



## **CITY OF SEMINOLE, OKLAHOMA**

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

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

# CITY OF SEMINOLE, OKLAHOMA

## LIST OF PRINCIPAL OFFICIALS

### City Council

Jeff Griffin  
Larry Church  
Dana Miller  
Eddie Foreman  
John Cramer  
Cory Crabtree  
Tim Poplin  
Chris Anson  
Trace Conner

Mayor  
Ward 1  
Ward 1  
Ward 2  
Ward 2  
Ward 3  
Ward 3  
Ward 4  
Ward 4

Steve Saxon

City Manager

Jay Cox

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 Seminole, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seminole, 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, the discretely presented component unit, 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 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 (under separate cover) dated June 30, 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  
October 17, 2024

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



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

As management of the City of Seminole, we offer readers this narrative overview and analysis of the financial activities of the City of Seminole 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**

- For the fiscal year ended June 30, 2024, the City's total net position increased by \$2,744,311 from the prior year to a total of \$37,237,843.
- During the year, the City's expenses for governmental activities were \$10,327,134 and were funded by program revenues and grant revenues of \$2,884,806 and further funded with taxes and other general net revenues that totaled \$10,304,307.
- In the City's business-type activities, such as utilities, revenues excluding transfers were short of expenses by approximately \$104,958
- At June 30, 2024, the General Fund reported an unassigned fund balance of \$1,811,444.
- For budgetary reporting purposes, the General Fund reported revenues exceeding estimates by \$401,093, while expenditures were under the final appropriations by approximately \$129,699.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the City of Seminole (the "City") and its component unit using the integrated approach as prescribed by GASB Statement No. 14, 34, 39 and 61. 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. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. These 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.

### ***About the City***

The City of Seminole is a municipality with a population of approximately 7,200 located in central Oklahoma. The City is a Council-Manager form of government that provides for three branches of government:

- Legislative - The City Council is the governing body elected by the citizens.
- Executive - The City Manager is the Chief Executive Officer and is appointed by the City Council.
- Judicial - The Municipal Judge is a practicing attorney appointed by the City Mayor and approved by the City Council.

The City provides or contracts for typical municipal services such as public safety, street maintenance, culture, parks and recreation, and certain utility services including water, wastewater, and sanitation.

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

***The City's Financial Reporting Entity***

This annual report includes all activities for which the City of Seminole City Council is fiscally responsible. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.

The City's financial reporting entity includes the primary government (City of Seminole). Five active blended component unit and one discretely presented component unit as follows:

- The City of Seminole - that operates the public safety, streets, culture, parks and recreation, and administrative activities
- The Seminole Municipal Authority (SMA) - that operates or contracts for the water, sewer, and sanitation services of the City (blended component unit).
- Seminole Utilities Authority (SUA) - that furnish services and facilities for the conservation and implementation of the public welfare and for the protection and promotion of public health (blended component unit)
- The Seminole Gas Authority (SGA) - that operates and maintains the sales and transportation of natural gas to industrial customers (blended component unit)
- The Seminole Recreation Authority (SRA) - that operates and maintains recreational facilities (blended component unit)
- The Seminole Urban Renewal Authority (SURA) - that promotes and finances economic development (blended component unit)
- The Seminole Economic Development Council (SEDC) - that promotes and finances economic development (discretely presented component unit)

**Using This Annual Report**

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

**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.

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

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.

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

- **Governmental activities** - Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** - The City'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, wastewater and sanitation utilities are reported here.
- **Discretely-presented component units** - These account for activities of the City's reporting entity that do not meet the criteria for blending and it includes SEDC.

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.

***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, wastewater, and sanitation utility operations.

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

**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**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the primary government, assets and deferred outflows exceeded liabilities and deferred inflows by \$37,237,843 at the close of the most recent fiscal year.

The following table is a summary comparison of changes in net position from last year for the City:

Table 1 Net Position (In Thousands)									
	Governmental			Business-type			Total		
	<u>Activities</u>		% Inc.	<u>Activities</u>		% Inc.	<u>Primary Government</u>		% Inc.
	<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>
Current and									
other assets	\$ 5,049	4,852	4%	18,159	18,521	-2%	23,208	23,373	-1%
Capital assets	<u>12,342</u>	<u>10,249</u>	20%	<u>17,392</u>	<u>17,030</u>	2%	<u>29,734</u>	<u>27,279</u>	9%
Total assets	<u>17,391</u>	<u>15,101</u>	15%	<u>35,551</u>	<u>35,551</u>	0%	<u>52,942</u>	<u>50,652</u>	5%
Deferred outflow of resources	<u>3,132</u>	<u>2,903</u>		<u>-</u>	<u>-</u>		<u>3,132</u>	<u>2,903</u>	
Long-term debt									
outstanding	3,537	4,399	-20%	11,746	12,021	-2%	15,283	16,420	-7%
Other liabilities	<u>823</u>	<u>1,321</u>	-38%	<u>1,474</u>	<u>1,082</u>	36%	<u>2,297</u>	<u>2,403</u>	-4%
Total liabilities	<u>4,360</u>	<u>5,720</u>	-24%	<u>13,220</u>	<u>13,103</u>	1%	<u>17,580</u>	<u>18,823</u>	-7%
Deferred inflow of resources	<u>1,256</u>	<u>239</u>		<u>-</u>	<u>-</u>		<u>1,256</u>	<u>239</u>	
Net position:									
Invested in capital									
assets, net of debt	12,342	10,249	20%	13,625	12,870	6%	25,967	23,119	12%
Restricted	2,477	1,915	29%	6,345	5,827	9%	8,822	7,742	14%
Unrestricted (deficit)	<u>88</u>	<u>(119)</u>	-174%	<u>2,361</u>	<u>3,752</u>	-37%	<u>2,449</u>	<u>3,633</u>	-33%
Total net position	\$ <u>14,907</u>	<u>12,045</u>	24%	<u>22,331</u>	<u>22,449</u>	-1%	<u>37,238</u>	<u>34,494</u>	8%

A portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). For 2024, this net investment in capital assets amounted to \$25,966,887. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of

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

related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another large portion of the City's net position, \$8,822,363, represents resources that are subject to external restrictions on how it might be used. The remaining balance of unrestricted net position of \$2,448,593 is available to meet the government's ongoing obligations to citizens and creditors.

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 Seminole, Oklahoma**  
**June 30, 2024**

**Change in Net Position**

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

Table 2  
Changes in Net Position  
(In Thousands)

	Governmental			Business-type			Total		
	<u>Activities</u>		% Inc.	<u>Activities</u>		% Inc.	<u>Primary Government</u>		% Inc.
	<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 \$	1,242	1,444	-14%	5,421	4,820	12%	6,663	6,264	6%
Operating grants	423	975	-57%	16	56	-	439	1,031	-57%
Capital grants	1,220	602	0%	-	-	-	1,220	602	0%
Sales and use taxes	8,056	8,009	1%	-	-	-	8,056	8,009	1%
Franchise tax (fees)	438	543	-19%	-	-	-	438	543	-19%
Other taxes	275	131	110%	-	-	-	275	131	110%
Investment income	319	120	166%	688	120	473%	1,007	240	320%
Other	802	2,737	-71%	858	829	0%	1,660	3,566	-53%
Total revenues	<u>12,775</u>	<u>14,561</u>	-12%	<u>6,983</u>	<u>5,825</u>	20%	<u>19,758</u>	<u>20,386</u>	-3%
<b>Expenses</b>									
General government	2,370	2,226	6%	1,824	1,862	-2%	4,194	4,088	3%
Public safety	4,201	2,860	47%	-	-	-	4,201	2,860	47%
Public works	2,059	1,114	85%	-	-	-	2,059	1,114	85%
Cultural & recreation	1,697	1,129	50%	-	-	-	1,697	1,129	50%
Capital outlays	-	1,575	-100%	-	324	-100%	-	1,899	-100%
Water	-	-	-	1,153	1,179	-2%	1,153	1,179	-2%
Sewer	-	-	-	797	750	6%	797	750	6%
Sanitation	-	-	-	279	289	-3%	279	289	-3%
Natural gas	-	-	-	177	366	-52%	177	366	-52%
Reynold's activity center	-	-	-	621	607	2%	621	607	2%
Economic development	-	-	-	1,145	805	42%	1,145	805	42%
Interest & fiscal charges	-	-	-	691	673	3%	691	673	3%
Total expenses	<u>10,327</u>	<u>8,904</u>	16%	<u>6,687</u>	<u>6,855</u>	-2%	<u>17,014</u>	<u>15,759</u>	8%
Increase in net position									
before transfers	2,448	5,657	-57%	296	(1,030)	-129%	2,744	4,627	-41%
Capital contributions	1,144	810	41%	(1,144)	(810)	41%	-	-	-
Transfers	(730)	(2,694)	-73%	730	2,694	-73%	-	-	-
Change in net position	<u>2,862</u>	<u>3,773</u>	0%	<u>(118)</u>	<u>854</u>	-114%	<u>2,744</u>	<u>4,627</u>	-41%

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

**Change in Net Position - Continued**

*Governmental Activities:*

Operating grants and contributions - includes recognition of ARPA grant revenues of \$274,043; a policing grants of \$56,957; airport improvement grants of \$687,567 emergency management assistance grants of \$22,261 and a rural fire grant of \$9,994.

