

# MCALESTEROK

Small Town. Big Frontier.



**CITY OF MCALESTER COMPREHENSIVE ANNUAL FINANCIAL  
AND INDEPENDENT AUDITOR'S REPORTS  
FOR THE YEAR ENDING JUNE 30, 2019**

**THE CITY OF MCALESTER, OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

**Prepared By:  
City of McAlester Department of Finance  
Toni Ervin, Chief Financial Officer**



**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

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	<u>Page</u>
<b><u>INTRODUCTION SECTION:</u></b>	
Letter of Transmittal	1-4
List of Principal Officials	5
City Government Organizational Chart	6
Certificate of Achievement for Excellence in Financial Reporting	7
<b><u>FINANCIAL SECTION:</u></b>	
INDEPENDENT AUDITOR’S REPORT	9-11
REQUIRED SUPPLEMENTARY INFORMATION: Management’s Discussion and Analysis	13-20
<b>BASIC FINANCIAL STATEMENTS:</b>	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	22
Statement of Activities	23
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	24
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	25
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	26
Reconciliation of Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to Statement of Activities	27
Statement of Net Position – Proprietary Fund	28
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	29
Statement of Cash Flows - Proprietary Fund	30
Statement of Fiduciary Net Position – Pension Trust Fund	31
Statement of Changes in Fiduciary Net Position – Pension Trust Fund	31
Notes to the Financial Statements	33-71

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

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REQUIRED SUPPLEMENTARY INFORMATION:

Budgetary Comparison Schedule (Budgetary Basis) – General Fund	73-76
Budgetary Comparison Schedule (Budgetary Basis) – Reserve Fund	77
Budgetary Comparison Schedule (Budgetary Basis) – Economic Development Fund	77
Notes to Required Supplementary Information – Budgetary Comparison Schedules	77-79
Schedule of Changes in Net Pension Liability and Related Ratios	80
Schedule of Employer Contributions	81
Schedule of Investment Returns	81
Schedule of Share of Net Pension Liability – Firefighter’s Pension	82
Schedule of City Contributions – Firefighter’s Pension & Retirement System	82
Schedule of Share of Net Pension Liability (Asset) – Police Pension	83
Schedule of City Contributions – Police Pension & Retirement System	83

OTHER SUPPLEMENTARY INFORMATION:

Combining Balance Sheet – General Fund Accounts	85
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts	86
Combining Balance Sheet – Nonmajor Governmental Funds	87-89
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	90-92
Combining Schedule of Net Position – MPWA Enterprise Fund Accounts	93
Combining Schedule of Revenues, Expenses, and Changes in Net Position – MPWA Enterprise Fund Accounts	94
Combining Schedule of Net Position – MAA Enterprise Fund Accounts	95
Combining Schedule of Revenues, Expenses, and Changes in Net Position – MAA Enterprise Fund Accounts	96
Combining Statement of Net Position – Internal Service Funds	97
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	97
Combining Statement of Cash Flows – Internal Service Funds	98

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

---

Budgetary Comparison Schedule – Major Debt Service Governmental Funds		99
Budgetary Comparison Schedule – Nonmajor Governmental Funds		100-105
Schedule of Federal Awards Expended		106
Schedule of State Awards Expended		107
<b><u>STATISTICAL SECTION:</u></b>	<u>Table</u>	109
<b>Financial Trends:</b>		110
Net Assets/Net Position by Component - Last Ten Fiscal Years	1	111
Changes in Net Assets/Net Position - Last Ten Fiscal Years	2	112-113
Fund Balances, Governmental Funds – Last Ten Fiscal Years	3	114
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	4	115
Governmental Activities Tax Revenues by Source – Last Ten Fiscal Years	5	116
<b>Revenue Capacity:</b>		117
Sales Tax Rates of Direct and Overlapping Governments – Last Ten Fiscal Years	6	118
Taxable Sales by Category – Last Ten Fiscal Years	7	119
<b>Debt Capacity:</b>		120
Computation of Direct and Overlapping Debt	8	121
Legal Debt Margin Information – Last Ten Fiscal Years	9	122
Municipal Authority Pledged Revenue Coverage – Last Ten Fiscal Years	10	123
Ratio for Outstanding Debt by Type – Last Ten Fiscal Years	11	124
<b>Demographic &amp; Economic Information:</b>		125
Principal Employers – Current and Ten Years Ago	12	126
Demographic and Economic Statistics – Last Ten Calendar Years	13	127
<b>Operating Information:</b>		128
Full-Time Equivalent City Government Employees by Function/Program – Last Ten Fiscal Years	14	129
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years	15	130
Operating Indicators by Function/Program – Last Ten Fiscal Years	16	131

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

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# McALESTEROK

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PO Box 578 (1<sup>st</sup> & Washington) McAlester, Oklahoma 74502 · 918-423-9300 · FAX 918-421-4971 · [www.cityofmcalester.com](http://www.cityofmcalester.com)

December 9, 2019

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

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of McAlester for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the 5<sup>th</sup> consecutive year that the government has achieved this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

The City's financial statements have been audited by Finley and Cook, a firm of licensed certified public accountants. The independent audit was conducted to provide reasonable assurance that the financial statements of the City are free of material misstatement. The independent auditor has issued an unmodified opinion on the City's financial statements for the year ended June 30, 2019. The independent auditor's report is presented as the first component of the financial section of this report.

Management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of



transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

## **Profile of the Government**

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

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

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

## **Local Economy**

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

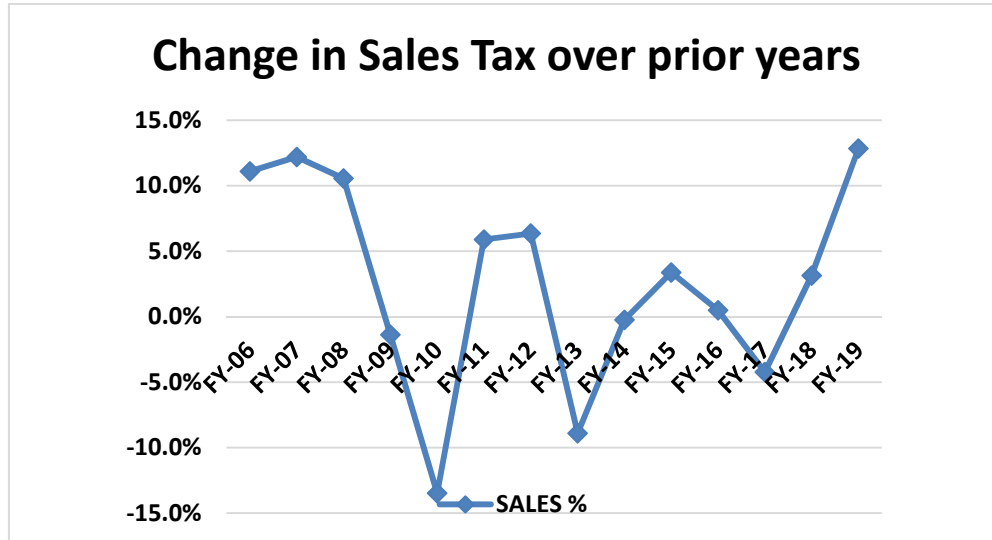
The McAlester economy continues to thrive as new investments opens additional opportunities for regional residents. Several of our local industries have expanded, our downtown is witnessing renewed energy and interest, and our highway commercial district is set to welcome a new shopping center in 2019.

This growth is reflected in our sales and use tax collections, which continues to exhibit vibrancy and stability. The increased tax revenue will help ensure the City can maintain its services and infrastructure and advance the interest of our citizens.

The City of McAlester, like most cities in the State of Oklahoma, relies on sales tax. Sales tax can be a volatile revenue. Consequently, the City's finances are directly impacted by economic conditions. Our local economy shows signs of optimistic indicators. Use tax continues to rise above

expectations and was over budget. Sales tax represents 59% of the City’s total General Fund Revenue and was slightly under budget. Our local economy continues demonstrating stability and strength.

