capital Improvement Fund	General Fund	1,599	Interfund obligation
Harrah Public Works Auth.	General Fund	28,757	Interfund obligation
		<u>355,448</u>	

Reconciliation to Fund Financial Statements:

	<b>Due From</b>	<b>Due To</b>	<b>Net Interfund Balance</b>
Governmental Funds	192,902	(326,691)	(133,789)
Proprietary Funds	162,546	(28,757)	133,789
	<u>355,448</u>	<u>(355,448)</u>	<u>-</u>

Reconciliation to Statement of Activities:

Net Transfers	<u>-</u>
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**Notes to Basic Financial Statements  
City of Harrah, Oklahoma  
June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

**Fund Balances and Net Position**

**Fund Balances**

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

	General Fund	Capital Improvement Fund	Other Governmental Fuunds	Total
Fund Balances:				
Restricted:				
Capital improvements	-	1,155,878	-	1,155,878
Street	-	-	156,851	156,851
Parks	-	-	8,671	8,671
Subtotal Nonspendable	-	1,155,878	165,522	1,321,400
Unassigned (deficit):	4,334,121	-	-	4,334,121
 TOTAL FUND BALANCES	 4,334,121	 1,155,878	 165,522	 5,655,521

**Sales Tax**

Sales tax revenue represents a 4 cents tax on each dollar of taxable sales of which is recorded as follows:

- 3 cents are recorded in the General Fund and is pledged for Harrah Public Works Authority debt service. 1 cent is transferred to HPWA, and the remaining 2 cents is retained in the General Fund for general operational purposes,
- 1 cent is recorded in the General Fund and then transferred to the Capital Improvement Fund for capital expenditures and for the payment of debt service in connection with obligations issued to finance specified capital expenditures.

In accordance with sales tax agreements of the OWRB and Revenue note indentures, sales tax has been pledged for the payment of principal and interest on the indebtedness on a parity basis.

**Notes to Basic Financial Statements  
City of Harrah, Oklahoma  
June 30, 2024**

**NOTE 4 - OTHER INFORMATION**

**Risk Management**

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

- General Liability - Covered through purchased insurance with a \$1,000 deductible, per occurrence.
- Physical Property - Covered through purchased insurance with a \$1,000 deductible, per occurrence.
- Workers' Compensation - The City is a member of the Oklahoma Municipal Assurance Group Workers' Compensation Plan (the Plan), an organization formed for the purpose of providing workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, the Plan is responsible for providing loss control services and certain fiscal activities including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the Plan year.

As a matter of the Plan, the City is required to pay fees set by the Plan according to an established payment schedule. The City is responsible for complying with all requirements of the Oklahoma Workers' Compensation Act. A loss Fund has been established from the proceeds of the fees paid by the City. The City expensed these fees when paid. The State Insurance Fund provides coverage in excess of the Loss Fund so the City's Liability for claim loss is limited to the balance of that fund. However, the failure of the State Insurance Fund to honor its obligations could result in losses to the Plan.

- Employee's Group Medical - Covered through purchased insurance with a deductible of \$6,000 per employee with the employee responsible for the first \$500.

**COMMITMENTS AND CONTINGENCIES**

**Commitments**

**Construction in Progress**

Construction in progress is authorized by actions of the City Council (governing body). A summary of construction in progress as of June 30, 2024 is as follows:

	Total Construction in Progress	Total Project	Remaining to Complete
Water and sewer improvements	\$ 396,110	10,000,000	9,603,890
Totals	\$ 396,110	10,000,000	9,603,890

Notes to Basic Financial Statements  
City of Harrah, Oklahoma  
June 30, 2024

**NOTE 4 - OTHER INFORMATION - Continued**

**Contingent Liabilities**

**General Litigation** - The City and Utilities Authority are parties 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 self-insurance reserves maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance reserves would not have a material adverse effect on the financial condition of the City.

**Federal Grants** - In the normal course of operations, the City receives grant funds from various federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Management does not believe any liability for reimbursement which may arise as the result of these audits will be material.

**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, 2024, 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 a subsequent fiscal year.

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 4 - OTHER INFORMATION - Continued**

**EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

The City participates in five employee pension systems as follows:

<u>Names of Plan/System</u>	<u>Type of Plan</u>
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer - Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer - Defined Benefit Plan
Oklahoma Municipal Retirement Fund (OkMRF)	Agent Multiple Employer - Defined Contribution Plan
Oklahoma Municipal Retirement Fund (OkMRF)	Agent Multiple Employer - Defined Benefit Plan
Oklahoma Municipal Retirement Fund (OkMRF)	City Manager Retirement Plan - Defined Contribution Plan