Investment income - investment income for 2024 was \$1,006,724 compared to \$238,959 for 2023 due to increased interest rates and funds available for interest earnings.

Government activity expenses - increased to \$10,327,134 in 2024 compared to \$8,903,804 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)

	Total Expenses of Services		% Inc. (Dec.)	Net Revenue (Expenses) of Services		% Inc. (Dec.)
	2024	2023		2024	2023	
General government	\$ 2,369	2,226	6%	(2,282)	(2,005)	14%
Public safety	4,201	2,860	47%	(2,708)	(1,194)	127%
Public works	2,059	1,114	85%	(1,084)	(468)	132%
Cultural & recreation	1,698	1,130	50%	(1,368)	(1,062)	29%
Capital outlay	-	1,574	-100%	-	(1,154)	-100%
<b>Total</b>	<b>10,327</b>	<b>8,904</b>	<b>16%</b>	<b>(7,442)</b>	<b>(5,883)</b>	<b>27%</b>

Explanations for significant changes are shown after Table 2.

**Management's Discussion and Analysis**  
**City of Seminole, 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)

	Total Expenses of Services		% Inc. (Dec.)	Net Revenue (Expenses) of Services		% Inc. (Dec.)
	2024	2023		2024	2023	
Administration	\$ 1,824	1,862	-2%	(1,824)	(1,862)	-2%
water	1,152	1,179	-2%	788	589	34%
Sewer	797	750	6%	564	494	14%
Sanitation	279	289	-3%	1,118	731	53%
Other fees	-	-	0%	133	124	7%
Natural gas	177	366	-52%	57	18	217%
Reynold's center	621	607	2%	(250)	(272)	-8%
Capital outlay	-	324	-100%	-	(324)	-100%
Interest on long-term debt	691	1,016	-32%	(691)	(1,016)	-32%
<b>Total</b>	<b>5,541</b>	<b>6,393</b>	<b>-13%</b>	<b>(105)</b>	<b>(1,518)</b>	<b>-93%</b>

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 \$4,245,772 an increase of \$755,066 from the prior year. The largest increase was \$234,892 in the General Fund.

The proprietary fund reported a combined net position of \$22,331,072, a decrease of \$117,668 from the prior year.

***General Fund Budgetary Highlights***

Actual revenues and transfers in were over final estimates by \$401,093 mainly due to interest income being more than estimated. Expenditures were under final appropriations by \$129,699 mainly due to prudent budgetary control.



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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of June 30, 2024, the City had \$29,734,069 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 \$2,455,120 over last year.

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	\$ 713	1,650	997	824	1,710	2,474
Land	305	305	14	14	319	319
Buildings	4,957	3,742	14,650	14,311	19,607	18,053
Machinery and equipment	7,006	6,170	3,659	3,268	10,665	9,438
Vehicles	4,562	3,902	595	595	5,157	4,497
Infrastructure	22,624	21,220	19,744	19,400	42,368	40,620
Less: Accumulated depreciation	<u>(27,825)</u>	<u>(26,740)</u>	<u>(22,267)</u>	<u>(21,382)</u>	<u>(50,092)</u>	<u>(48,122)</u>
Total capital assets, net	\$ <u>12,342</u>	<u>10,249</u>	<u>17,392</u>	<u>17,030</u>	<u>29,734</u>	<u>27,279</u>

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

- Recreational facilities and park construction.
- Costs associated with the construction of airport T-Hangers and taxiway.
- Costs associated with the construction of water and sewer projects.
- Vehicle and equipment purchases for various departments.
- Building renovations and major projects.

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

***Long-term Debt***

At year-end, the City had \$12,989,845 in long-term debt outstanding, excluding accrued compensated absences, due to depositors and net pension liability, which represents a \$26,190 decrease from the prior year.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	2024	2023	2024	2023	2024	2023
Revenue bonds	\$ -	-	12,000	12,140	12,000	12,140
Bank debt	-	-	999	824	999	824
Totals	\$ -	-	12,999	12,964	12,999	12,964

See Note 3 to the financial statements for more detailed information on the City's long-term debt and changes therein.

**ECONOMIC OUTLOOK**

- The unemployment rate for the Oklahoma City metropolitan area which includes Seminole is currently 3.5 percent, which is a 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 was flat compared to the prior year.

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 401 N. Main Street, Seminole, Oklahoma 74868.

## **BASIC FINANCIAL STATEMENTS**

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	SEDC
<b>ASSETS</b>				
Pooled cash and cash equivalents	\$ 3,727,805	1,558,880	5,286,685	1,347,683
Restricted cash and investments	-	15,683,196	15,683,196	1,132,640
Receivables, net of allowance for uncollectible -				
Accounts	84,482	328,928	413,410	-
Due from other governments	1,744,703	-	1,744,703	-
Due from component unit	24,573	-	24,573	(24,573)
Internal balances	(587,783)	587,783	-	-
Net pension asset	54,986	-	54,986	-
Capital assets:				
Construction in progress	712,726	996,912	1,709,638	-
Land and land improvements	304,926	-	304,926	1,792,117
Other capital assets, net of depreciation	11,324,654	16,394,851	27,719,505	1,089,676
Total assets	<u>17,391,072</u>	<u>35,550,550</u>	<u>52,941,622</u>	<u>5,337,543</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amounts related to pensions	3,131,651	-	3,131,651	-
Deferred amounts related to refunding	-	-	-	343,698
Total deferred outflow of resources	<u>3,131,651</u>	<u>-</u>	<u>3,131,651</u>	<u>343,698</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	296,790	123,787	420,577	-
Accrued interest payable	-	51,680	51,680	20,021
Due to component unit		9,901	9,901	(9,901)
Due to bondholders	3,012	-	3,012	-
Deposits subject to refund	10,000	-	10,000	-
Unearned revenue - Grants	438,206	-	438,206	-
Current portion of long-term debt	75,240	1,288,424	1,363,664	480,000
Long-term liabilities:				
Long-term debt and other liabilities	225,718	11,745,686	11,971,404	4,151,038
Net pension liability	3,311,131	-	3,311,131	-
Total liabilities	<u>4,360,097</u>	<u>13,219,478</u>	<u>17,579,575</u>	<u>4,641,158</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	1,255,855	-	1,255,855	-
Total deferred inflow of resources	<u>1,255,855</u>	<u>-</u>	<u>1,255,855</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	12,342,306	13,624,581	25,966,887	(1,788,207)
Restricted for:				
Debt service	-	4,061,344	4,061,344	75,948
Capital improvements	836,734	477,322	1,314,056	-
Facility maintenance	-	1,806,778	1,806,778	-
Other purposes	1,640,185	-	1,640,185	-
Unrestricted	<u>87,546</u>	<u>2,361,047</u>	<u>2,448,593</u>	<u>2,752,342</u>
Total Net Position	<u>\$ 14,906,771</u>	<u>22,331,072</u>	<u>37,237,843</u>	<u>1,040,083</u>

See accompanying notes to the basic financial statement.

City of Seminole, 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	\$ 2,369,856	88,386	-	-	(2,281,470)
Public safety	4,200,708	1,102,751	389,518	-	(2,708,439)
Public works	2,058,884	-	24,375	950,550	(1,083,959)
Culture and recreation	1,697,686	51,078	8,573	269,575	(1,368,460)
Total government activities	10,327,134	1,242,215	422,466	1,220,125	(7,442,328)
Business-type activities:					
Administration	1,823,959	-	-	-	(1,823,959)
Water	1,152,816	1,925,596	15,672	-	788,452
Sewer	796,375	1,359,934	-	-	563,559
Sanitation	279,109	1,397,327	-	-	1,118,218
Other fees	-	132,732	-	-	132,732
Natural gas	177,301	233,834	-	-	56,533
Reynold's activity center	620,619	371,301	-	-	(249,318)
Interest and fiscal charges	691,175	-	-	-	(691,175)
Total business-type activities	5,541,354	5,420,724	15,672	-	(104,958)
Total primary government	15,868,488	6,662,939	438,138	1,220,125	(7,547,286)
<b>COMPONENT UNIT</b>					
Seminole Economic Development Council	840,290	200,600	-	-	(639,690)
Total component units	\$ 840,290	200,600	-	-	(639,690)

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	SEDC
<b>Change in Net Position:</b>				
<b>Net (expense) revenue</b>	\$ (7,442,328)	(104,958)	(7,547,286)	(639,690)
<b>General revenues:</b>				
Taxes:				
Sales and use	8,055,782	-	8,055,782	-
Franchise	437,869	-	437,869	-
Other	274,904	-	274,904	-
Unrestricted investment income	318,919	687,805	1,006,724	42,900
Miscellaneous	181,306	859,091	1,040,397	9,488
Insurance reimbursements	621,267	-	621,267	115,566
Operating subsidy - SEDC	-	(1,145,346)	(1,145,346)	1,145,346
Capital contributions	1,144,061	(1,144,061)	-	-
Transfers - internal activity	(729,801)	729,801	-	-
Total general revenues and transfers	10,304,307	(12,710)	10,291,597	1,313,300
<b>Change in net position</b>	2,861,979	(117,668)	2,744,311	673,610
<b>Net Position - beginning</b>	12,044,792	22,448,740	34,493,532	366,473
<b>Net Position - ending</b>	\$ 14,906,771	22,331,072	37,237,843	1,040,083

See accompanying notes to the basic financial statement.