Therefore, the economic outlook remains positive. Annual trends in City sales tax are illustrated below:



### Major Initiatives

The City focused on capital needs and infrastructure projects during 2018-2019. City Management and Council asked, and the citizens of McAlester voted for a .50% dedicated sales tax for our infrastructure improvements during the fiscal year. Our comprehensive Storm Water Study is funded and will help prepare us for the repair or replacement of our storm water infrastructure. Numerous storm water projects were planned and completed this year. Several of our needed water treatment infrastructure repairs or replacements have been completed and will continue; particularly in the Connally Addition. Our MCC Controls were replaced and the city is planning to put into place our secondary water source. We are systematically replacing our aging water and waste water infrastructure. It will mirror what we have accomplished in our streets department panel replacement and asphalt overlay programs. With the streets study that was accomplished a few years ago that identified the conditions and needs of our streets, we have been able to systematically repair and replace major thoroughfares. We have continued to work on our Comprehensive Plan “Moving McAlester Forward” with website feedback, town hall meetings, and public surveys for the future planning of this City. In addition to the Wastewater and Stormwater infrastructure as mentioned above, we have identified important areas such as, Crime Prevention, Employee Satisfaction & Retention, Expansion of EMS Transport Services and Sidewalk & Trails Connectivity. New Playground equipment has been added to Thunderbird and Connally Parks. As well as improvements to Chadick Park including the installation of the Thunder Basketball Court. An underused concrete parking lot has been converted to a new greenspace known as “Arvest Park”. The City partnered with the Health Department on the Wayfinding Signs project encouraging walkability around downtown McAlester and broke ground on the much, anticipated Downtown Streetscape Project. McAlester Tourism launched and promoted the 150<sup>th</sup> Celebration of our community with numerous events and special promotions. Completed a \$4.6 million rehabilitation as the McAlester Regional Airport. The McAlester Police Department, E911, and Municipal Courts relocated to the historic Carl Albert Building. We are continually looking for opportunities to enrich the quality of life for citizens in our community.

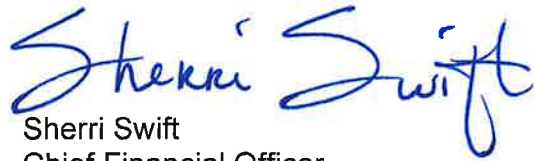
The preparation of this Comprehensive Annual Financial Report is a combined effort of the Finance Department and the professional assistance of Crawford & Associates, P.C. Our sincere appreciation is extended to all who contributed to its preparation.

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

Respectfully Submitted,



Peter Stasiak  
City Manager



Sherri Swift  
Chief Financial Officer

**CITY OF MCALESTER, OKLAHOMA**

**LIST OF PRINCIPAL OFFICIALS**

**JUNE 30, 2019**

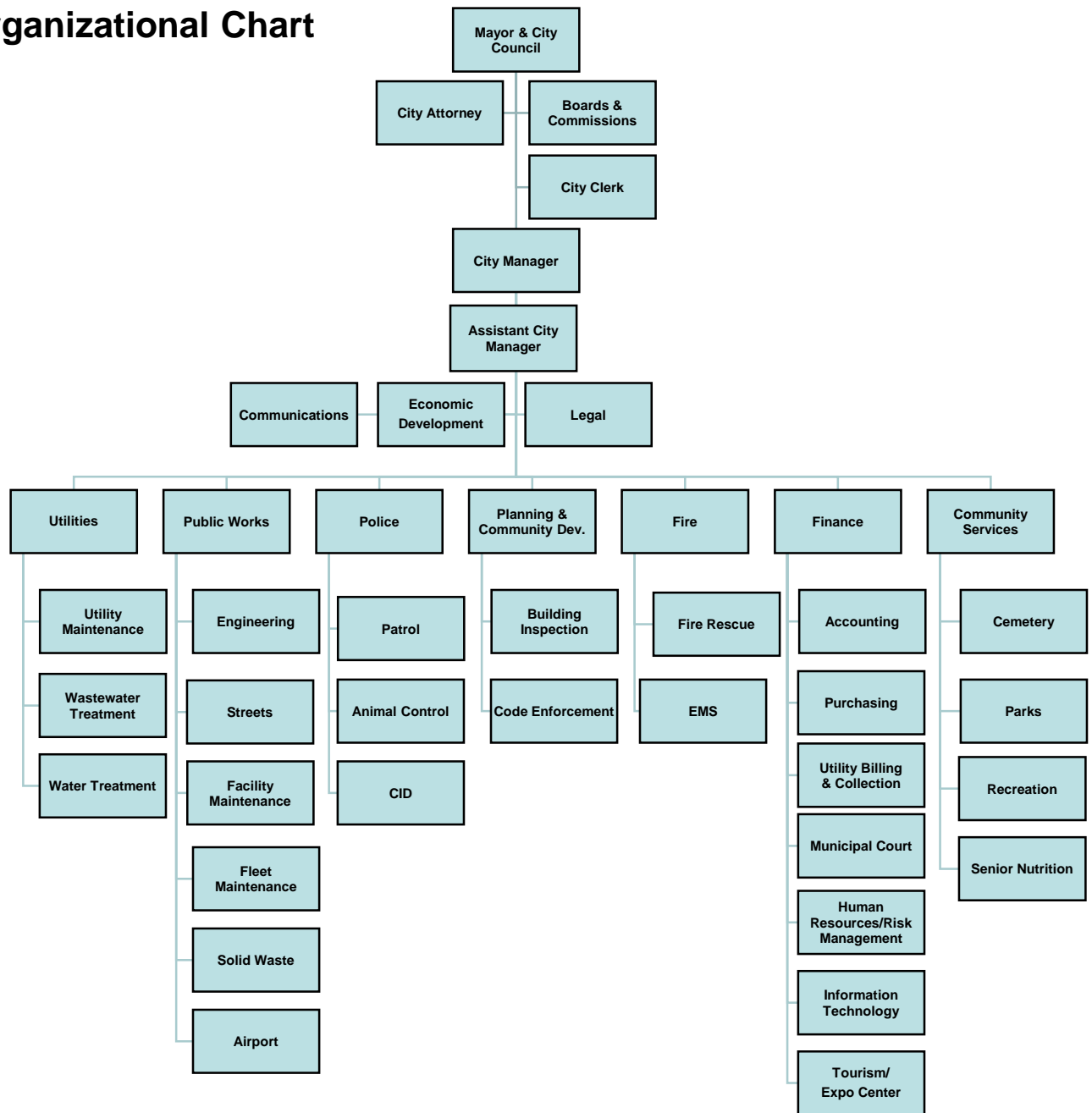
**City Council**

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

**Administration**

Peter J. Stasiak	City Manager
Cora Middleton	City Clerk
Toni Ervin	Assistant City Manager

# City of McAlester Organizational Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of McAlester  
Oklahoma**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

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## **INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Council  
City of McAlester, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of McAlester, Oklahoma (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

(Continued)



## **INDEPENDENT AUDITORS' REPORT, CONTINUED**

### **Opinions**

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

### **Other Matters**

#### *Required Supplementary Information*

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

(Continued)

**INDEPENDENT AUDITORS' REPORT, CONTINUED**

**Other Matters, Continued**

*Other Information*

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

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Finley + Cook, PLLC*

Shawnee, Oklahoma  
December 9, 2019

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As management of the City of McAlester, we offer readers this narrative overview and analysis of the financial activities of the City of McAlester for the fiscal year ended June 30, 2019. We encourage readers to use this information in conjunction with the City's financial statements, which follow this section.