***Summary of Defined Benefit Plan Balances***

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Pension Liability (Asset)		
Police Pension System	\$ (39,152)	-
Firefighter's Pension System	1,277,929	-
Non-Uniform Employees Pension System	284,094	682,885
Total Net Pension Liability	<u>\$ 1,522,871</u>	<u>682,885</u>
Deferred Outflows of Resources		
Police Pension System	\$ 1,053,621	-
Firefighter's Pension System	715,448	-
Non-Uniform Employees Pension System	213,837	498,952
Total Deferred Outflow of Resources	<u>\$ 1,982,906</u>	<u>498,952</u>
Deferred Inflows of Resources		
Police Pension System	\$ 8,552	-
Firefighter's Pension System	349,246	-
Non-Uniform Employees Pension System	105,475	246,109
Total Deferred Inflow of Resources	<u>\$ 463,273</u>	<u>246,109</u>



**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 4 - OTHER INFORMATION - Continued**

***Oklahoma Police Pension and Retirement System (OPPRS)***

Plan Description - The City of Harrah, as the employer, participates in the Police Pension & Retirement - a cost-sharing multi-employer defined benefit pension plan administered by the Oklahoma Police Pension & Retirement System (PPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at [www.ok.gov/opprs](http://www.ok.gov/opprs).

Benefits Provided - The Plan 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 State statute. Retirement provisions are as follows:

- 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.

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 4. OTHER INFORMATION - Continued**

***Oklahoma Police Pension and Retirement System (OPPRS) - Continued***

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 eight percent (8%) of their annual pay. Participating cities are required to contribute thirteen percent (13%) of the employees' annual pay. Contributions to the pension plan from the City were \$62,722. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$56,993. These on-behalf payments did not meet the criteria of a special funding situation.

Net Pension Liabilities/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - As of June 30, 2024, the City reported an asset of \$39,152 for its proportionate share of the net pension liability. The net pension asset was measured as of June 30, 2023, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2023. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2023. Based upon this information, the City's proportion was 0.001282%.

For the year ended June 30, 2024, the City recognized pension expense of \$104,670. As of June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 113,217	\$ -
Changes of assumptions	73,082	-
Net difference between projected and actual earnings on pension plan investments	786,102	-
Changes in proportion and differences between City contributions and proportionate share of contributions	10,273	8,454
City contributions during measurement period	5,704	98
City contributions subsequent to the measurement date	65,243	-
Total	\$ 1,053,621	\$ 8,552

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 4. OTHER INFORMATION - Continued**

***Oklahoma Police Pension and Retirement System (OPPRS) - Continued***

\$65,243 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024 \$	160,691
2025	2,939
2026	667,262
2027	151,873
2028	(2,939)
\$	<u>979,826</u>

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

Inflation:	2.75%
Salary increases:	3.5% to 12.0% averages, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA. Active employees (post retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using Scale AA. Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

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

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 4. OTHER INFORMATION - Continued**

***Oklahoma Police Pension and Retirement System (OPPRS) - Continued***

**Actuarial Assumptions - Continued**

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

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

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

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the net position 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 one percentage point lower - (6.5%) or one percentage point higher - (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension liability	\$ 369,662	\$ (39,152)	\$ (385,290)

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](http://www.ok.gov/OPPRS).

Notes to Basic Financial Statements  
City of Harrah, Oklahoma  
June 30, 2024

**NOTE 4. OTHER INFORMATION - Continued**

***Oklahoma Firefighters' Pension and Retirement System (OFPRS)***

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

Benefits Provided - In general, the Plan 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

Notes to Basic Financial Statements  
City of Harrah, Oklahoma  
June 30, 2024

**NOTE 4. OTHER INFORMATION - Continued**

***Oklahoma Firefighters' Pension and Retirement System (OFPRS) - Continued***

**Benefits Provided - Continued**

less than 20 years of service or \$7.53 per year of service, with a maximum of 30 years.

- 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 benefit 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, 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% 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 \$51,653. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$93,271. These on-behalf payments did not meet the criteria of a special funding situation.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - On June 30, 2024, the City reported a liability of \$1,277,929 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2023. Based upon this information, the City's proportion was 0.099045%.

For the year ended June 30, 2024, the City recognized pension expense of \$218,125. On June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 4. OTHER INFORMATION - Continued**

***Oklahoma Firefighters' Pension and Retirement System (OFPRS) - Continued***

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 151,981	\$ 1,622
Changes of assumptions	-	2,049
Net difference between projected and actual earnings on pension plan investments	417,282	332,979
Changes in proportion and differences between City contributions and proportionate share of contributions	106,851	11,929
City contributions during measurement period	125	667
City contributions subsequent to the measurement date	<u>64,380</u>	<u>-</u>
Total	<u>\$ 740,619</u>	<u>\$ 349,246</u>

\$64,380 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$ 99,569
2025	33,451
2026	200,054
2027	<u>(6,081)</u>
	<u>\$ 326,993</u>

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 4. OTHER INFORMATION - Continued**