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

	General Fund	Grant Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,244,473	1,274,940	1,208,392	3,727,805
Receivables, net	79,763	-	4,719	84,482
Due from other funds	20,127	-	-	20,127
Due from other governments	1,340,093	-	404,610	1,744,703
Due from component unit	24,573	-	-	24,573
Total assets	<u>2,709,029</u>	<u>1,274,940</u>	<u>1,617,721</u>	<u>5,601,690</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	296,790	-	-	296,790
Due to other funds	587,783	-	20,127	607,910
Deposits subject to refund	10,000	-	-	10,000
Police bonds outstanding	3,012	-	-	3,012
Unearned revenue - ARPA grant	-	438,206	-	438,206
Total liabilities (Note 2)	<u>897,585</u>	<u>438,206</u>	<u>20,127</u>	<u>1,355,918</u>
Fund balances:				
Restricted	-	836,734	1,597,594	2,434,328
Unassigned	<u>1,811,444</u>	<u>-</u>	<u>-</u>	<u>1,811,444</u>
Total fund balances	<u>1,811,444</u>	<u>836,734</u>	<u>1,597,594</u>	<u>4,245,772</u>
Total liabilities and fund balances	<u>\$ 2,709,029</u>	<u>1,274,940</u>	<u>1,617,721</u>	
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 \$27,824,521				12,342,306
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:				
Net pension asset				54,986
Pension related deferred outflows				3,131,651
Certain liabilities are not due and payable in the current period from current financial resources, and therefore are not reported in the funds:				
Net pension liability				(3,311,131)
Pension related deferred inflows				(1,255,855)
Accrued compensated absences				<u>(300,958)</u>
Net position of governmental activities				<u>\$ 14,906,771</u>

See accompanying notes to the basic financial statement.

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

	General Fund	Grant Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 8,540,000	-	126,863	8,666,863
Intergovernmental	104,093	583,604	683,262	1,370,959
Licenses and permits	49,216	-	-	49,216
Charge for services	999,609	-	2,313	1,001,922
Fines and forfeitures	172,357	18,720	-	191,077
Interest	318,774	-	145	318,919
Insurance reimbursements	-	621,267	-	621,267
Miscellaneous	17,257	151,605	12,444	181,306
Total revenues	<u>10,201,306</u>	<u>1,375,196</u>	<u>825,027</u>	<u>12,401,529</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,266,791	92,369	76,868	2,436,028
Public safety	3,365,250	152,824	-	3,518,074
Public works	1,076,103	336,781	816,843	2,229,727
Culture and recreation	852,186	568,876	32,894	1,453,956
Capital outlay	-	939,877	-	939,877
Total expenditures	<u>7,560,330</u>	<u>2,090,727</u>	<u>926,605</u>	<u>10,577,662</u>
Excess (deficiency) of revenues over expenditures	<u>2,640,976</u>	<u>(715,531)</u>	<u>(101,578)</u>	<u>1,823,867</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,200,000	-	1,676,283	2,876,283
Transfers out	(3,606,084)	-	-	(3,606,084)
Capital contributions	-	(339,000)	-	(339,000)
Total other financing sources and uses	<u>(2,406,084)</u>	<u>(339,000)</u>	<u>1,676,283</u>	<u>(1,068,801)</u>
Net change in fund balances	234,892	(1,054,531)	1,574,705	755,066
Fund balances-beginning	1,576,552	1,891,265	22,889	3,490,706
Fund balances-ending	<u>\$ 1,811,444</u>	<u>836,734</u>	<u>1,597,594</u>	<u>4,245,772</u>

See accompanying notes to the basic financial statement.



City of Seminole, 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	\$ 755,066
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	3,177,229
Depreciation expense	(1,084,276)
In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures.	
	(73,182)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Change in accrued compensated absences	<u>87,142</u>
Change in net position of governmental activities	<u>\$ 2,861,979</u>

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

	Business-type Activities - Enterprise Funds					
	Seminole Municipal Authority	Seminole Utilities Authority	Capital Improvements	Seminole Gas Authority	Seminole Community Wellness Authority	Total Enterprise Funds
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 1,821,347	-	-	82,907	(345,374)	1,558,880
Receivables:						
Account, net of allowance of \$740,752	317,579	-	-	11,349	-	328,928
Due from other funds	587,783	-	-	-	-	587,783
Total current assets	2,726,709	-	-	94,256	(345,374)	2,475,591
Non-current assets:						
Restricted cash and investments	3,881,856	9,517,240	477,322	-	1,806,778	15,683,196
Capital assets:						
Land and construction in progress	996,912	-	-	-	-	996,912
Other capital assets, net of accumulated depreciation	11,010,378	-	-	-	5,384,473	16,394,851
Total non-current assets	15,889,146	9,517,240	477,322	-	7,191,251	33,074,959
Total assets	18,615,855	9,517,240	477,322	94,256	6,845,877	35,550,550
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable and accrued liabilities	107,989	-	-	9,590	6,208	123,787
Due to component unit - SEDC	-	-	-	9,901	-	9,901
Accrued interest payable	-	51,680	-	-	-	51,680
Current portion of long-term obligations	1,013,424	275,000	-	-	-	1,288,424
Total current liabilities	1,121,413	326,680	-	19,491	6,208	1,473,792
Non-current liabilities:						
Deposits subject to refund	115,090	-	-	-	-	115,090
Revenue notes payable, net of current portion	-	11,559,859	-	-	-	11,559,859
Accrued compensated absences	70,737	-	-	-	-	70,737
Total non-current liabilities	185,827	11,559,859	-	-	-	11,745,686
Total liabilities	1,307,240	11,886,539	-	19,491	6,208	13,219,478
<b>NET POSITION</b>						
Net investment in capital assets	11,017,445	(2,777,337)	-	-	5,384,473	13,624,581
Restricted:						
Debt service	3,766,767	294,577	-	-	-	4,061,344
Construction	-	-	477,322	-	-	477,322
Facility maintenance	-	-	-	-	1,806,778	1,806,778
Unrestricted	2,524,403	113,461	-	74,765	(351,582)	2,361,047
Total net position	\$ 17,308,615	(2,369,299)	477,322	74,765	6,839,669	22,331,072

See accompanying notes to the basic financial statement.

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

	Business-type Activities - Enterprise Funds					
	Seminole Municipal Authority	Seminole Utilities Authority	Capital Improvements	Seminole Gas Authority	Seminole Community Wellness Authority	Total Enterprise Funds
<b>REVENUES</b>						
Charges for services						
Water	\$ 1,925,596	-	-	-	-	1,925,596
Sewer	1,359,934	-	-	-	-	1,359,934
Sanitation	1,397,327	-	-	-	-	1,397,327
Other	132,732	-	-	233,834	-	366,566
Reynold's Center	-	-	-	-	371,301	371,301
Total operating revenues	4,815,589	-	-	233,834	371,301	5,420,724
<b>OPERATING EXPENSES</b>						
General and administration	1,758,195	-	-	-	-	1,758,195
Water	831,998	-	-	-	-	831,998
Sewer	504,852	-	-	-	-	504,852
Sanitation	265,509	-	-	-	-	265,509
Natural gas	-	-	-	177,301	-	177,301
Reynold's Center	-	-	-	-	427,342	427,342
Depreciation and amortization	691,705	-	-	-	193,277	884,982
Total operating expenses	4,052,259	-	-	177,301	620,619	4,850,179
Operating income (loss)	763,330	-	-	56,533	(249,318)	570,545
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Miscellaneous revenues (expense)	858,258	(423)	1,256	-	-	859,091
Interest income	161,696	426,084	25,899	-	74,126	687,805
Grant income - OWRB	15,672	-	-	-	-	15,672
Contribution - SEDC	(972,728)	-	(152,600)	(20,018)	-	(1,145,346)
Interest expense and fiscal charges	(88,054)	(603,121)	-	-	-	(691,175)
Total nonoperating revenues (expenses)	(25,156)	(177,460)	(125,445)	(20,018)	74,126	(273,953)
<b>OPERATING TRANSFERS</b>						
Transfers in	3,606,084	-	-	-	-	3,606,084
Transfers out	(2,876,283)	-	-	-	-	(2,876,283)
Transfers - Internal balance	(3,574,745)	998,496	2,576,249	-	-	-
Capital contributions	-	-	(1,483,061)	-	339,000	(1,144,061)
Capital contributions - Internal	734,894	-	(734,894)	-	-	-
Total operating transfers and capital contributions	(2,110,050)	998,496	358,294	-	339,000	(414,260)
Change in net position	(1,371,876)	821,036	232,849	36,515	163,808	(117,668)
Net position - beginning	18,680,491	(3,190,335)	244,473	38,250	6,675,861	22,448,740
Net position - ending	\$ 17,308,615	(2,369,299)	477,322	74,765	6,839,669	22,331,072

See accompanying notes to the basic financial statement.