### ***FINANCIAL HIGHLIGHTS***

- The City's overall net position improved during the year ended June 30, 2019. Total net position increased by \$8,109,249 with the City's total government-wide assets and deferred outflows continuing to exceed its total liabilities and deferred inflows at June 30, 2019, by \$37,503,779 which represents its total government-wide net position.
- The City's governmental activities experienced a current year increase in net position of \$2,701,996, while business-type activities experienced a current year increase in net position of \$5,407,253. However, while overall net position did improve from the prior year, there are still several areas of concern and conditions that are worth noting in terms of the City's financial condition. These concerns or conditions include the following:
  - While the City has total government-wide net position amounting to \$37,503,779, it is segregated by \$29,912,471 in a net investment in capital assets and \$10,840,610 of net position restricted for various purposes, thus leaving the City with (\$3,249,302) in a total unrestricted net position (deficit), with (\$4,147,166) of the unrestricted net position (deficit) located in the City's governmental activities and \$897,864 of positive unrestricted net position located in the City's business-type activities. Due to the implementation of pension accounting standards in the FY 2015, the City's net pension liabilities are now being reported in the amounts of \$10,663,168 for governmental activities and \$925,561 for business-type activities.
  - At June 30, 2019, the City's governmental funds reported combined ending fund balances of \$20,709,800. That net amount is the result of \$16,800,962 of restricted fund balance, \$3,094,491 of assigned fund balance, and \$814,347 of unassigned fund balance.

### ***OVERVIEW OF THE FINANCIAL STATEMENTS***

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

- The Primary Government
  - City of McAlester
  - McAlester Public Works Authority
  - McAlester Airport Authority
  - McAlester National Defense & Industrial Development Authority (no current activity)
  - McAlester Economic Development Authority (no current activity)
- Discretely Presented Component Units
  - McAlester Regional Health Center
  - McAlester Parking Authority

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

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

## **Reporting the City as a Whole**

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

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

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

The Statement of Net Position and the Statement of Activities are divided into three types of activities:

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

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

## Reporting the City's Most Significant Funds

### *Fund Financial Statements*

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. The City of McAlester, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City of McAlester can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental funds* -- Most of the City's basic services are reported in governmental funds, which focus on near-term inflows and outflows of spendable resources, as well as spendable resources available at the end of the fiscal year. These funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

*Proprietary funds* -- When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Enterprise funds are one type of proprietary funds and are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for its water and sewer operations and solid waste collection, disposal services, and airport services. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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

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

For the year ended June 30, 2019, net position for the governmental activities and business-type activities totaled \$37,503,779, which was an increase of \$8,109,249. The results indicate the City, as a whole, improved its financial position from the prior year.

**The City of McAlester's Change in Net Position**

	Governmental Activities	Business-type Activities	Total
Beginning net position	\$ 2,918,158	\$ 26,476,372	\$ 29,394,530
Increase in net position	2,701,996	5,407,253	8,109,249
<b>Ending net position</b>	<b>\$ 5,620,154</b>	<b>\$ 31,883,625</b>	<b>\$ 37,503,779</b>

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

**The City of McAlester's Net Position**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets:</b>						
Current and other assets	\$ 23,691,402	\$ 23,952,954	\$ 7,199,228	\$ 6,583,618	\$ 30,890,630	\$ 30,536,572
Capital assets	41,481,519	43,845,043	31,970,044	27,401,179	73,451,563	71,246,222
<b>Total assets</b>	<b>65,172,921</b>	<b>67,797,997</b>	<b>39,169,272</b>	<b>33,984,797</b>	<b>104,342,193</b>	<b>101,782,794</b>
<b>Deferred Outflows of Resources:</b>						
Deferred amounts related to pensions	3,293,162	3,052,562	188,166	240,963	3,481,328	3,293,525
Deferred amounts on refunding	755,783	859,155	-	-	755,783	859,155
<b>Liabilities:</b>						
Long-term liabilities	60,149,390	65,894,493	6,998,296	7,342,808	67,147,686	73,237,301
Other liabilities	1,958,917	1,927,668	448,247	377,724	2,407,164	2,305,392
<b>Total liabilities</b>	<b>62,108,307</b>	<b>67,822,161</b>	<b>7,446,543</b>	<b>7,720,532</b>	<b>69,554,850</b>	<b>75,542,693</b>
<b>Deferred Inflows of Resources:</b>						
Deferred amounts related to pensions	1,493,405	969,395	27,270	28,856	1,520,675	998,251
<b>Net position:</b>						
Net investment in capital assets	(1,073,290)	165,470	30,985,761	26,202,550	29,912,471	26,368,020
Restricted	10,840,610	10,407,721	-	-	10,840,610	10,407,721
Unrestricted (deficit)	(4,147,166)	(7,655,033)	897,864	273,822	(3,249,302)	(7,381,211)
<b>Total net position</b>	<b>\$ 5,620,154</b>	<b>\$ 2,918,158</b>	<b>\$ 31,883,625</b>	<b>\$ 26,476,372</b>	<b>\$ 37,503,779</b>	<b>\$ 29,394,530</b>

The significant decline in the amount of long-term liabilities of the governmental activities is directly related to the payment of principal on the revenue bonds of \$4,660,000 during the current year and the decrease in net pension liability in the amount of \$1,388,817 from the prior year.

The largest portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. This year the net investment in capital assets amounted to approximately \$29.9 million. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the City's net position, approximately \$10.8 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is generally considered to be available to be used to meet the government's ongoing obligations to citizens and creditors. For the current year, this unrestricted net position amounted to a \$3,249,302

**MANAGEMENT'S DISCUSSION & ANALYSIS  
CITY OF MCALESTER, OKLAHOMA  
JUNE 30, 2019**

deficit. The governmental activities unrestricted net position deficit balance of \$4,147,166 is primarily the result of the net pension liabilities and their related deferred outflows and inflows that are reported as a component of the unrestricted net position (deficit).

**The City of McAlester's Statement of Activities**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Program revenues:						
Charges for Services	\$ 3,404,026	\$ 3,356,861	\$ 9,777,964	\$ 9,954,849	\$ 13,181,990	\$ 13,311,710
Grants & Contributions	1,770,963	1,262,254	-	-	1,770,963	1,262,254
Capital Grants & Contributions	299,061	361,676	4,664,651	535,817	4,963,712	897,493
General Revenues:						
Sales & Use Tax	16,658,759	14,800,284	-	-	16,658,759	14,800,284
Other Taxes	2,087,502	1,978,285	-	-	2,087,502	1,978,285
Other General Revenues	882,208	786,291	133,157	117,281	1,015,365	903,572
<b>Total Revenues</b>	<b>25,102,519</b>	<b>22,545,651</b>	<b>14,575,772</b>	<b>10,607,947</b>	<b>39,678,291</b>	<b>33,153,598</b>
<b>Program Expenses:</b>						
Legislature	107,346	114,976	-	-	107,346	114,976
Administration	3,528,957	3,766,344	-	-	3,528,957	3,766,344
Public safety	7,706,769	8,723,246	-	-	7,706,769	8,723,246
Community services	2,913,948	2,077,211	-	-	2,913,948	2,077,211
Administration services	1,421,431	1,230,232	-	-	1,421,431	1,230,232
Health and welfare	285,692	273,749	-	-	285,692	273,749
Public works	3,366,650	3,573,130	-	-	3,366,650	3,573,130
Economic development	395,730	426,789	-	-	395,730	426,789
Stormwater	5,255	3,479	-	-	5,255	3,479
Payment to component unit-Hospital	327,225	-	-	-	327,225	-
Interest on long-term debt	2,064,810	2,291,099	-	-	2,064,810	2,291,099
Water	-	-	4,550,644	4,267,855	4,550,644	4,267,855
Sewer	-	-	2,162,221	2,201,943	2,162,221	2,201,943
Sanitation	-	-	1,975,479	2,158,235	1,975,479	2,158,235
Airport	-	-	756,885	720,170	756,885	720,170
<b>Total Expenses</b>	<b>22,123,813</b>	<b>22,480,255</b>	<b>9,445,229</b>	<b>9,348,203</b>	<b>31,569,042</b>	<b>31,828,458</b>
Revenues in excess of expenses	2,978,706	65,396	5,130,543	1,259,744	8,109,249	1,325,140
Net Transfers	(276,710)	435,718	276,710	(435,718)	-	-
<b>Increase (Decrease) in Net Position</b>	<b>\$ 2,701,996</b>	<b>\$ 501,114</b>	<b>\$ 5,407,253</b>	<b>\$ 824,026</b>	<b>\$ 8,109,249</b>	<b>\$ 1,325,140</b>

For the year ended June 30, 2019, on a government-wide basis, the City experienced an improvement in its financial condition resulting in an increase in total net position of \$8,109,249. The increase in the size from the prior year change in net position can be attributable to an increase in operating grants and contributions of \$508,709, an increase in capital grants and contributions of \$4,066,219, an increase in sales & use tax of \$1,858,475 and a decrease of expenses of \$259,416.