***Oklahoma Firefighters' Pension and Retirement System (OFPRS) - Continued***

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

Inflation:	2.75%
Salary increases:	2.75% to 10.50% averages, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the MP-2018 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2023; valuation was 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 weighing 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, 2020, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	5.80%
Domestic equity	9.49%
International equity	11.55%
Real estate	8.48%
Other assets	6.47%

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State Statutes. Projected cash flows also assume the State of Oklahoma will continue contributing an allocation of the insurance premium, as established by Oklahoma statute. Prior to July 1, 2020, the Plan was allocated 36% of the Statewide insurance premium tax. The State of Oklahoma has passed legislation that changes the allocation percentage as follows:

- 25.2% effective September 1, 2020
- 27.0% effective July 1, 2021
- 39.6% effective July 1, 2024
- 36.0% effective July 1, 2027



**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 4. OTHER INFORMATION - Continued**

***Oklahoma Firefighters' Pension and Retirement System (OFPRS) - Continued***

**Discount Rate - Continued**

The Plan will also receive \$81,250 each year from July 1, 2020 to July 1, 2027. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all period 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 position 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 one percentage point lower - (6.5%) or one 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	\$ 1,665,196	\$ 1,277,929	\$ 954,070

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](http://www.ok.gov/fprs).

***Oklahoma Municipal Retirement Fund - Defined Benefit Plan (OkMRF)***

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

Summary of Significant Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans' fiduciary net position is available in the separately issued OkMRF financial report.

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 4. OTHER INFORMATION - Continued**

***Oklahoma Municipal Retirement Fund - Defined Benefit Plan (OkMRF) - Continued***

**Eligibility Factors and Benefit Provisions**

<u>Provision</u>	As of July 1, 2019 <u>OMRF Plan</u>	Hired After April 1, 2019 <u>OMRF Plan</u>
a. Eligible to participate	Full-time employees except police, firefighters and other employees who are covered under an approved system.	Same
b. Period Required to Vest	5 years of credited service.	10 years of credited service.
c. Eligibility for Distribution	<ul style="list-style-type: none"> <li>- Normal retirement at age 65 with 5 years of service.</li> <li>- Early retirement at age 55 with 5 years of service.</li> <li>- Disability retirement upon disability with 5 years of service.</li> <li>- Death benefit with 5 years of service for married employees.</li> </ul>	<ul style="list-style-type: none"> <li>10 years of service.</li> <li>10 years of service.</li> <li>10 years of service.</li> <li>10 years of service.</li> </ul>
d. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service.	Same
e. Benefit Determination Methods:		
Normal Retirement	-2.625% of final average salary multiplied by credited years of service.	Same
Early Retirement	-Accrued benefit payable starting at normal retirement age, or the accrued benefit reduced 5% per year for commencement prior to normal retirement age.	After age 55 with 10 or more years of vested service.
Disability Retirement	-Same as normal retirement.	Same
Death Benefit	-50% of employee's accrued benefit, but terminates upon spouse remarriage.	Same
Prior to 5 Years Service	-No benefits.	Prior to 10 years - No benefits.
f. Benefit Authorization	-Benefits are established and amended by City Council adoption of an ordinance in accordance with O.S. Title 11, Section 48-101-102	Same
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, option form based on actuarial equivalent.	Same

**Employees Covered by Benefit Terms -**

Active Employees	20
Deferred Vested Former Employees	5
Retirees or Retiree Beneficiaries	12
Total	37

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 4. OTHER INFORMATION - Continued**

***Oklahoma Municipal Retirement Fund - Defined Benefit Plan (OkMRF) - Continued***

Contribution Requirements - The City Council has the authority to set and amend contribution rates by ordinance for the OMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 19.18% of covered payroll as of July 1, 2023, and 19.18% of covered payroll as of July 1, 2022. For the year ended June 30, 2023, the City recognized \$186,984 of employer contributions to the plan which equals the actuarially determined amount based on covered payroll of \$907,588. Employees cannot contribute to the plan in accordance with the plan provisions adopted by the City Council.

Actuarial Assumptions -

Date of Last Actuarial Valuation	July 1, 2023
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.5
c. Projected Salary Increase	Varies between 8.00% and 5.00% based on age
d. Post Retirement Cost-of-Living Increase	None
e. Inflation Rate	2.75%
f. Mortality Table	PubG-2010
g. Percent of Married Employees	100%
h. Spouse Age Difference	3 years (female spouses younger)
i. Turnover	Selected and ultimate rates Ultimate rates are age related as shown Additional rates per thousand are added during the first 5 years: Year 1: 225 Year 2: 140 Year 3: 100 Year 4: 70 Year 5: 40

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

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 4. OTHER INFORMATION - Continued**

***Oklahoma Municipal Retirement Fund - Defined Benefit Plan (OkMRF) - Continued***

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (2.75%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2023 are summarized in the following table:

	Target Allocation	Real Return	Weighted Return
Large cap stocks			
S&P 500	25%	4.55%	1.14%
Small/mid cap stocks			
Russell 2500	10%	5.00%	0.50%
Int'l developed mkts equity			
MSCI EAFE	20%	6.20%	1.24%
Int'l emerging mkts equity			
MSCI EM net div	5%	6.40%	0.32%
Private equity			
MSCI ACWI net div	5%	6.05%	0.30%
US fixed income bonds			
Barclay's US	20%	2.55%	0.51%
Real estate			
NCREIF	15%	4.95%	0.74%
Cash equivalents			
3 month Treasury	0%	15.00%	0.00%
TOTAL	100%		
Average Real Return			4.75%
Inflation			2.75%
Long-term expected return			7.50%

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 4. OTHER INFORMATION - Continued**

***Oklahoma Municipal Retirement Fund - Defined Benefit Plan (OkMRF) - Continued***

Changes in Net Pension Liability - The total pension liability was determined based on an actuarial valuation performed as of July 1, 2023 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2023 and the City's report ending date of June 30, 2024, that would have had a significant impact on the net pension liability. 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)
<b>Balances Beginning of Year</b>	\$ 4,423,336	3,394,407	1,028,929
<b>Changes for the Year:</b>			
Service cost	94,006	-	94,006
Interest expense	323,529	-	323,529
Difference between expected and actual experience	40,559		40,559
Assumption changes	-	-	-
Contributions - City	-	186,984	(186,984)
Contributions - Members	-	49,084	(49,084)
Net investment income	-	311,854	(311,854)
Benefits payments, including refunds of employee contributions	(223,262)	(223,262)	-
Benefit changes due to plan amendments	-	-	-
Plan administrative expenses	-	(7,878)	7,878
Other changes	-	-	-
<b>Net Changes</b>	<u>234,832</u>	<u>316,782</u>	<u>(81,950)</u>
<b>Balances End of Year</b>	\$ <u>4,658,168</u>	<u>3,711,189</u>	<u>946,979</u>

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 4. OTHER INFORMATION - Continued**

***Oklahoma Municipal Retirement Fund - Defined Benefit Plan (OkMRF) - Continued***

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net position liability of the City, calculated using the discount rate of 7.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower - (6.50%) or one percentage point higher - (8.50%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Total Pension Liability	\$ 5,201,200	4,658,168	4,202,784
Plan Fiduciary Net Position	3,711,189	3,711,189	3,711,189
Net Pension Liability	\$ 1,490,011	\$ 946,979	\$ 491,595

The City reported \$186,963 in pension expense for the year ended June 30, 2024. As of June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,947	\$ 21,300
Changes of assumptions	-	39,633
Net difference between projected and actual earnings on pension plan investments	487,451	290,651
City contributions subsequent to the measurement date	235,548	-
Total	\$ 759,946	\$ 351,584

Amortization of Pension Deferrals - \$235,548 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	\$ 15,944
2026	15,291
2027	152,997
2028	(11,418)
2029	-
	\$ 172,814

**Notes to Basic Financial Statements**  
**City of Harrah, Oklahoma**  
**June 30, 2024**

**NOTE 4. OTHER INFORMATION - Continued**

***OMRF Defined Contribution Plan (DC) -***

The City has provided a defined contribution plan and trust known as the City of Harrah 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 JP Morgan Chase Bank, Oklahoma. The defined contribution plan is available to all full-time employees except those participating in state fire and police programs. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon employment and may make contributions at their option with the City matching their contributions up to a maximum amount equal to 5% of their compensation. By City ordinance, the City, as employer, is required to make contributions at a current rate of 5% of covered payroll. The City's contributions for each employee (and interest allocated to the employee account) are vested at a rate of 100% after 5 years of service. City contributions for employees who leave employment prior to fully vesting are allocated back to the City for funding future contributions. The authority to establish and amend the provisions of the plan rests with the City Council.

For the year ended June 30, 2024, the City contributed \$37,108 to the plan, while the employee contributions totaled \$39,376 on a covered payroll of \$795,273.

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

***OMRF City Manager Defined Contribution Plan (CMO) -***

The City has also provided a defined contribution plan and trust known as the City of Harrah City Manager Retirement Plan and Trust (CMO Plan). The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the plan's provisions and contribution requirements rests with the city council. This plan is available only to the City Manager. The employee does not contribute to the plan and the employer makes variable contributions to the fund. For the current year, the employer's contribution was \$0.

***Deferred Compensation Plan***

The City makes available to all full-time employees a deferred compensation plan. The DC Plan was created in accordance with Section 457 of the *Internal Revenue Code* and permits employees to defer a portion of their salary until future years. According to the plan, the deferred compensation is not available to employees until termination, retirement, death or in case of an unforeseeable emergency.