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

	Business-type Activities - Enterprise Funds					
	Seminole Municipal Authority	Seminole Utilities Authority	Capital Improvements	Seminole Gas Authority	Seminole Community Wellness Authority	Total Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 3,757,258	-	-	222,485	371,301	4,351,044
Payments to suppliers and employees	(2,310,088)	21,106	(151,343)	(173,435)	(421,133)	(3,034,893)
Net cash provided (used) by operating activities	<u>1,447,170</u>	<u>21,106</u>	<u>(151,343)</u>	<u>49,050</u>	<u>(49,832)</u>	<u>1,316,151</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Capital contribution - Proprietary	734,894	-	(734,894)	-	-	-
Capital contribution - Governmental	-	-	(1,483,061)	-	339,000	(1,144,061)
Operating transfers in (out)	(2,844,944)	998,496	2,576,249	-	-	729,801
Net cash provided (used) by noncapital financing activities	<u>(2,110,050)</u>	<u>998,496</u>	<u>358,294</u>	<u>-</u>	<u>339,000</u>	<u>(414,260)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from long-term debt borrowings	166,191	-	-	-	-	166,191
Principal paid on long-term debt	-	(140,000)	-	-	-	(140,000)
Interest expense and fiscal charges	(88,054)	(593,024)	-	-	-	(681,078)
Project expenditures	-	-	-	-	-	-
(Acquisition) disposition of capital assets	(908,152)	-	-	-	(339,000)	(1,247,152)
Net cash provided (used) by capital and related financing activities	<u>(830,015)</u>	<u>(733,024)</u>	<u>-</u>	<u>-</u>	<u>(339,000)</u>	<u>(1,902,039)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Decrease (increase) in investments	-	-	-	-	-	-
Interest received	161,698	426,084	25,898	-	74,126	687,806
Net cash provided (used) by investing activities	<u>161,698</u>	<u>426,084</u>	<u>25,898</u>	<u>-</u>	<u>74,126</u>	<u>687,806</u>
Net increase (decrease) in cash and cash equivalents	(1,331,197)	712,662	232,849	49,050	24,294	(312,342)
Cash and cash equivalents, beginning of the year	7,034,400	8,804,578	244,473	33,857	1,437,110	17,554,418
Cash and cash equivalents, end of the year	<u>\$ 5,703,203</u>	<u>9,517,240</u>	<u>477,322</u>	<u>82,907</u>	<u>1,461,404</u>	<u>17,242,076</u>
Reconciliation to Statement of Net Position:						
Cash and cash equivalents	1,821,347	-	-	82,907	(345,374)	1,558,880
Restricted cash and cash equivalents	3,881,856	9,517,240	477,322	-	1,806,778	15,683,196
Total cash and cash equivalents, end of year	<u>\$ 5,703,203</u>	<u>9,517,240</u>	<u>477,322</u>	<u>82,907</u>	<u>1,461,404</u>	<u>17,242,076</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>						
Operating income (loss)	763,330	-	-	56,533	(249,318)	570,545
Adjustments to reconcile operating income to net cash provided by operating activities:						
Cash flows reported in other categories:						
Depreciation and amortization expense	691,705	-	-	-	193,277	884,982
Amortization of deferred charge on refunding	-	-	-	-	-	-
Miscellaneous revenue	858,258	(423)	1,257	-	-	859,092
Grant revenue	15,672	-	-	-	-	15,672
Operating subsidy - SEDC	(972,728)	-	(152,600)	(20,018)	-	(1,145,346)
Change in assets and liabilities:						
(Increase) decrease in receivables	(34,696)	-	-	13,960	-	(20,736)
(Increase) decrease in tax receivable	69,736	-	-	-	-	69,736
Increase (decrease) in accounts payable and accrued expense	59,876	21,529	-	(1,425)	6,209	86,189
Net increase (decrease) in customer deposits	(3,983)	-	-	-	-	(3,983)
Total adjustments	<u>683,840</u>	<u>21,106</u>	<u>(151,343)</u>	<u>(7,483)</u>	<u>199,486</u>	<u>745,606</u>
Net cash provided by (used in) operating activities	<u>\$ 1,447,170</u>	<u>21,106</u>	<u>(151,343)</u>	<u>49,050</u>	<u>(49,832)</u>	<u>1,316,151</u>

See accompanying notes to the basic financial statement.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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

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

The accounting and reporting policies of the City of Seminole, 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 nine-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 Seminole Municipal Authority (SMA) was created on August 16, 2021 pursuant to a Trust Indenture, for the benefit of the City of Seminole. SMA was established to promote, develop, construct and operate projects related to utility and public works, agriculture, commercial and industrial, hospitals, ambulance services and other health facilities, energy projects, transportation, and recreational, sports, cultural, tourism, entertainment and media projects. Council members serve as Trustees and the City Manager is General Manager. The Authority is reported as an enterprise fund.

The Seminole Utilities Authority (SUA) was created on April 30, 1985 pursuant to a Trust Indenture, for the benefit of the City of Seminole. SUA was established to furnish the City of Seminole with services and facilities for the conservation and implementation of the public welfare and for the protection and promotion of public health and for other purposes proper for the City itself to furnish. Council members serve as Trustees and the City Manager is General Manager. The Authority is reported as an enterprise fund.

The Seminole Gas Authority was created to finance and operate the sale and transmission of natural gas to industrial customers.

The Seminole Recreation Authority is reported as a special revenue fund type.

The Seminole Urban Renewal Authority was created to promote and finance economic development in the City of Seminole.

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

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

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

**Discretely presented component unit.** The Seminole Economic Development Council (SEDC) was created to promote and finance economic development in the City of Seminole. The SEDC is reported as a discrete component unit of the City because its governing body is not substantially the same as the City Council.

Separate financial statements may be obtained by contacting the Trust's management.

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 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.

**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. Additionally, operation of the golf course and municipal airport are reported as business-type activities.

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 Seminole, 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.
- Grants Fund - accounts for the administration of federal and state grant awards.

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

- Street & Alley Fund
- Library Fund
- Tourism Fund
- Urban Renewal Authority
- Capital Improvement Fund
- Airport Fund
- Cemetery Perpetual Care Fund

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 Seminole, 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:**

- Seminole Municipal Authority (SMA) - accounts for the revenues from operations of water, sanitary sewer, and solid waste.
- Seminole Utilities Authority (SUA) - accounts for the revenues and expenditures related the projects authorized ny its Trust Indenture.
- Seminole Gas Authority - accounts for the revenues from operations of the natural gas provided to certain commercial enterprises.
- Seminole Community Wellness Authority - accounts for the operations of the Reynolds Community Center.

**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 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 Seminole, 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 can 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.

- 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.

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

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

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 are paid from current financial resources. On June 30, 2024 the City did not have any judgments outstanding.
- k. *Compensated Absences* - Under the terms of City personnel policies, City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for vacation leave accumulated and vested accumulated sick leave. 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.
- 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.

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

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

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.
- 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 the 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.

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

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

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 Municipal Retirement Fund (OkMRF), (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 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.

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

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

- 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.

**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.
- e. 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.



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

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

**Budgetary Compliance - Continued**

In accordance with Title 60 of the Oklahoma State Statutes, the Seminole Municipal 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 SMA 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 \$12,881,217 were fully insured or collateralized with securities.

**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.

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

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

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's investments are certificates of deposit in local banks. On June 30, 2024, the certificates of deposits were fully insured or collateralized.

**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. As of June 30, 2024, the City did not have any general obligation debt outstanding.

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



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

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

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>Seminole Utilities Authority</i>	
a. Flow of Funds	
1. 2023 Sales Tax Revenue Bonds	Authority maintained all required accounts and made the required payments into such accounts.
- Revenue Account	
- Construction Fund	
- Note Fund	
b. Revenue Note Coverage	
Net operating revenue plus transferred Sales tax must equal 1.25 times annual debt service on the 2023 Revenue Bonds.	Net revenue available amounted to \$2,706,157. The annual debt service was \$899,678. Actual coverage was 3.01 times.