The City's current year governmental activities increase in net position of \$2,701,996 represents an increase from the increase in net position of \$501,114 experienced in the prior year. This year's increase in the change in net position from the prior year change can be attributable in large part to an increase in grants and contributions of \$508,709 from prior year, an increase in sales & use tax of \$1,858,475 from prior year, a decrease in expenses of \$356,442 in the current year and a decrease in net transfers of \$712,428.



The business-type activities experienced a current year increase in net position of \$5,407,253, which represents a significant change from the increase in net position of \$824,026 experienced in the prior year. This year's increase in the change in net position from the prior year change can be attributable in large part to an increase in capital grants and contributions of \$4,128,834 and an increase in net transfers of \$712,428.

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

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

As the City completed its 2019 fiscal year, the governmental funds reported a combined fund balance of \$20,709,800. However, that net amount is the result of \$16,800,962 of restricted fund balance, \$3,094,491 of assigned fund balance, and \$814,347 of unassigned fund balance.

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

The General Fund's total fund balance increased by \$133,924, or 19.5%, which is an improvement from the decrease in total fund balance of the prior year. This is due in a large part to an increase in taxes from the prior year, netted with a decrease in transfers out from the prior year.

The McAlester Public Works Authority enterprise fund reported an increase in net position, after transfers and capital contributions of \$970,909 for the year.

### **General Fund Budgetary Highlights**

For the year ended June 30, 2019, the General Fund reported actual budgetary basis amounts available for appropriations above final estimates by \$147,758 or a 0.95% positive variance. General Fund actual expenditures were under final appropriations by \$568,129 or a 3.7% positive variance.

### ***CAPITAL ASSETS & DEBT ADMINISTRATION***

#### **Capital Assets**

At June 30, 2019, the City had approximately \$73.5 million invested in capital assets including land, buildings, machinery and equipment, park facilities, water, sewer and stormwater systems, roads and bridges. This represents a net increase of \$2,205,341 from last year.

Below are details regarding the City's capital assets for the years ended June 30, 2019 and 2018.<sup>1</sup>

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<sup>1</sup> For more detailed information on capital asset activity please refer to page 47-48, Note 5. Capital Assets and Depreciation

<sup>2</sup> For more detailed information on long-term debt activity please refer to page 49-54, Note 6. Long-Term Debt and Debt Service Requirements

**The City of McAlester's Capital Assets**

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,803,086	\$ 1,803,086	\$ 212,571	\$ 212,571	\$ 2,015,657	\$ 2,015,657
Buildings and Improvements	17,437,798	16,827,683	10,084,197	9,797,639	27,521,995	26,625,322
Machinery and Equipment	11,410,348	10,899,657	4,348,855	4,186,457	15,759,203	15,086,114
Infrastructure	76,313,403	76,313,403	-	-	76,313,403	76,313,403
Utility Property	-	-	55,043,227	48,229,166	55,043,227	48,229,166
Water rights contracts	-	-	719,075	719,075	719,075	719,075
Construction-in-progress	701,409	563,449	681,051	1,141,969	1,382,460	1,705,418
Totals	107,666,044	106,407,278	71,088,976	64,286,877	178,755,020	170,694,155
Less Depreciation	(66,184,525)	(62,562,235)	(39,118,932)	(36,885,698)	(105,303,457)	(99,447,933)
<b>Totals, Net</b>	<b>\$ 41,481,519</b>	<b>\$ 43,845,043</b>	<b>\$ 31,970,044</b>	<b>\$ 27,401,179</b>	<b>\$ 73,451,563</b>	<b>\$ 71,246,222</b>

This year's more significant capital asset additions include \$111,905 for Indiana Ave drainage project, \$419,082 for FY 18-19 asphalt overlay projects, \$188,283 for 2017 CDBG utility maintenance project, \$385,472 for FY 18-19 canal wall replacements, \$140,165 for a 2018 Western Star dump truck, \$5,186,613 for airport runway rehab project, \$263,196 for federal building remodel for police station, \$269,550 for Belmont walking trail project, and \$295,100 for phase II stormwater project.

**Debt Administration**

At year-end, the City had \$55.6 million in long-term debt outstanding, which represents a \$4,650,118 decrease from the prior year.<sup>2</sup>

**The City of McAlester's Long-term Debt**

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Capital leases payable	\$ 437,646	\$ 535,071	\$ -	\$ -	\$ 437,646	\$ 535,071
Claims liability	116,924	125,414	-	-	116,924	125,414
Accrued compensation	2,387,313	2,426,684	233,567	223,654	2,620,880	2,650,338
Notes Payable	-	-	953,229	1,137,305	953,229	1,137,305
Revenue Bonds Payable	46,544,339	50,755,339	-	-	46,544,339	50,755,339
Landfill Closure and Post-Closure	-	-	4,307,416	4,412,413	4,307,416	4,412,413
Water contract obligations	-	-	31,054	61,324	31,054	61,324
Deposits subject to refund	-	-	547,469	531,871	547,469	531,871
<b>Totals</b>	<b>\$ 49,486,222</b>	<b>\$ 53,842,508</b>	<b>\$ 6,072,735</b>	<b>\$ 6,366,567</b>	<b>\$ 55,558,957</b>	<b>\$ 60,209,075</b>

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

### ***ECONOMIC OUTLOOK***

McAlester is a rural community of 18,198 residents and serves as a regional hub in Southeastern Oklahoma for shopping, healthcare, tourism, and employment opportunities. Located in Pittsburg County, McAlester is the largest city within the boundaries of the Choctaw Nation of Oklahoma.

Through several partnerships, the community continues to attract new businesses as well as foster growth of existing businesses that help generate sales tax and increase employment. Investments in the Downtown Historic District continue to support the revitalization of existing areas through infrastructure and beautification projects.

The much anticipated “Shops at McAlester” continues to be a viable project promising to bring 180,000 square feet of retailers, restaurants, and other companies to the George Nigh Expressway. Groundbreaking is expected by the end of 2019. The project will add approximately 300 full and part-time jobs and more retail development is expected. New restaurants are currently being planned or in the process of being built.

The McAlester Army Ammunition Plant and its tenant organizations have continued to modernize and grow their production capacity. Already the largest employer in the region, the Plant has reached 2,500 total employees, an increase of almost 1,000 employees since 2015. As the Plant secures additional workload and mission, more employees will need to be hired.

Since Spirit AeroSystems received its designation as a Center of Excellence, it has grown from 300 employees to 350 employees. It continues to add new machinery and equipment to its facilities, ensuring the total employment will continue to rise.

The McAlester Regional Health Center is preparing for the next phase of its expansion project. With the new emergency center fully operational, the next development will include a new cancer center and Intensive Care Unit (ICU). Additionally, McAlester Regional is relocating its family medicine practices into downtown McAlester, which will help spur additional economic activity and growth.