The City makes no contributions to the Deferred Compensation Plan to which the employees may contribute up to a maximum of 25% of compensation or \$20,500 annually, whichever is less. Vesting in such contributions is 100% immediately. During the year ended June 30, 2024, employees contributed \$1,250 to the DC Plan.

**Subsequent Events**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**



City of Harrah, Oklahoma  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2024

	Budget				Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Revisions</u>	<u>Final</u>	<u>Actual</u>	<u>(Under)</u>
<b>REVENUES</b>					
Taxes	\$ 4,627,500	-	4,627,500	4,653,921	26,421
Intergovernmental	45,052	-	45,052	93,047	47,995
Licenses and permits	225,150	(150)	225,000	236,311	11,311
Fines and forfeitures	350,000	-	350,000	299,415	(50,585)
Interest	70,000	-	70,000	185,748	115,748
Miscellaneous	25,000	-	25,000	35,660	10,660
Total revenues	<u>5,342,702</u>	<u>(150)</u>	<u>5,342,552</u>	<u>5,504,102</u>	<u>161,550</u>
<b>EXPENDITURES</b>					
General government:					
General government	1,842,634	(1,409,920)	432,714	305,430	127,284
Administration	556,597	22,000	578,597	430,256	148,341
Building inspection	182,477	-	182,477	124,890	57,587
Planning	113,837	87,619	201,456	69,858	131,598
Legal	33,841	(1,867)	31,974	33,841	(1,867)
Public safety:					
Police	2,182,430	(22,732)	2,159,698	1,329,657	830,041
Fire	1,249,049	(17,130)	1,231,919	753,773	478,146
Culture and recreation:					
Senior citizen center	79,600	-	79,600	77,385	2,215
Total expenditures	<u>6,240,465</u>	<u>(1,342,030)</u>	<u>4,898,435</u>	<u>3,125,090</u>	<u>1,773,345</u>
Excess (deficiency) of revenues over (under) expenditures	(897,763)	1,341,880	444,117	2,379,012	1,934,895
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers	(1,742,100)	-	(1,742,100)	(1,656,315)	85,785
Net change in fund balances	(2,639,863)	1,341,880	(1,297,983)	722,697	2,020,680
Fund balances - beginning	2,000,000	-	2,000,000	3,683,597	1,683,597
Fund balances - ending	<u>\$ (639,863)</u>	<u>1,341,880</u>	<u>702,017</u>	<u>4,406,294</u>	<u>3,704,277</u>

**Budgetary Comparison Schedule  
City of Harrah  
For the Year Ended June 30, 2024**

**BUDGETARY ACCOUNTING AND CONTROL**

**Budget Law**

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

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

Per State law, the legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund. All transfers of appropriations between departments and supplemental appropriations require City Council approval. The City Manager may transfer appropriations between object categories within a department without City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector. No departments exceeded appropriations.

**Budgetary Accounting**

The annual operating budgets are prepared and presented on a modified accrual basis of accounting.

The City utilizes encumbrance accounting under which purchase orders, contracts, and other commitments for expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. Encumbrances outstanding at year-end are not considered expenditures for budgetary purposes since the City intends to honor the commitments and provide for supplemental appropriations in the following budget year. All appropriations lapse at year-end.

**Budgetary Comparison Schedule  
City of Harrah  
For the Year Ended June 30, 2024**

***Budget Reconciliations*** - Items required to adjust actual revenues, expenditures, and fund balances reported on the budgetary basis to those reported within the fund financial statements as of and for the year ended June 30, 2024, are as follows:

	General Fund
	<hr/>
Fund balances - budgetary basis, June 30, 2024	\$ 4,403,409
Current year revenue and transfer accruals	182,128
Prior year revenue and transfer accruals	(251,416)
Current year expenditure accruals	<hr/> -
Fund balances - fund financial statements, June 30, 2024	\$ <u>4,334,121</u>
 Revenues - budgetary basis, June 30, 2024	 \$ 5,461,355
Current year revenue accruals	507,221
Prior year revenue accruals	<hr/> (547,455)
Revenues - fund financial statements, June 30, 2024	\$ <u>5,421,121</u>
 Expenditures - budgetary basis, June 30, 2024	 \$
Current year expenditure accruals	3,085,228
Prior year expenditure accruals	<hr/> -
Expenditures - fund financial statements, June 30, 2024	\$ <u>3,085,228</u>
 Transfers - budgetary basis, June 30, 2024	 \$ (1,656,315)
Current year transfer accruals	(325,093)
Prior year transfer accruals	<hr/> 296,039
Transfers - fund financial statements, June 30, 2024	\$ <u>(1,685,369)</u>

**City of Harrah, Oklahoma**  
**Schedule of Employer's Share of Net Pension Liability**  
**Oklahoma Police Pension and Retirement System**  
**Last 10 Fiscal Years \***