**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.

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

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

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 Seminole, 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			\$ 11,452,341
Cash on hand			300
Time deposits			-
			<u>11,452,641</u>
<b>Investments:</b>			
Trustee money market account		AAAm	<u>9,517,240</u>
			<u>9,517,240</u>
<b>Total deposits and investments</b>			<u>\$ 20,969,881</u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents			\$ 5,286,685
Restricted cash and investments			<u>15,683,196</u>
			<u>\$ 20,969,881</u>

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

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

**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.

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

	Governmental Activities	Business-type Activities
	Current Cash and cash Equivalents	Current Cash and cash Equivalents
2023 Sales Tax Revenue Note - Construction	\$ -	8,925,497
2023 Sales Tax Revenue Note - Debt Service	-	293,768
2021 Sales Tax Revenue Note - Construction	-	297,166
2021 Sales Tax Revenue Note - Debt Service	-	809
Accounts not held at trustee bank - Debt service	-	3,766,766
Accounts restricted - Capital improvement	-	477,322
Account restricted - Reynold's Center Maintenance	-	1,806,778
Utility Deposits	-	115,090
Total restricted assets	\$ -	15,683,196

**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	\$ 1,175,567	-
Use taxes	147,634	-
Franchise taxes	84,482	-
Grants	404,610	-
Other	16,892	-
Utilities	-	1,069,680
Less: Allowance for uncollectible accounts	-	(740,752)
Accounts receivable, net of allowance	\$ 1,829,185	328,928

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

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

**Capital Assets**

Capital asset balances and 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</i></b>					
Capital assets not being depreciated :					
Land	\$ 304,926	-	-	-	304,926
Construction in progress	1,650,220	712,726	(1,650,220)	-	712,726
Total capital assets not being depreciated	<u>1,955,146</u>	<u>712,726</u>	<u>(1,650,220)</u>	<u>-</u>	<u>1,017,652</u>
Capital assets being depreciated :					
Buildings and improvements	3,741,792	517,647	697,650	-	4,957,089
Machinery and equipment	6,170,073	836,188	-	-	7,006,261
Vehicles	3,902,440	659,883	-	-	4,562,323
Infrastructure	21,220,226	450,785	952,570	-	22,623,581
Total capital assets being depreciated	<u>35,034,531</u>	<u>2,464,503</u>	<u>1,650,220</u>	<u>-</u>	<u>39,149,254</u>
Less : Accumulated depreciation					
Buildings and improvements	2,270,096	82,527	-	-	2,352,623
Machinery and equipment	5,169,754	238,086	-	-	5,407,840
Vehicles	3,179,200	250,543	-	-	3,429,743
Infrastructure	16,121,274	513,120	-	-	16,634,394
Total capital assets being depreciated	<u>26,740,324</u>	<u>1,084,276</u>	<u>-</u>	<u>-</u>	<u>27,824,600</u>
Total capital assets being depreciated	<u>8,294,207</u>	<u>1,380,227</u>	<u>1,650,220</u>	<u>-</u>	<u>11,324,654</u>
Governmental activities capital assets, net \$	<u>10,249,353</u>	<u>2,092,953</u>	<u>-</u>	<u>-</u>	<u>12,342,306</u>

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

***Governmental activities:***

General government	\$ 20,970
Public safety	247,927
Streets	541,883
Public works administration	273,496
Cultural and recreation	
Total depreciation expense - governmental activities	<u>\$ 1,084,276</u>

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

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - 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	\$ 13,889	-	-	-	13,889
Construction in progress	823,655	173,257	-	-	996,912
Total capital assets not being depreciated	837,544	173,257	-	-	1,010,801
Capital assets being depreciated :					
Buildings and improvements	14,311,108	339,000	-	-	14,650,108
Machinery and equipment	3,268,037	390,859	-	-	3,658,896
Vehicles	595,335	-	-	-	595,335
Infrastructure	19,399,671	344,033	-	-	19,743,704
Total capital assets being depreciated	37,574,151	1,073,892	-	-	38,648,043
Less : Accumulated depreciation					
Buildings and improvements	6,082,899	312,116	-	-	6,395,015
Machinery and equipment	2,759,317	146,496	-	-	2,905,813
Vehicles	548,180	21,669	-	-	569,849
Infrastructure	11,991,703	404,701	-	-	12,396,404
Total capital assets being depreciated	21,382,099	884,982	-	-	22,267,081
Total capital assets being depreciated	16,192,052	188,910	-	-	16,380,962
Business-type activities capital assets, net	\$ 17,029,596	362,167	-	-	17,391,763

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

**Business-type activities:**

Water	\$ 320,818
Sewer	291,523
Sanitation	13,600
General government	65,764
Reynold's Wellness Center	193,277
Total depreciation expense - business-type activities	\$ 884,982

**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 \$140,765 available for refund of customer deposits, while the liability to customers was \$115,090.

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

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

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, \$3,012 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.

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

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

**Notes Payable**

Notes outstanding consist of debt issued by the Seminole Municipal Authority. The notes are not the indebtedness of the State of Oklahoma or the City but are obligations payable solely from the resources of the Seminole Municipal Authority.

On July 18, 2021 the Authority entered into a line of credit with a local bank in the amount of \$1,759,190 as interim financing for the construction of a new wastewater treatment plant. The loan has an interest rate of 3.25%.

	\$ 989,845
Total Notes Payable	\$ 989,845
Current portion	\$ 989,845
Non-current portion	-
Total Notes Payable	\$ 989,845

**Revenue Bonds Payable**

\$8,850,000 Seminole Utilities Authority Tax-Exempt Sales Tax Revenue Bonds, Series 2023A dated May 24, 2023, due in annual installments of \$85,000 to \$535,000 through November 1, 2052, with interest from 4.75% to 5.00%, secured by a lien against sales tax revenues.

\$ 8,765,000

\$3,290,000 Seminole Utilities Authority Taxable Sales Tax Revenue Bonds, Series 2023B dated May 24, 2023, due in annual installments of \$55,000 to \$305,000 through November 1, 2039, with interest from 5.45% to 6.00%, secured by a lien against sales tax revenues.

3,235,000

Total Notes Payable	\$ 12,000,000
Current portion	\$ 275,000
Non-current portion	11,725,000
Total Notes Payable	\$ 12,000,000

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

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

**Accrued Compensated Absences**

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

Governmental activities	\$ 300,958
Business-type activities	<u>94,316</u>
Total Accrued Compensated Absences	<u>\$ 395,274</u>

**Due to Depositors**

Outstanding deposits for utility services, refundable only upon termination of services, amounted to the following:

Current portion	\$ -
Non-current portion	<u>115,090</u>
Total Due to Depositors	<u>\$ 115,090</u>

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

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

**Component Unit Debt**

**Revenue Bonds Payable**

Revenue bonds outstanding consist of debt issued by the Seminole Economic Development Council. The bonds are not the indebtedness of the State of Oklahoma or the City but are obligations payable solely from the resources of the Seminole Economic Development Council.

\$7,810,000 Taxable Special Obligation Tax Increment Refunding Revenue Bonds, Series 2016 dated December 1, 2016, due in annual principal installments starting May 1, 2017 through May 1, 2032 of \$285,000 to \$750,000 with interest at 4.25% to 7.875% secured by a pledge of certain ad valorem tax revenues and a sinking fund replenishment agreement with the Seminole Utilities Authority - see Note 4.		\$ 4,670,000
Total Revenue Notes		\$ 4,670,000
Current portion		\$ 480,000
Non-current portion		4,190,000
Total Revenue Notes		\$ 4,670,000

**Changes in Long-term Debt**

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental activities</b>					
Accrued compensated absences	\$ 388,099	-	87,141	300,958	75,240
Total Governmental Activities	\$ 388,099	-	87,141	300,958	75,240
<b>Business-type activities</b>					
Revenue Bonds - Series 2023A	\$ 8,850,000	-	85,000	8,765,000	150,000
Revenue Bonds - Series 2023B	3,290,000	-	55,000	3,235,000	125,000
Line of Credit - Bank	823,655	166,190	-	989,845	989,845
Deposits subject to refund	119,073	-	3,983	115,090	-
Accrued compensated absences	103,351	-	9,035	94,316	23,579
Total Business-type Activities	\$ 13,186,079	166,190	153,018	13,199,251	1,288,424

**Reconciliation to Statement of Position**

Plus: Unamortized bond premium (discount)	(165,141)
	\$ 13,034,110



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

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

Component unit	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds - Series 2016	\$ 5,130,000	-	460,000	4,670,000	480,000
Total Governmental Activities	\$ 5,130,000	-	460,000	4,670,000	480,000

**Annual Debt Service Requirements**

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

Year Ending June 30,	Governmental Activities		Business-type Activities		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ -	-	1,264,845	612,968	480,000	240,250
2026	-	-	290,000	598,159	505,000	217,450
2027	-	-	305,000	582,493	530,000	193,463
2028	-	-	325,000	565,835	555,000	165,637
2029	-	-	340,000	548,163	585,000	136,500
2030-2034	-	-	1,995,000	2,438,775	2,015,000	218,663
2025-2039	-	-	2,565,000	1,830,700	-	-
2040-2044	-	-	1,900,000	1,204,556	-	-
2045-2049	-	-	2,010,000	761,000	-	-
2050-2054	-	-	1,995,000	205,375	-	-
Totals	\$ -	-	12,989,845	9,348,024	4,670,000	1,171,963

**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 Seminole, Oklahoma**  
**June 30, 2024**

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

**Debt Defeasement**

The City, through its public trust, has, in substance, defeased certain outstanding bond issues by placing deposits in an irrevocable trust escrow account for the purchase of U.S. Government securities to pay the principal and interest on the refunded bonds as they are due and payable. For financial reporting purposes both the defeased bonds outstanding and the escrowed securities have been excluded from the financial statements. As of June 30, 2024, the remaining outstanding defeased bonds were as follows:

2006 Sales Tax Revenue Bonds	3,120,000
2015 Sales Tax Revenue Bonds	<u>2,675,000</u>
Total outstanding defeased bonds	<u>\$ 5,795,000</u>

**Pledge of Future Revenues**

*Sales Tax Pledge* - The City has pledged on and one-half percent (or 1.50%) of future sales tax revenues to repay the 2024 Sales Tax Revenue Bonds which are payable through 2052. Proceeds from the bonds provided financing for construction of various capital projects and defeasement of existing debt. The total principal and interest payable for the remaining life of the bonds is \$21,348,022. Pledged sales tax received in the current year was \$2,706,157. Debt service payments on the 2024 Sales Tax Revenue Bonds of \$899,678 for the current fiscal year were 33.2% of pledged sales tax.