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

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

**BASIC FINANCIAL STATEMENTS**

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Government-Wide Statement of Net Position– June 30, 2019**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>McAlester</u>	<u>McAlester</u>
	<u>Activities</u>	<u>Activities</u>		<u>Regional Health</u>	<u>Parking Authority</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 19,044,018	\$ 3,601,182	\$ 22,645,200	\$ 22,362,266	\$ 68,709
Investments	253,708	-	253,708	11,831,012	-
Accounts receivable, net of allowance	180,077	1,286,597	1,466,674	14,851,819	-
Estimated amounts due from third-party payers	-	-	-	217,940	-
Franchise tax receivable	55,499	-	55,499	-	-
Ambulance receivable, net of allowance	85,163	-	85,163	-	-
Court fines receivable, net of allowance	1,168,368	-	1,168,368	-	-
Due from other governments	2,346,568	259,622	2,606,190	-	-
Prepaid items	-	-	-	2,820,879	-
Other receivables	135,300	-	135,300	-	-
Internal balances	12,013	(12,013)	-	-	-
Inventory	-	-	-	2,293,197	-
Investment in joint venture	-	2,063,840	2,063,840	4,942,192	-
Restitution receivable:					
Due within one year	10,684	-	10,684	-	-
Due in more than one year	28,582	-	28,582	-	-
Net pension asset	371,422	-	371,422	-	-
Capital assets:					
Land, improvements, and construction in progress	2,504,495	1,612,697	4,117,192	4,285,940	-
Other capital assets, net of depreciation	38,977,024	30,357,347	69,334,371	38,900,252	-
Total assets	<u>65,172,921</u>	<u>39,169,272</u>	<u>104,342,193</u>	<u>102,505,497</u>	<u>68,709</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Deferred amounts related to pensions	3,293,162	188,166	3,481,328	-	-
Deferred amount on refunding	755,783	-	755,783	-	-
Total deferred outflows of resources	<u>4,048,945</u>	<u>188,166</u>	<u>4,237,111</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES:</b>					
Accounts payable	687,988	311,809	999,797	4,728,773	135
Accrued payroll liabilities	487,126	73,826	560,952	4,508,306	-
Accrued interest payable	774,361	1,758	776,119	-	-
Estimated amounts due to third-party payers	-	-	-	-	-
Due to bondholders	1,681	-	1,681	-	-
Unearned revenue	7,761	60,854	68,615	-	140
Long-term liabilities:					
Due within one year	3,592,512	475,285	4,067,797	1,324,499	-
Due in more than one year	56,556,878	6,523,011	63,079,889	11,211,763	-
Total liabilities	<u>62,108,307</u>	<u>7,446,543</u>	<u>69,554,850</u>	<u>21,773,341</u>	<u>275</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred amounts related to pensions	1,493,405	27,270	1,520,675	-	-
<b>NET POSITION:</b>					
Net investment in capital assets	(1,073,290)	30,985,761	29,912,471	29,959,656	-
Restricted for emergencies	3,824,227	-	3,824,227	-	-
Restricted for economic development-bonds	800,000	-	800,000	-	-
Restricted for economic development	455,403	-	455,403	-	-
Restricted for E911	315,003	-	315,003	-	-
Restricted for debt service	2,744,336	-	2,744,336	-	-
Restricted for stormwater	742,445	-	742,445	-	-
Restricted for other	1,959,196	-	1,959,196	2,879,565	-
Unrestricted (deficit)	(4,147,166)	897,864	(3,249,302)	47,892,935	68,434
Total net position	<u>\$ 5,620,154</u>	<u>\$ 31,883,625</u>	<u>\$ 37,503,779</u>	<u>\$ 80,732,156</u>	<u>\$ 68,434</u>

See accompanying notes to the basic financial statements.

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Government-Wide Statement of Activities –Year Ended June 30, 2019**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	McAlester Regional Health Center Authority	McAlester Parking Authority
<b>Primary government</b>									
Governmental Activities									
Legislature	\$ 107,346	\$ -	\$ -	\$ -	\$ (107,346)	\$ -	\$ (107,346)	\$ -	\$ -
Administration	3,528,957	570,857	169,878	-	(2,788,222)	-	(2,788,222)	-	-
Public safety	7,706,769	1,629,585	1,298,306	28,192	(4,750,686)	-	(4,750,686)	-	-
Community services	2,913,948	90,939	54,528	112,869	(2,655,612)	-	(2,655,612)	-	-
Administration services	1,421,431	270,786	-	-	(1,150,645)	-	(1,150,645)	-	-
Health and welfare	285,692	-	87,701	-	(197,991)	-	(197,991)	-	-
Public Works	3,366,650	4,696	160,550	-	(3,201,404)	-	(3,201,404)	-	-
Economic development	395,730	-	-	158,000	(237,730)	-	(237,730)	-	-
Stormwater	5,255	837,163	-	-	831,908	-	831,908	-	-
Hospital (payment to component unit)	327,225	-	-	-	(327,225)	-	(327,225)	-	-
Interest on long-term debt	2,064,810	-	-	-	(2,064,810)	-	(2,064,810)	-	-
Total governmental activities	22,123,813	3,404,026	1,770,963	299,061	(16,649,763)	-	(16,649,763)	-	-
Business-type activities:									
Water	4,550,644	4,901,330	-	20,686	-	371,372	371,372	-	-
Sewer	2,162,221	1,670,142	-	-	-	(492,079)	(492,079)	-	-
Sanitation	1,975,479	3,104,622	-	-	-	1,129,143	1,129,143	-	-
Airport	756,885	101,870	-	4,643,965	-	3,988,950	3,988,950	-	-
Total business-type activities	9,445,229	9,777,964	-	4,664,651	-	4,997,386	4,997,386	-	-
Total primary government	31,569,042	13,181,990	1,770,963	4,963,712	(16,649,763)	4,997,386	(11,652,377)	-	-
<b>Component Units:</b>									
Parking	\$ 1,851	\$ 3,360	-	-					\$ 1,509
Hospital	96,483,183	100,402,380	498,743	65,360				\$ 4,483,300	
Total component units	\$ 96,485,034	\$ 100,405,740	\$ 498,743	\$ 65,360				\$ 4,483,300	\$ 1,509
<b>General revenues:</b>									
Taxes:									
Sales and use taxes					\$ 16,658,759	\$ -	\$ 16,658,759	\$ -	\$ -
Franchise and public service taxes					677,819	-	677,819	-	-
Hotel/motel taxes					868,071	-	868,071	-	-
E-911 taxes					541,612	-	541,612	-	-
Invergovernmental revenue not restricted to specific programs					320,528	-	320,528	-	-
Investment income					295,970	61,518	357,488	713,599	-
Miscellaneous					265,710	71,639	337,349	-	-
Transfers from primary government					-	-	-	327,225	-
Transfers - internal activity					(276,710)	276,710	-	-	-
Total general revenues and transfers					19,351,759	409,867	19,761,626	1,040,824	-
Change in net position					2,701,996	5,407,253	8,109,249	5,524,124	1,509
Net position - beginning					2,918,158	26,476,372	29,394,530	75,208,032	66,925
Net position - ending					\$ 5,620,154	\$ 31,883,625	\$ 37,503,779	\$ 80,732,156	\$ 68,434

See accompanying notes to the basic financial statements.

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Governmental Funds Balance Sheet - June 30, 2019**