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1. Employer's proportion of the net pension liability (asset)	0.103100%	0.104000%	0.111900%	0.115300%	0.108663%	0.111921%	0.098307%	0.121200%	0.135500%	0.128200%
2. Employer's proportionate share of the net pension liability (asset)	\$ (34,718)	4,242	171,376	8,869	(51,762)	(7,145)	112,900	(581,416)	(108,688)	(39,164)
3. Employer's covered-employee payroll	\$ 267,062	294,077	330,015	343,831	331,454	364,238	421,012	311,115	485,477	501,869
4. Employer's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	-13.00%	1.44%	51.93%	2.58%	-15.62%	-1.96%	26.82%	-186.88%	-22.39%	-7.80%
5. 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%	101.02%

Data reported is measured as of July 1, 2023

**City of Harrah, Oklahoma**  
**Schedule of Employer's Contributions**  
**Oklahoma Police Pension and Retirement System**  
**Last 10 Fiscal Years \***

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statutorily required contribution	\$ 34,718	38,230	42,902	44,698	43,089	47,351	54,732	40,445	63,112	65,243
Contributions in relation to the statutorily required contribution	\$ (34,718)	(38,230)	(42,902)	(44,698)	(43,089)	(47,351)	(54,732)	(40,445)	(63,112)	(65,243)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 267,062	294,077	330,015	343,831	331,454	364,238	421,012	311,115	485,477	501,869
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Data reported is measured as of July 1, 2023

**City of Harrah, Oklahoma**  
**Schedule of Employer's Share of Net Pension Liability**  
**Oklahoma Firefighters' Pension and Retirement System**  
**Last 10 Fiscal Years \***

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1. Employer's proportion of the net pension liability (asset)	0.076800%	0.078500%	0.079200%	0.083519%	0.077569%	0.080917%	0.077209%	0.084512%	0.081608%	0.099045%
2. Employer's proportionate share of the net pension liability (asset)	\$ 789,690	832,836	967,273	1,115,064	873,152	855,021	951,150	556,568	1,067,217	1,277,927
3. Employer's covered-employee payroll	\$ 203,260	214,386	221,464	237,393	230,707	226,157	256,270	274,543	270,121	280,064
4. Employer's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	388.51%	388.47%	436.76%	469.71%	378.47%	378.07%	371.15%	202.73%	395.09%	456.30%
5. 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%	70.85%

Data reported is measured as of July 1, 2023

**City of Harrah, Oklahoma**  
**Schedule of Employer's Contributions**  
**Oklahoma Firefighters' Pension and Retirement System**  
**Last 10 Fiscal Years \***

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statutorily required contribution	\$ 28,456	30,014	31,005	33,235	32,299	31,662	35,878	38,436	37,817	39,209
Contributions in relation to the statutorily required contribution	\$ (28,456)	(30,014)	(31,005)	(33,235)	(32,299)	(31,662)	(35,878)	(38,436)	(37,817)	(39,209)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 203,260	214,386	221,464	237,393	230,707	226,157	256,270	274,543	270,121	280,064
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Data reported is measured as of July 1, 2023

**City of Harrah, Oklahoma**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Oklahoma Municipal Retirement Fund**  
**Last 10 Fiscal Years\***