**Notes to Basic Financial Statements**  
**City of Seminole, 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:*

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
General Fund	Seminole Municipal Authority	3,606,084	Sales tax transfer
Seminole Municipal Authority	General Fund	1,200,000	Operating subsidy
Seminole Municipal Authority	Urban Renewal Fund	126,283	Operating subsidy
Seminole Municipal Authority	Capital Improvement Fund	1,550,000	Operating subsidy
		<u>6,482,367</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	2,876,283	(3,606,084)	(729,801)
Proprietary Funds	3,606,084	(2,876,283)	729,801
	<u>6,482,367</u>	<u>(6,482,367)</u>	<u>-</u>

Reconciliation to Statement of Activities:

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

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>	<u>Nature of Interfund Balance</u>
General Fund	Seminole Utilities Authority	587,783	Sales tax transfer receivable
Street & Alley Fund	General Fund	20,127	Interfund receivable
		<u>607,910</u>	

Reconciliation to Fund Financial Statements:

	<u>Due To</u>	<u>Due From</u>	<u>Net Interfund Balance</u>
Governmental Funds	20,127	(607,910)	(587,783)
Proprietary Funds	587,783	-	587,783
	<u>607,910</u>	<u>(607,910)</u>	<u>-</u>

**Notes to Basic Financial Statements**  
**City of Seminole, 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	Grant Fund	Other Governmental Funds	Total
Fund Balances:				
Nonspendable:				
Streets	-	-	29,825	29,825
Library	-	-	11,683	11,683
Tourism	-	-	54,870	54,870
Airport	-	-	(91,620)	(91,620)
Urban renewal	-	-	(3,700)	(3,700)
Capital improvements	-	-	1,552,611	1,552,611
Grant activities	-	836,734	-	836,734
Cemetery	-	-	43,925	43,925
Subtotal Nonspendable	-	836,734	1,597,594	2,434,328
Unassigned (deficit):	1,811,444	-	-	1,811,444
 TOTAL FUND BALANCES	 1,811,444	 836,734	 1,597,594	 4,245,772

**Sales Tax**

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

- 2 cents are recorded in the General Fund for general operational purposes.
- 1/2 cent is recorded in the General Fund and then transferred to the Seminole Municipal Authority for capital expenditures and for the payment of debt service in connection with obligations issued to finance specified capital expenditures.
- 1 cent is recorded in the General Fund and then transferred to the Seminole Municipal Authority for capital expenditures and for the payment of debt service in connection with obligations issued to finance specified capital expenditures. The sales tax is set to expire on October 1, 2026.
- 1/2 cent is recorded in the General Fund and then transferred to the Seminole Municipal Authority for capital expenditures and for the payment of debt service in connection with obligations issued to finance specified capital expenditures. The sales tax is set to expire on October 1, 2030.

**Notes to Basic Financial Statements**  
**City of Seminole, 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 purchases commercial insurance to cover these and other risks, including general auto liability, property damage, and public officials' liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

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, failure of the State Insurance Fund to honor its obligations could result in losses to the Plan.

**COMMITMENTS AND CONTINGENCIES**

**Commitments**

**Construction in Progress**

The following construction contracts were outstanding on June 30, 2024:

	Total Construction <u>In Progress</u>	Total Project	Remaining <u>To Complete</u>
<i>Governmental Activities</i>			
Airport Taxiway Improvements	\$ 712,726	3,073,930	2,361,204
<i>Business-type Activities</i>			
Water Treatment Plant	<u>996,912</u>	<u>19,357,120</u>	<u>18,360,208</u>
	<u>\$ 1,709,638</u>	<u>22,431,050</u>	<u>20,721,412</u>

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

**NOTE 4 - OTHER INFORMATION - Continued**

**Contingent Liabilities**

**General Litigation** - The City and Authorities 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.

**Replenishment Agreement** - The Seminole Economic Development Council Series 2016 Bonds are secured by a pledge of incremental property tax pledged to the Council by the City of Seminole and funds and accounts held by the Trustee under the Bond Indenture. One of the funds is the Sinking Fund Reserve Fund capitalized at a required level of \$65,000 from the proceeds of the Series 2016 Bonds which shall be utilized to make principal and interest payments due on the Series 2016 Bonds when the aforesaid property tax received by the City is insufficient to make principal and interest payments on the Series 2016 Bonds when the same become due. The Seminole Municipal Authority, a separate public trust having the City as its Beneficiary has entered into a Replenishment Agreement with Seminole Economic Development Council to replenish the Sinking Fund Reserve Fund to its required level by equal monthly payments over a one (1) year period in the event and in every instance that the Fund should fall below the required level for any reason and also has agreed to maintain its leasehold interest in the water and sanitary sewer systems in substantially its present form until all of the Series 2016 Bonds shall be paid. The obligation of The Seminole Municipal Authority is limited under the said Replenishment Agreement to the amount of money equal to the proceeds of a one percent City sales tax. During the year ended June 30, 2024, Seminole Municipal Authority transferred \$972,728 to the Seminole Economic Development Council under this Agreement.

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

**NOTE 4 - OTHER INFORMATION - Continued**

**EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

The City participates in three 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
City of Seminole, Oklahoma Employee Retirement Plan	Single Employer - Defined Contribution Money Purchase 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	\$ (54,986)	-
Firefighter's Pension System	3,311,131	-
Total Net Pension Liability	\$ 3,256,145	-
Deferred Outflows of Resources		
Police Pension System	\$ 1,463,169	-
Firefighter's Pension System	1,668,482	-
Total Deferred Outflow of Resources	\$ 3,131,651	-
Deferred Inflows of Resources		
Police Pension System	\$ 20,605	-
Firefighter's Pension System	1,235,250	-
Total Deferred Inflow of Resources	\$ 1,255,855	-

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

Plan Description - The City of Seminole, 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).

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

**NOTE 4 - OTHER INFORMATION - Continued**

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

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.

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 \$88,160. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$80,021. These on-behalf payments did not meet the criteria of a special funding situation.



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

**NOTE 4. OTHER INFORMATION - Continued**

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

Net Pension Liabilities/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - On June 30, 2024, the City reported an asset of \$54,986 for its proportionate share of the net pension asset. 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 0.001800%.

For the year ended June 30, 2024, the City recognized pension expense of \$147,000. On 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	\$ 158,964	\$ -
Changes of assumptions	102,611	-
Net difference between projected and actual earnings on pension plan investments	1,103,732	-
Changes in proportion and differences between City contributions and proportionate share of contributions	4	20,451
City contributions during measurement period	5,761	154
City contributions subsequent to the measurement date	92,097	-
Total	\$ 1,463,169	\$ 20,605

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

**NOTE 4. OTHER INFORMATION - Continued**

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

\$92,097 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 \$	221,477
2025	4,052
2026	919,668
2027	209,322
2028	(4,052)
\$	<u>1,350,467</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 Seminole, Oklahoma**  
**June 30, 2024**

**NOTE 4. OTHER INFORMATION - Continued**

***Oklahoma Police Pension and Retirement System (OPPRS) - 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
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:

	1% Decrease 6.5%	Current Discount Rate (7.5%)	1% Increase 8.5%
Employers' net pension liability (asset)	\$ 519,159	\$ (54,986)	\$ (541,107)

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 Seminole, Oklahoma  
June 30, 2024

**NOTE 4. OTHER INFORMATION - Continued**

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

Plan Description - The City of Seminole, 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.

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

**NOTE 4. OTHER INFORMATION - Continued**

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

- All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in the line of duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not in the line of duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service or \$7.53 per year of service, with a maximum of 30 years.
- 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 \$133,834. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$293,303. 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 \$3,311,131 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

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

received by pension plan for all participating employers as of June 30, 2023. Based upon this information, the City's proportion was 0.256627%.