	<u>Special Revenue</u>			<u>Debt Service</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Economic Development Fund</u>	<u>Dedicated Sales Tax - MPWA</u>	<u>Bond Trustee Fund</u>		
<b>ASSETS</b>							
Cash and cash equivalents	\$ 809,481	\$ 3,824,227	\$ 2,209,407	\$ 29,928	\$ 5,960,352	\$ 6,118,134	\$ 18,951,529
Investments	-	-	253,708	-	-	-	253,708
Receivables:							
Accounts receivable, net of allowance	-	-	-	-	-	180,077	180,077
Due from other funds	-	-	-	-	-	800,000	800,000
Due from other governments	1,272,941	-	-	534,479	-	539,148	2,346,568
Franchise tax receivable	55,499	-	-	-	-	-	55,499
Court fines receivable, net of allowance	1,168,368	-	-	-	-	-	1,168,368
Ambulance receivable, net of allowance	85,163	-	-	-	-	-	85,163
Other receivables	93,885	-	-	-	-	41,415	135,300
Total assets	<u>\$ 3,485,337</u>	<u>\$ 3,824,227</u>	<u>\$ 2,463,115</u>	<u>\$ 564,407</u>	<u>\$ 5,960,352</u>	<u>\$ 7,678,774</u>	<u>\$ 23,976,212</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 164,387	\$ -	\$ 9,773	\$ 6,000	\$ -	\$ 473,428	\$ 653,588
Accrued payroll liabilities	443,790	-	3,478	-	-	29,986	477,254
Due to other funds	886,742	-	-	-	-	-	886,742
Unearned revenue	7,761	-	-	-	-	-	7,761
Due to bondholders	1,681	-	-	-	-	-	1,681
Total liabilities	<u>1,504,361</u>	<u>-</u>	<u>13,251</u>	<u>6,000</u>	<u>-</u>	<u>503,414</u>	<u>2,027,026</u>
<b>Deferred Inflows of Resources:</b>							
Unavailable revenue	1,158,943	-	-	-	-	80,443	1,239,386
<b>Fund balances:</b>							
Restricted	-	3,824,227	455,403	558,407	5,960,352	6,002,573	16,800,962
Assigned	7,686	-	1,994,461	-	-	1,092,344	3,094,491
Unassigned	814,347	-	-	-	-	-	814,347
Total fund balances	<u>822,033</u>	<u>3,824,227</u>	<u>2,449,864</u>	<u>558,407</u>	<u>5,960,352</u>	<u>7,094,917</u>	<u>20,709,800</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,485,337</u>	<u>\$ 3,824,227</u>	<u>\$ 2,463,115</u>	<u>\$ 564,407</u>	<u>\$ 5,960,352</u>	<u>\$ 7,678,774</u>	<u>\$ 23,976,212</u>

See accompanying notes to the basic financial statements.

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

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**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

Total fund balance, governmental funds	\$	20,709,800
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$66,184,525		41,481,519
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Certain other long-term assets and deferred outflow s are not available to pay current period expenditures and therefore are deferred or not reported in the funds:

Grants receivable		21,754
Court fines receivable, net of allow ance for doubtful accounts \$1,523,299		1,105,383
Ambulance receivable, net of allow ance for doubtful accounts \$2,280,657		42,084
Other receivable, net of allow ance for doubtful accounts \$176,783		70,165
Pension related deferred outflow s		3,293,162
Deferred outflow on refunding		755,783
Net pension asset		371,422
		5,659,753

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

Restitution receivable		39,266
		39,266

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

Accrued interest payable		(774,361)
Capital lease obligations payable		(437,646)
Revenue bonds payable		(46,544,339)
Accrued compensated absences		(2,357,265)
Net pension liability		(10,663,168)
Pension related deferred inflow s		(1,493,405)
		(62,270,184)

Net Position of Governmental Activities in the Statement of Net Position	\$	5,620,154
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See accompanying notes to the basic financial statements.



**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2019**

	Special Revenue			Debt Service		Other Governmental Funds	Total Governmental Funds
	General Fund	Reserve Fund	Economic Development Fund	Dedicated Sales Tax - MPWA	Bond Trustee Fund		
<b>REVENUES</b>							
Taxes	\$ 10,288,791	\$ -	\$ -	\$ 4,173,145	\$ -	\$ 4,284,325	\$ 18,746,261
Intergovernmental	1,852,133	-	158,000	-	-	161,613	2,171,746
Charges for services	1,334,227	-	60,000	-	-	1,121,229	2,515,456
Fines and forfeitures	674,705	-	-	-	-	-	674,705
Licenses and permits	96,088	-	-	-	-	-	96,088
Investment earnings	40,520	56,745	39,335	2,435	100,276	56,659	295,970
Miscellaneous	153,930	-	-	-	-	320,133	474,063
<b>Total revenues</b>	<b>14,440,394</b>	<b>56,745</b>	<b>257,335</b>	<b>4,175,580</b>	<b>100,276</b>	<b>5,943,959</b>	<b>24,974,289</b>
<b>EXPENDITURES</b>							
Current:							
Legislature	107,346	-	-	-	-	-	107,346
Administration	3,081,710	-	-	12,500	-	19,338	3,113,548
Public safety	8,071,452	-	-	-	-	745,602	8,817,054
Community services	1,726,536	-	-	-	-	710,971	2,437,507
Administrative services	652,091	-	-	-	-	746,772	1,398,863
Health and welfare	284,427	-	-	-	-	-	284,427
Public works	946,927	-	-	-	-	-	946,927
Economic development	-	-	395,556	-	-	-	395,556
Capital Outlay	49,555	-	45,838	-	-	3,344,689	3,440,082
Debt Service:							
Principal	-	-	-	-	4,660,000	224,159	4,884,159
Interest and other charges	-	-	-	-	1,557,066	16,983	1,574,049
<b>Total expenditures</b>	<b>14,920,044</b>	<b>-</b>	<b>441,394</b>	<b>12,500</b>	<b>6,217,066</b>	<b>5,808,514</b>	<b>27,399,518</b>
Excess (deficiency) of revenues over (under) expenditures	(479,650)	56,745	(184,059)	4,163,080	(6,116,790)	135,445	(2,425,229)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	1,775,255	-	-	339,984	4,731,498	1,313,998	8,160,735
Transfers out	(1,161,681)	-	(214,544)	(4,473,030)	(45,761)	(524,151)	(6,419,167)
Payment to Cancer Center	-	-	-	-	-	(327,225)	(327,225)
Proceeds from long-term debt	-	-	-	-	-	126,734	126,734
<b>Total other financing sources and uses</b>	<b>613,574</b>	<b>-</b>	<b>(214,544)</b>	<b>(4,133,046)</b>	<b>4,685,737</b>	<b>589,356</b>	<b>1,541,077</b>
<b>Net change in fund balances</b>	<b>133,924</b>	<b>56,745</b>	<b>(398,603)</b>	<b>30,034</b>	<b>(1,431,053)</b>	<b>724,801</b>	<b>(884,152)</b>
Fund balances - beginning	688,109	3,767,482	2,848,467	528,373	7,391,405	6,370,116	21,593,952
<b>Fund balances - ending</b>	<b>\$ 822,033</b>	<b>\$ 3,824,227</b>	<b>\$ 2,449,864</b>	<b>\$ 558,407</b>	<b>\$ 5,960,352</b>	<b>\$ 7,094,917</b>	<b>\$ 20,709,800</b>

See accompanying notes to the basic financial statements.

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

Net change in fund balances - total governmental funds: \$ (884,152)

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	3,163,367
Capital assets purchased for business-type activities	(1,884,332)
Depreciation expense	(3,642,559)
	(2,363,524)

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

Change in restitution revenue	(10,684)
Change in unavailable revenue	180,583
	169,899

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

1,476,829

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

Debt proceeds	(126,734)
Revenue bond principal payments	4,660,000
Accretion of capital appreciation revenue bonds	(449,000)
Capital lease obligation principal payments	224,159
	4,308,425

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

Change in accrued interest expense	61,611
Amortization of deferred outflow on refunding	(103,372)
Change in accrued compensated absences expenses	36,280
	(5,481)

Change in net position of governmental activities \$ 2,701,996

See accompanying notes to the basic financial statements.