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total pension liability</b>										
Service cost	\$ 71,309	76,600	81,270	79,992	89,610	69,922	101,232	105,033	109,477	94,006
Interest	154,897	161,833	172,914	193,982	204,573	218,710	276,946	307,156	316,202	323,529
Changes of benefit terms	-	-	-	-	-	416,761	-	-	-	-
Differences between expected & actual experience	-	(29,127)	79,765	(85,733)	(36,897)	143,333	186,555	(75,758)	(3,913)	40,559
Changes of assumptions	-	-	-	88,418	-	44,770	-	-	(86,259)	-
Benefit payments, including refunds of member contributions	(65,202)	(65,608)	(67,071)	(56,935)	(46,877)	(91,503)	(143,474)	(181,064)	(251,853)	(223,262)
<b>Net change in total pension liability</b>	161,004	143,698	266,878	219,724	210,409	801,993	421,259	155,367	83,654	234,832
<b>Total pension liability - beginning</b>	1,959,350	2,120,354	2,264,052	2,530,930	2,750,654	2,961,063	3,763,056	4,184,315	4,339,682	4,423,336
<b>Total pension liability - ending (a)</b>	<u>\$ 2,120,354</u>	<u>2,264,052</u>	<u>2,530,930</u>	<u>2,750,654</u>	<u>2,961,063</u>	<u>3,763,056</u>	<u>4,184,315</u>	<u>4,339,682</u>	<u>4,423,336</u>	<u>4,658,168</u>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 93,722	95,351	106,005	104,262	105,813	126,838	172,702	202,427	192,144	186,984
Contributions - member	35,145	35,757	39,752	39,098	39,680	44,321	45,335	53,137	50,438	49,084
Net investment income	241,750	50,111	19,007	247,277	170,447	181,184	118,902	839,364	(489,212)	311,854
Benefit payments, including refunds of member contributions	(65,202)	(65,608)	(67,071)	(56,935)	(46,877)	(91,503)	(143,474)	(181,064)	(251,853)	(223,262)
Administrative expense	(3,586)	(3,686)	(3,746)	(4,300)	(5,193)	(6,898)	(5,885)	(6,476)	(6,722)	(7,878)
Other	-	-	-	-	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	301,829	111,925	93,947	329,402	263,870	253,942	187,580	907,388	(505,205)	316,782
<b>Plan fiduciary net position - beginning</b>	1,449,729	1,751,558	1,863,483	1,957,430	2,286,832	2,550,702	2,804,644	2,992,224	3,899,612	3,394,407
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 1,751,558</u>	<u>1,863,483</u>	<u>1,957,430</u>	<u>2,286,832</u>	<u>2,550,702</u>	<u>2,804,644</u>	<u>2,992,224</u>	<u>3,899,612</u>	<u>3,394,407</u>	<u>3,711,189</u>
<b>Net pension liability - ending (a) - (b)</b>	<u>\$ 368,796</u>	<u>400,569</u>	<u>573,500</u>	<u>463,822</u>	<u>410,361</u>	<u>958,412</u>	<u>1,192,091</u>	<u>440,070</u>	<u>1,028,929</u>	<u>946,979</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	82.61%	82.31%	77.34%	83.14%	86.14%	74.53%	71.51%	89.86%	76.74%	79.67%
<b>Covered employee payroll</b>	667,383	696,231	695,916	753,601	649,418	798,695	858,022	874,906	858,025	907,588
<b>Net pension liability as a percentage of covered - employee payroll</b>	55.26%	57.53%	82.41%	61.55%	63.19%	120.00%	138.93%	50.30%	119.92%	104.34%

Data reported is measured as of July 1, 2023.

**City of Harrah, Oklahoma**  
**Schedule of Employer Contributions**  
**Oklahoma Municipal Retirement Fund**  
**Last 10 Fiscal Years\***

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 120,396	120,597	126,170	133,915	117,739	137,376	206,250	189,683	164,569	174,075
Contributions in relation to the actuarially determined contribution	120,396	120,597	126,170	133,915	117,739	137,376	206,250	189,683	164,569	174,075
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
Total pension liability - beginning	\$ 667,383	696,231	695,916	753,601	649,418	798,695	858,022	874,906	858,025	907,588
Contributions as a percentage of covered-employee payroll	18.04%	17.32%	18.13%	17.77%	18.13%	17.20%	24.04%	21.68%	19.18%	19.18%

**Notes to Schedule:**

1. Only the current fiscal year is presented because 10 year data is not available.
2. Latest Valuation Date: July 1, 2023
3. Actuarially determined contribution rate is calculated as of July 1, 2013 through July 1, 2023.

2013 - 17.55%  
2014 - 18.04%  
2015 - 17.32%  
2016 - 13.33%  
2017 - 13.23%  
2018 - 13.36%  
2019 - 13.36%  
2020 - 12.94%  
2021 - 11.82%  
2022 - 24.04%  
2023 - 19.18%

4. Methods and assumptions used to determine contribution rates:

Actuarial cost method - Entry age normal  
Amortization method - Level percent of payroll, closed  
Remaining amortization period - 26 years  
Asset valuation method - Actuarial:  
to 7.42% (varies by attained age)  
Recognition method - Non-asymptotic  
Corridor - 70% - 130%  
Salary increases - 4.00% to 7.42% (varies by attained age)  
Investment rate of return - 7.50%

**OTHER  
SUPPLEMENTARY  
INFORMATION**



**City of Harrah, Oklahoma**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2024**

	<u>Special Revenue</u>			<u>Total</u>
	<u>Street &amp; Alley</u>	<u>Park Fee Fund</u>	<u>Park Rental Deposit Fund</u>	<u>Nonmajor Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 150,044	6,205	5,487	161,736
Due from other governments	<u>6,807</u>	<u>-</u>	<u>-</u>	<u>6,807</u>
TOTAL	<u>156,851</u>	<u>6,205</u>	<u>5,487</u>	<u>168,543</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Deposits subject to refund	<u>-</u>	<u>-</u>	<u>3,021</u>	<u>3,021</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>3,021</u>	<u>3,021</u>
Fund balances:				
Restricted	156,851	6,205	2,466	165,522
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>156,851</u>	<u>6,205</u>	<u>2,466</u>	<u>165,522</u>
TOTAL	<u>\$ 156,851</u>	<u>6,205</u>	<u>5,487</u>	<u>168,543</u>

**City of Harrah, Oklahoma**  
**Combining Statement of Revenues, Expenses and Changes in Fund Balance - Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2024**