**NOTE 4. OTHER INFORMATION - Continued**

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

For the year ended June 30, 2024, the City recognized pension expense of \$565,165. On 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	\$ 393,785	\$ 4,204
Changes of assumptions	-	5,309
Net difference between projected and actual earnings on pension plan investments	1,081,185	862,752
Changes in proportion and differences between City contributions and proportionate share of contributions	30,315	361,254
City contributions during measurement period	486	1,731
City contributions subsequent to the measurement date	162,711	-
Total	\$ 1,668,482	\$ 1,235,250

\$162,711 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	\$ 82,374
2025	27,674
2026	165,505
2027	(5,032)
	\$ 270,521

**Notes to Basic Financial Statements**  
**City of Seminole, 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the following table:

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, 2024
- 39.6% effective July 1, 2024
- 36.0% effective July 1, 2027

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

**NOTE 4. OTHER INFORMATION - Continued**

***Oklahoma Firefighters' Pension and Retirement System (OFPRS) - 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 100 (6.5%)	Current Discount Rate (7.5%)	1% Increase 100 (8.5%)
Employers' net pension liability	\$ 4,314,547	\$ 3,311,131	\$ 2,472,010

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).

***City of Seminole, Oklahoma Employee Retirement Plan (the DC Plan)***

The City of Seminole, Oklahoma Employee Retirement Plan, is a single employer defined contribution money purchase pension plan covering City employees not covered by other plans. The Plan operates as a trust administered by the Ameritas Life Insurance. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. All regular, full-time City employees not covered by other plans are eligible to participate in the Plan after six months of service. Benefits vest after five years of service, as follows:

Years of Service	Vested Percentage
Less than five years	0%
Five years	50%
Six years	60%
Seven years	70%
Eight years	80%
Nine years	90%
Ten years	100%

Benefits to be paid to employees at a future date are dependent on the sum of the employee contributions with interest, the City financed contributions with interest, and the respective employee vesting percentage as established by the plan. There are no guaranteed retirement benefits in the plan, and the City disclaims any liability between the employer and the employee regarding benefits in the plan. Any and all claims of the employee may be satisfied only out of the funds held in the plan under the individual employee's account. Each employee receives a year-end statement of his account and selects how the funds are invested.



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

**NOTE 4 - OTHER INFORMATION - Continued**

***City of Seminole, Oklahoma Employee Retirement Plan (the DC Plan) - Continued***

Funding Policy - The employee contributes 2% of compensation to the Plan, and the employer contributes 10% of employee compensation. Contributions to the Plan for the year ended June 30, 2024, for employees and employer were \$46,740 and \$327,175, respectively. For the year ended June 30, 2024, the City's covered payroll was \$2,336,965. Covered payroll refers to all compensation paid by the City of Seminole to active employees covered by the Plan on which contributions are based.

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

The City has also provided a defined contribution plan and trust known as the City of Seminole 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 management. 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 \$7,386.

**Subsequent Events**

In August, 2024, the City entered into an Interim Construction Promissory Note, Series 2024 in the amount of \$42,836,000 to provide funds for the construction and improvements to sewer system. The note has a maturity date of September 14, 2026.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**City of Seminole, 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	\$ 8,465,723	(1,120)	8,464,603	8,696,955	232,352
Intergovernmental	1,120	-	1,120	104,093	102,973
Licenses and permits	75,521	-	75,521	49,216	(26,305)
Charge for services	987,603	-	987,603	999,609	12,006
Fines and forfeitures	216,986	-	216,986	172,357	(44,629)
Interest	82,116	-	82,116	318,774	236,658
Miscellaneous	197,449	(68,230)	129,219	17,257	(111,962)
Total revenues	<u>10,026,518</u>	<u>(69,350)</u>	<u>9,957,168</u>	<u>10,358,261</u>	<u>401,093</u>
<b>EXPENDITURES</b>					
General government:					
General government	1,430,500	11,000	1,441,500	1,392,317	49,183
City council	1,500	-	1,500	1,208	292
City manager	187,019	-	187,019	189,487	(2,468)
City clerk	292,716	-	292,716	280,230	12,486
City attorney	64,539	-	64,539	64,649	(110)
Information technology	79,962	-	79,962	64,292	15,670
Code enforcement	165,224	-	165,224	155,482	9,742
Municipal court	130,539	-	130,539	119,126	11,413
Public safety:					
Police	1,346,113	-	1,346,113	1,356,360	(10,247)
Fire and ambulance	1,960,323	-	1,960,323	1,966,931	(6,608)
Emergency management	46,433	-	46,433	41,959	4,474
Public works:					
Streets	582,917	-	582,917	582,594	323
Community services	322,849	(7,848)	315,001	307,764	7,237
Cemetery	153,560	-	153,560	154,144	(584)
Airport	38,500	-	38,500	31,601	6,899
Culture and recreation:					
Senior citizens bus	15,456	-	15,456	12,098	3,358
Parks	368,896	-	368,896	353,536	15,360
Golf course	130,384	-	130,384	130,430	(46)
Sportsman lake	115,271	600	115,871	102,798	13,073
Library	258,093	(4,517)	253,576	253,324	252
Total expenditures	<u>7,690,794</u>	<u>(765)</u>	<u>7,690,029</u>	<u>7,560,330</u>	<u>129,699</u>
Excess (deficiency) of revenues over (under) expenditures	2,335,724	(68,585)	2,267,139	2,797,931	530,792
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers	<u>(2,342,186)</u>	<u>(33,640)</u>	<u>(2,375,826)</u>	<u>(2,475,820)</u>	<u>(99,994)</u>
Net change in fund balances	(6,462)	(102,225)	(108,687)	322,111	430,798
Fund balances - beginning	1,498,502	-	1,498,502	1,576,552	78,050
Fund balances - ending	<u>\$ 1,492,040</u>	<u>(102,225)</u>	<u>1,389,815</u>	<u>1,898,663</u>	<u>508,848</u>

**Budgetary Comparison Schedule  
City of Seminole  
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 Seminole  
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
	<u>                    </u>
Fund balances - budgetary basis, June 30, 2024	\$ 1,898,663
Current year revenue and transfer accruals	832,073
Prior year revenue and transfer accruals	<u>(919,292)</u>
Fund balances - fund financial statements, June 30, 2024	\$ <u>1,811,444</u>
 Revenues - budgetary basis, June 30, 2024	 \$ 10,358,261
Current year revenue accruals	1,419,856
Prior year revenue accruals	<u>(1,576,811)</u>
Revenues - fund financial statements, June 30, 2024	\$ <u>10,201,306</u>
 Expenditures - budgetary basis, June 30, 2024	 \$ 7,560,330
Current year expenditure accruals	-
Prior year expenditure accruals	<u>-</u>
Expenditures - fund financial statements, June 30, 2024	\$ <u>7,560,330</u>
 Transfers - budgetary basis, June 30, 2024	 \$ (2,475,820)
Current year transfer accruals	(587,783)
Prior year transfer accruals	<u>657,519</u>
Transfers - fund financial statements, June 30, 2024	\$ <u>(2,406,084)</u>

**City of Seminole, 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)	0.189300%	0.185500%	0.162800%	0.147300%	0.147907%	0.143815%	0.158328%	0.158156%	0.169900%	0.180000%
2. Employer's proportionate share of the net pension liability (asset)	\$ (63,731)	7,562	249,344	11,330	(70,456)	(9,181)	181,832	(758,700)	(136,269)	(54,986)
3. Employer's covered-employee payroll	\$ 529,546	524,200	480,162	439,246	453,469	467,669	530,269	547,300	608,669	677,385
4. Employer's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	-12.04%	1.44%	51.93%	2.58%	-15.54%	-1.96%	34.29%	-138.63%	-22.39%	-8.12%
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 Seminole, 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	\$ 68,841	68,146	62,421	57,102	58,951	60,797	68,935	71,149	79,127	88,060
Contributions in relation to the statutorily required contribution	\$ (68,841)	(68,146)	(62,421)	(57,102)	(58,951)	(60,797)	(68,935)	(71,149)	(79,127)	(88,060)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 529,546	524,200	480,162	439,246	453,469	467,669	530,269	547,300	608,669	677,385
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 Seminole, 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)	0.278200%	0.302100%	0.302100%	0.299459%	0.276247%	0.311992%	0.297884%	0.327039%	0.314110%	0.256627%
2. Employer's proportionate share of the net pension liability (asset)	\$ 2,861,331	3,206,367	3,775,098	3,766,361	3,109,549	3,296,708	3,669,673	2,153,770	4,107,723	3,311,131
3. Employer's covered-employee payroll	\$ 742,814	825,371	864,300	851,171	821,607	964,807	956,186	1,062,407	1,039,693	955,957
4. Employer's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	385.20%	388.48%	436.78%	442.49%	378.47%	341.70%	383.78%	202.73%	395.09%	346.37%
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 Seminole, 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	\$ 103,994	115,552	121,002	119,164	115,025	135,073	133,866	148,737	145,557	133,834
Contributions in relation to the statutorily required contribution	\$ (103,994)	(115,552)	(121,002)	(119,164)	(115,025)	(135,073)	(133,866)	(148,737)	(145,557)	(133,834)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 742,814	825,371	864,300	851,171	821,607	964,807	956,186	1,062,407	1,039,693	955,957
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