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Proprietary Funds Statement of Net Position - June 30, 2019**

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>McAlester Public Works Authority</u>	<u>McAlester Airport Authority</u>	<u>Total</u>	
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 2,988,990	\$ 64,723	\$ 3,053,713	\$ 92,489
Restricted cash and cash equivalents	547,469	-	547,469	-
Due from other funds	255,475	-	255,475	98,755
Accounts receivable, net	1,278,758	7,839	1,286,597	-
Due from other governments	-	259,622	259,622	-
<b>Total current assets</b>	<u>5,070,692</u>	<u>332,184</u>	<u>5,402,876</u>	<u>191,244</u>
<b>Noncurrent assets:</b>				
Investment in joint venture	2,063,840	-	2,063,840	-
Capital assets:				
Land and other non-depreciable assets	1,570,333	42,364	1,612,697	-
Other capital assets, net of depreciation	22,299,112	8,058,235	30,357,347	-
<b>Total noncurrent assets</b>	<u>25,933,285</u>	<u>8,100,599</u>	<u>34,033,884</u>	<u>-</u>
<b>Total assets</b>	<u>31,003,977</u>	<u>8,432,783</u>	<u>39,436,760</u>	<u>191,244</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	174,605	13,561	188,166	-
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	310,709	1,100	311,809	34,400
Accrued payroll liabilities	68,930	4,896	73,826	9,872
Due to other funds	12,013	255,475	267,488	-
Interest payable	1,758	-	1,758	-
Unearned revenue	60,854	-	60,854	-
Claims liability	-	-	-	11,692
Due to depositors	109,494	-	109,494	-
Notes payable	311,380	-	311,380	-
Water rights contract obligation	31,054	-	31,054	-
Accrued compensated absences	20,502	2,855	23,357	3,005
<b>Total current liabilities</b>	<u>926,694</u>	<u>264,326</u>	<u>1,191,020</u>	<u>58,969</u>
<b>Noncurrent liabilities:</b>				
Claims liability	-	-	-	105,232
Landfill closure and postclosure liability	4,307,416	-	4,307,416	-
Due to depositors	437,975	-	437,975	-
Notes payable	641,849	-	641,849	-
Water rights contract obligation	-	-	-	-
Accrued compensated absences	184,515	25,695	210,210	27,043
Net pension liability	859,615	65,946	925,561	-
<b>Total non-current liabilities</b>	<u>6,431,370</u>	<u>91,641</u>	<u>6,523,011</u>	<u>132,275</u>
<b>Total liabilities</b>	<u>7,358,064</u>	<u>355,967</u>	<u>7,714,031</u>	<u>191,244</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	26,016	1,254	27,270	-
<b>NET POSITION</b>				
Net investment in capital assets	22,885,162	8,100,599	30,985,761	-
Unrestricted (deficit)	909,340	(11,476)	897,864	-
<b>Total net position</b>	<u>\$ 23,794,502</u>	<u>\$ 8,089,123</u>	<u>\$ 31,883,625</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2019**

	Enterprise Funds			Internal Service Funds
	McAlester Public Works Authority	McAlester Airport Authority	Total	
<b>OPERATING REVENUES</b>				
Charges for services:				
Water	\$ 3,031,817	\$ -	\$ 3,031,817	\$ -
Sewer	1,562,854	-	1,562,854	-
Sanitation	2,694,695	-	2,694,695	-
Water taps	4,039	-	4,039	-
Sewer taps	6,850	-	6,850	-
Water districts	1,670,593	-	1,670,593	-
Landfill	2,345	-	2,345	-
Penalties	257,590	-	257,590	-
Recycle fees	37,729	-	37,729	-
Subtitle "D" fees	407,582	-	407,582	-
Airport rents and fees	-	101,870	101,870	-
Self insurance charges	-	-	-	672,100
Miscellaneous	-	-	-	10,261
<b>Total operating revenues</b>	<u>9,676,094</u>	<u>101,870</u>	<u>9,777,964</u>	<u>682,361</u>
<b>OPERATING EXPENSES</b>				
Utility office	513,791	-	513,791	-
Interdepartmental	859,801	-	859,801	-
Sanitation	1,967,363	-	1,967,363	-
Engineering	403,772	-	403,772	-
Sewer	770,374	-	770,374	-
Water	1,365,558	-	1,365,558	-
Utility maintenance	985,016	-	985,016	-
Landfill	94,016	-	94,016	-
Airport	-	195,595	195,595	-
Fleet maintenance	-	-	-	539,065
Claims expense	-	-	-	143,296
Depreciation expense	1,671,996	561,238	2,233,234	-
<b>Total operating expenses</b>	<u>8,631,687</u>	<u>756,833</u>	<u>9,388,520</u>	<u>682,361</u>
<b>Operating income (loss)</b>	1,044,407	(654,963)	389,444	-
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	61,518	-	61,518	-
Interest expense and fiscal charges	(38,961)	(52)	(39,013)	-
Miscellaneous revenue	71,615	24	71,639	-
Gain on joint venture	136,936	-	136,936	-
<b>Total non-operating revenue (expenses)</b>	<u>231,108</u>	<u>(28)</u>	<u>231,080</u>	<u>-</u>
<b>Income (loss) before contributions and transfers</b>	1,275,515	(654,991)	620,524	-
Capital contributions	1,848,667	4,679,630	6,528,297	-
Transfers in	352,630	411,705	764,335	-
Transfers out	(2,505,903)	-	(2,505,903)	-
<b>Change in net position</b>	970,909	4,436,344	5,407,253	-
<b>Total net position - beginning</b>	22,823,593	3,652,779	26,476,372	-
<b>Total net position - ending</b>	<u>\$ 23,794,502</u>	<u>\$ 8,089,123</u>	<u>\$ 31,883,625</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2019**

	<b>Enterprise Funds</b>			<b>Internal Service Funds</b>
	<b>McAlester Public Works Authority</b>	<b>McAlester Airport Authority</b>	<b>Total</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 9,667,870	\$ 102,814	\$ 9,770,684	\$ -
Payments to suppliers	(5,114,039)	(48,852)	(5,162,891)	(385,869)
Payments to employees	(2,011,065)	(144,802)	(2,155,867)	(279,150)
Receipts of customer meter deposits	122,143	-	122,143	-
Refund of customer meter deposits	(106,545)	-	(106,545)	-
Other receipts	-	-	-	690,851
Other payments	(35,725)	255,499	219,774	-
Net Cash Provided by Operating Activities	<u>2,522,639</u>	<u>164,659</u>	<u>2,687,298</u>	<u>25,832</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	352,630	411,705	764,335	-
Transfers to other funds	(2,505,903)	-	(2,505,903)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(2,153,273)</u>	<u>411,705</u>	<u>(1,741,568)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(7,020)	(4,910,747)	(4,917,767)	-
Proceeds from capital grant	-	4,384,343	4,384,343	-
Proceeds from issuance of debt	140,165	-	140,165	-
Principal payment of capital debt	(313,637)	(40,874)	(354,511)	-
Interest and fiscal charges paid on capital debt	(38,841)	(124)	(38,965)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(219,333)</u>	<u>(567,402)</u>	<u>(786,735)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	61,518	-	61,518	-
Net Cash Provided by Investing Activities	<u>61,518</u>	<u>-</u>	<u>61,518</u>	<u>-</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>211,551</b>	<b>8,962</b>	<b>220,513</b>	<b>25,832</b>
<b>Balances - beginning of the year</b>	<u>3,324,908</u>	<u>55,761</u>	<u>3,380,669</u>	<u>66,657</u>
<b>Balances - end of the year</b>	<u>\$ 3,536,459</u>	<u>\$ 64,723</u>	<u>\$ 3,601,182</u>	<u>\$ 92,489</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 1,044,407	\$ (654,963)	\$ 389,444	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	1,671,996	561,238	2,233,234	-
Other non-operating revenues (expenses)	208,551	24	208,575	-
Change in assets and liabilities:				
Receivables, net	(9,682)	944	(8,738)	-
Due from other funds	(255,475)	-	(255,475)	8,490
Investment in joint venture	(137,936)	-	(137,936)	-
Deferred amounts related to pensions	46,536	4,675	51,211	-
Accounts payable	55,361	(867)	54,494	27,971
Accrued payroll liabilities	13,967	556	14,523	952
Due to other funds	11,199	255,475	266,674	-
Claims liability	-	-	-	(8,490)
Unearned revenue	1,458	-	1,458	-
Due to depositors	15,598	-	15,598	-
Landfill closure liability	(104,997)	-	(104,997)	-
Net pension liability	(46,364)	(4,316)	(50,680)	-
Accrued compensated absences	8,020	1,893	9,913	(3,091)
Net Cash Provided by Operating Activities	<u>\$ 2,522,639</u>	<u>\$ 164,659</u>	<u>\$ 2,687,298</u>	<u>\$ 25,832</u>
<b>Noncash capital and related financing activities:</b>				
Capital assets contributed from governmental funds	<u>\$ 1,848,667</u>	<u>\$ 35,665</u>	<u>\$ 1,884,332</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Statement of Fiduciary Net Position – Pension Trust Fund - June 30, 2019**