	Special Revenue			Total
	Street & Alley	Park Fee Fund	Park Rental Deposit Fund	Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 58,237	-	-	58,237
Charge for services	83,070	-	1,599	84,669
Interest	-	1	-	1
Total revenues	<u>141,307</u>	<u>1</u>	<u>1,599</u>	<u>142,907</u>
<b>EXPENDITURES</b>				
Maintenance & operations	91,671	-	72,824	164,495
Total expenditures	<u>91,671</u>	<u>-</u>	<u>72,824</u>	<u>164,495</u>
Excess (deficiency) of revenues over expenditures	<u>49,636</u>	<u>1</u>	<u>(71,225)</u>	<u>(21,588)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	72,000	72,000
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>72,000</u>	<u>72,000</u>
Net change in fund balances	49,636	1	775	50,412
Fund balances-beginning	107,215	6,204	1,691	115,110
Fund balances-ending	<u>\$ 156,851</u>	<u>6,205</u>	<u>2,466</u>	<u>165,522</u>

City of Harrah, Oklahoma  
Harrah Public Works Authority  
Debt Service Coverage Schedule  
For the Year Ended June 30, 2024

Gross Revenue Available For Debt Service:

Pledged sales tax (3 cents)	\$ 2,599,687
System-wide (water and sewer) gross revenues	<u>3,102,861</u>
Total Gross Revenues Available	<u>5,702,548</u>
System-wide operating expense - Exclusive of capital improvements, sanitation, debt service and depreciation	<u>2,457,772</u>
Net Revenues Available for Debt Service	<u><u>\$ 3,244,776</u></u>

Debt Service Requirements:

OWRB Revenue Note - Series 2004	62,048
OWRB Revenue Note - Series 2009	113,569
OWRB Revenue Note - Series 2011	37,941
OWRB Revenue Note - Series 2020	616,906
OWRB Revenue Note - Series 2022	156,150
OWRB Revenue Note - Series 2023B	676,700
Utility & Sales Tax Revenue Note - Series 2015	<u>104,480</u>
Maximum annual debt service	<u><u>\$ 1,767,794</u></u>
Debt Coverage Ratio	<u><u>1.84</u></u>
Coverage requirement	<u><u>1.25</u></u>

**City of Harrah, Oklahoma**  
**Harrah Tax Increment Financing Authority**  
**Debt Service Coverage Schedule**  
***For the Year Ended June 30, 2024***

Gross Revenue Available For Debt Service:

Pledged use tax	\$ <u>750,319</u>
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Net Revenues Available for Debt Service	\$ <u><u>750,319</u></u>
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Debt Service Requirements:

Revenue note - Series 2019	<u>79,678</u>
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Maximum annual debt service	\$ <u><u>79,678</u></u>
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Coverage	<u><u>9.42</u></u>
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**City of Harrah, Oklahoma**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM/ CLUSTER TITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS - THROUGH GRANTOR NUMBER	FEDERAL EXPENDITURES
<u>U.S. Department of Treasury</u>			
<i>Passed through the Oklahoma Office of Management and Enterprise Services:</i>			
<i>Direct Assistance:</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>284,426</u>
Total U.S. Department of Treasury			<u>284,426</u>
<u>U.S. Department of Homeland Security</u>			
<i>Passed through the Oklahoma County, Oklahoma:</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	97.067	N/A	42,748
<i>Passed through the Oklahoma Department of Emergency Management:</i>			
State Homeland Security Program	97.067	ND FEMA DR 2023-SHSP	<u>58,619</u>
Total U.S. Department of Homeland Security			<u>101,367</u>
Total Expenditures of Federal Awards			<u>\$ 385,793</u>

City of Harrah, Oklahoma  
Schedule of Expenditures of State Awards  
For the Year Ended June 30, 2024

STATE GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	PASS - THROUGH GRANTOR NUMBER	STATE EXPENDITURES
<b>STATE ASSISTANCE</b>		
<u>State of Oklahoma</u>		
Passed through the Oklahoma Dept. of Agriculture,		
Food and Forestry Services :		
Rural Fire Grant	FY 2023	\$ 9,994
Total State of Oklahoma		9,994
Total State Awards		\$ 9,994

# **INTERNAL CONTROL AND COMPLIANCE INFORMATION**



**DILLON & ASSOCIATES, PC**  
Certified Public Accountants

1401 S. Douglas Blvd., Suite A  
Midwest City, OK 73130  
Phone: 405-732-1800

**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 Users of the City of Harrah, Oklahoma, Annual Financial Report

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, each major fund, and the aggregate remaining fund information of the City of Harrah, Oklahoma (the "City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 25, 2024.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered 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 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



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* - Continued

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or 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.

***Dillon & Associates, PC***

Midwest City, Oklahoma  
September 25, 2024