**OTHER  
SUPPLEMENTARY  
INFORMATION**



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

	Special Revenue					Capital Projects	Permanent Cemetery	Total Nonmajor Governmental Funds
	Street & Alley	Library Funds	Tourism	Urban Renewal Authority	Airport Trust	Capital Improvements	Perpetual Care	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 45,233	11,683	54,870	(3,700)	(496,230)	1,552,611	43,925	1,208,392
Due from other governments	-	-	-	-	404,610	-	-	404,610
Receivables, net	4,719	-	-	-	-	-	-	4,719
<b>TOTAL</b>	<u>49,952</u>	<u>11,683</u>	<u>54,870</u>	<u>(3,700)</u>	<u>(91,620)</u>	<u>1,552,611</u>	<u>43,925</u>	<u>1,617,721</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Due to General Fund	20,127	-	-	-	-	-	-	20,127
<b>Total liabilities</b>	<u>20,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,127</u>
Fund balances:								
Restricted	29,825	11,683	54,870	(3,700)	(91,620)	1,552,611	43,925	1,597,594
Assigned	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<u>29,825</u>	<u>11,683</u>	<u>54,870</u>	<u>(3,700)</u>	<u>(91,620)</u>	<u>1,552,611</u>	<u>43,925</u>	<u>1,597,594</u>
<b>TOTAL</b>	<u>\$ 49,952</u>	<u>11,683</u>	<u>54,870</u>	<u>(3,700)</u>	<u>(91,620)</u>	<u>1,552,611</u>	<u>43,925</u>	<u>1,617,721</u>

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

	Special Revenue					Capital Projects	Permanent	Total
	Street & Alley	Library Funds	Tourism	Urban Renewal Authority	Airport Trust	Capital Improvements	Cemetery Perpetual Care	Nonmajor Governmental Funds
<b>REVENUES</b>								
Taxes	\$ 65,079	-	61,784	-	-	-	-	126,863
Intergovernmental	-	6,173	-	-	677,089	-	-	683,262
Charge for services	-	-	-	-	-	-	2,313	2,313
Interest	138	7	-	-	-	-	-	145
Miscellaneous	-	12,444	-	-	-	-	-	12,444
Total revenues	65,217	18,624	61,784	-	677,089	-	2,313	825,027
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	76,868	-	-	-	76,868
Public safety	-	-	-	-	-	-	-	-
Public works	52,149	-	-	45,579	719,115	-	-	816,843
Cultural and recreation	-	17,894	15,000	-	-	-	-	32,894
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	52,149	17,894	15,000	122,447	719,115	-	-	926,605
Excess (deficiency) of revenues over expenditures	13,068	730	46,784	(122,447)	(42,026)	-	2,313	(101,578)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	126,283	-	1,550,000	-	1,676,283
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	126,283	-	1,550,000	-	1,676,283
Net change in fund balances	13,068	730	46,784	3,836	(42,026)	1,550,000	2,313	1,574,705
Fund balances-beginning	16,757	10,953	8,086	(7,536)	(49,594)	2,611	41,612	22,889
Fund balances-ending	\$ 29,825	11,683	54,870	(3,700)	(91,620)	1,552,611	43,925	1,597,594

**City of Seminole, Oklahoma**  
**Debt Service Coverage Schedule**  
***For the Year Ended June 30, 2024***

Gross Revenue Available For Debt Service:

Pledged sales tax (1.5 cents)	\$ <u>2,706,157</u>
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Net Revenues Available for Debt Service	<u><u>2,706,157</u></u>
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Debt Service Requirements:

Revenue bonds - Series 2023	<u>899,678</u>
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Maximum annual debt service	\$ <u><u>899,678</u></u>
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Coverage	<u><u>3.01</u></u>
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Coverage requirement	<u><u>1.25</u></u>
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City of Seminole, 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	PROGRAM OR AWARD AMOUNT	STATE EXPENDITURES
<b>STATE ASSISTANCE</b>			
<u>State of Oklahoma</u>			
<i>Oklahoma Department of Aerospace and Areonautics:</i>			
Airport Improvement Program		\$ 1,000,000	35,636
 <i>Oklahoma Dept. of Agriculture, Food and Forestry Services:</i>			
Rural Fire Grant	FY 2024	9,997	9,997
 <i>Oklahoma Department of Libraries:</i>			
Oklahoma State Aid Grant		9,637	<u>9,637</u>
Total State of Oklahoma			<u>9,637</u>
Total State Awards		\$	<u><u>9,637</u></u>

**CITY OF SEMINOLE, OKLAHOMA**

**SINGLE AUDIT REPORTS  
AND SUPPLEMENTARY SCHEDULES**

**JUNE 30, 2024**

# THE CITY OF SEMINOLE, OKLAHOMA

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**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**

The Honorable Mayor and City Council Members  
City of Seminole, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Seminole, 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 October 16, 2024.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

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

**Purpose of This Report**

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

*Dillon & Associates, PC*

Midwest City, Oklahoma  
October 16, 2024





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

The Honorable Mayor and  
Members of the City Council  
City of Seminole, Oklahoma

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Seminole, Oklahoma's (the City's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended June 30, 2024. City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

**Report on Internal Control over Compliance**

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

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

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

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

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

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

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

*Dillon & Associates, PC*

Midwest City, Oklahoma  
October 16, 2024

City of Seminole, 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 Housing and Urban Development</u>			
<i>Passed through the Oklahoma Department of Commerce:</i>			
<i>Community Development Block Grant - Entitlement Grant Cluster:</i>			
CDBG Entitlement Grant	14.228	18466 CDBG CR 20	\$ 25,600
Total U.S. Department of Housing and Urban Development			25,600
<u>U.S. Department of Justice</u>			
<i>Direct Assistance:</i>			
Public Safety Partnership and Community Grant			
Policing Grant	16.710	15JCOPS-21-GG-03448-UHPX	52,951
<i>Passed through the Oklahoma District Attorneys Council:</i>			
Edward Byrne Memorial Justice Assistance Grant	16.738	JAG-LLE-2023-SEMINOLE	4,006
Total U.S. Department of Justice			56,957
<u>U.S. Department of Transportation</u>			
<i>Direct Assistance:</i>			
Federal Aviation Administration:			
Airport Improvement Program	20.106	3-40-0087-21-2021	13,000
Airport Improvement Program	20.106	3-40-0087-22-2021	1,400
Airport Improvement Program	20.106	3-40-0087-23-2022	31,714
Airport Improvement Program	20.106	3-40-0087-25-2023	641,454
Total Federal Aviation Administration			687,568
<u>U.S. Department of Treasury</u>			
<i>Direct Assistance:</i>			
US Immigration & Customs Enforcement (ICE)	21.xxx	N/A	11,060
<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	274,043
Total U.S. Department of Treasury			285,103
<u>U.S. Environmental Protection Agency</u>			
<i>Passed through the Oklahoma Water Resource Board:</i>			
<i>Clean Water State Revolving Fund Cluster:</i>			
CWSRF Capitalization Grant	66.458	ORF-23-0145-CW	24,758
<u>U.S. Department of Homeland Security</u>			
<i>Passed through Oklahoma Department of Civil Emergency Management:</i>			
Emergency Management Assistance	97.042	EMPG-EMT- 2022-EP-00006	5,000
Emergency Management Assistance	97.042	EMPG-EMT- 2023-EP-00005	5,000
Emergency Management Assistance	97.042	CTAR-EMT- 2023-EP-00005	800
Emergency Management Assistance	97.042	DR-4657-0002-OK	11,461
Total U.S. Department of Homeland Security			22,261
Total Expenditures of Federal Awards			\$ 1,102,247

See Independent Auditor's Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.

See accompanying notes to schedule of expenditures of federal awards.

**CITY OF SEMINOLE, OKLAHOMA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the City of Seminole for the year ended June 30, 2024 and is presented in accordance with the basis for determining federal awards expended as defined by the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the presentation of the basis financial statements. Because the Schedule presents only a select portion of the operations of the City of Seminole, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Seminole.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 - INDIRECT COST RATE**

The City of Seminole does not have an indirect cost rate and has elected not to use the 10% de minimis cost rate allowed under the Uniform Guidance during the year ended June 30, 2024.

See Independent Auditor's Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.

CITY OF SEMINOLE, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024

**Section I - Summary of Auditor's Results**

*Financial Statements*

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

*Unmodified*

Internal control over financial reporting:

\* Material weakness(es) identified?

\_\_\_ yes    X no

\* Significant deficiency(ies) identified that are not considered to be material weakness(es)?

\_\_\_ yes    X none reported

Noncompliance material to financial statements noted?

\_\_\_ yes    X

*Federal Awards*

Internal control over major programs:

\* Material weakness(es) identified?

\_\_\_ yes    X no

\* Significant deficiency(ies) identified that are not considered to be material weakness(es)?

\_\_\_ yes    X none reported

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

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

\_\_\_ yes    X no

Identification of major programs:

Assistance  
Listing  
Number

Airport Improvement Program

20.106

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

X yes    \_\_\_ no

**CITY OF SEMINOLE, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

**Section II - Findings Required to be Reported in Accordance with *Government Auditing Standards*:**

**None**

**Section III - Findings Required to be Reported in Accordance with Uniform Guidance:**

**None**

**Summary Schedule of Prior Audit Findings:**

Not applicable as there are no prior year findings.

**Corrective Action Plan:**

Not applicable as there are no current year findings.