	<b>Defined Benefit Retirement Plan and Trust Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 124,882
Investments:	
Certificates of deposit	230,042
Corporate bonds	511,734
Exchange-traded closed-end funds	888,649
Mortgage and asset backed securities	556,136
Government treasury securities	309,926
Mutual funds	1,647,893
Common stocks	9,251,963
Interest receivable	12,514
Total assets	13,533,739
 <b>NET POSITION</b>	
Net position restricted for pensions	\$ 13,533,739

**Statement of Changes in Fiduciary Net Position – Pension Trust Fund - Year Ended June 30, 2019**

	<b>Defined Benefit Retirement Plan and Trust Fund</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 427,843
Reimbursements	65
Total contributions	427,908
Investment income:	
Interest income	381,460
Add realized and unrealized net gain on investments	247,955
Net investment income	629,415
Total additions	1,057,323
<b>DEDUCTIONS</b>	
Benefits paid to participants or beneficiaries	1,213,398
Administrative expenses	118,720
Total deductions	1,332,118
Change in net position held in trust for employees' pension benefits	(274,795)
Net position - beginning	13,808,534
Net position - ending	\$ 13,533,739

See accompanying notes to the basic financial statements.

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

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**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

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**Footnotes to the Basic Financial Statements:**

**1. Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

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

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

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

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

- Legislative – the City Council is a seven-member governing body. Mayor is elected by the citizens at large and other six members are elected by ward.
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Manager, confirmed by the City Council.

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

**Component Units:**

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

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

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

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



**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

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

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

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

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

All 6 of the above component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. In accordance with state law, all debt obligations incurred by public trusts require 2/3 approval by the City Council. In addition, the City may have also leased certain existing assets at the creation of the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

**Joint Venture:**

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

**B. Basis of Presentation and Accounting**

*Government-Wide Financial Statements:*

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

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

- Administration – oil and gas leases, rent, hotel/motel charges for services, and capital and operating grants and contributions

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

---

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

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

*Governmental Funds:*

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

**Major Funds:**

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

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

**Special Revenue Funds:**

- Juvenile Fine Fund – accounts for revenues from fines restricted by state for juvenile programs.
- Tourism / SE Expo Fund – accounts for revenues of a hotel/motel tax levy and rentals/concessions to be expended for promotion of tourism.
- E-911 Fund – accounts for E-911 revenues legally restricted for E-911 services.
- Gifts & Contributions Fund – accounts for revenues and expenditures of donor restricted monies.
- Stormwater Fund – accounts for revenues of a stormwater fee to be expended solely for stormwater projects.

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

---

- MRHC-Cancer Center Fund – accounts for revenue received from a sales tax (1/8 of one-cent) approved by the voters to be used for constructing a cancer treatment center.

**Capital Project Funds:**

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

**Debt Service Fund:**

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

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

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

*Proprietary Funds:*

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-type activities provided within the government. Proprietary funds are

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

---

reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability.

The City's enterprise funds include the following major funds:

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

The City's internal service funds include the following:

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

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

*Fiduciary Fund:*

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

**C. Cash, Cash Equivalents, and Investments**

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

**D. Inventories**

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

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

---

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

**E. Capital Assets and Depreciation**

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

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

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

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

**F. Long-Term Debt**

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

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

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

**G. Compensated Absences**

Under terms of union contracts and City personnel policies, City employees are granted comp time, vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation and comp time. The estimated liabilities for vested benefits also include salary-related payments such as employment taxes. Compensated absences are reported as accrued in the

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

---

government-wide, proprietary, fiduciary and component unit financial statements. Governmental funds report only the matured compensated absences payable to currently terminating or retiring employees.

## **H. Fund Balances and Net Position**

### *Net Position:*

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

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

It is the City’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

### *Fund Statements:*

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

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

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

---

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

**I. Interfund Activities and Balances**

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

**J. Use of Estimates**

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

**2. Deposits and Investments**

**Primary Government Deposits and Investments:**

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

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

At June 30, 2019, the primary government held the following deposits and investments:

Type of Deposits and Investments - Primary Government	Carrying Value	Maturities in Years				
		On Demand	Less Than One	1 - 5	6 - 10	More Than 10
<b>Deposits:</b>						
Petty Cash	\$ 5,110	\$ 5,110	\$ -	\$ -	\$ -	\$ -
Demand deposits	16,679,738	16,679,738	-	-	-	-
Demand deposits - pension trust funds	124,882	124,882	-	-	-	-
Time deposits	253,708	-	-	253,708	-	-
Time deposits - pension trust funds	230,043	-	230,043	-	-	-
	<u>17,293,481</u>	<u>16,809,730</u>	<u>230,043</u>	<u>253,708</u>	<u>-</u>	<u>-</u>
	<b>Credit Rating</b>	<b>Fair Value Categories</b>				
<b>Investments:</b>						
<b>Bond Trustee Accounts:</b>						
Federated Treasury Obligations Inst Money Market Fund	N/A	N/A	11	11	-	-
Federated Treasury Obligations Svc Money Market Fund	N/A	N/A	1,113,066	1,113,066	-	-
Federated Government Obligations Tax Managed Svc	N/A	N/A	1,186,967	1,186,967	-	-
Goldman Sachs Financial Square Federal Fund Admin Shares #521	AAAm	N/A	3,660,308	3,660,308	-	-
<b>Pension Trust Fund:</b>						
Western Asset Smash: Series EC (LMECX) - Money Market	N/A	N/A	572,557	572,557	-	-
Western Asset Smash: Series C (LMLCX) - Money Market	N/A	N/A	211,114	211,114	-	-
Western Asset Smash: Series M (LMSMX) - Money Market	N/A	N/A	631,017	631,017	-	-
Invesco Premier Ptf Instl (IPXX) - Money Market	N/A	N/A	233,205	233,205	-	-
Corporate Bonds	AAA	Level II	60,098	-	-	60,098
Corporate Bonds	AA-	Level II	42,950	-	-	42,950
Corporate Bonds	A-	Level II	191,473	-	-	88,679
Corporate Bonds	BBB+	Level II	217,213	-	-	99,389
Vanguard Short Term Bond	N/A	Level I	888,648	888,648	-	-
United States Treasury Bonds/Notes	AAA	Level I	309,926	-	33,270	276,656
Mortgage and asset backed securities	N/A	Level II	556,136	-	-	556,136
Common Stocks	N/A	Level I	9,251,963	9,251,963	-	-
			<u>19,126,652</u>	<u>17,748,856</u>	<u>33,270</u>	<u>1,113,508</u>
<b>Total Deposits and Investments</b>			<u>\$ 36,420,133</u>	<u>\$ 34,558,586</u>	<u>\$ 230,043</u>	<u>\$ 286,978</u>
						<u>\$ 231,018</u>
						<u>\$ 1,113,508</u>
<b>Reconciliation to Statement of Net Position:</b>						
Cash and cash equivalents	\$ 22,645,200					
Investments	253,708					
Add: Fiduciary Fund cash and cash equivalents	124,882					
Add: Fiduciary Fund investments	13,396,343					
	<u>\$ 36,420,133</u>					

## Deposit and Investment Risks

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

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

At June 30, 2019, the City was not exposed to custodial credit risk as defined above.

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

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.



**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

---

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

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

**Retirement Plan Investments:**

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

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

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

*Investment Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy to manage exposure to fair value losses arising from increasing interest rates. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments in the schedule above.

*Concentration of Investment Credit Risk* - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City’s investment policy requires diversification of investments and indicates that,

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

with the exception of U.S. Treasury securities and authorized pools, there was no single issuer investment with more than 5% of total investments.

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

	Current Cash and cash Equivalents
Utility Deposits	\$ 547,469
Total Restricted Assets	\$ 547,469

**Component Units Deposits and Investments:**

McAlester Regional Health Center Authority

*Deposits*

At June 30, 2019, none of the Authority’s bank balances of approximately \$22,150,000 were exposed to custodial credit risk as uninsured and uncollateralized. This amount excludes deposits held by the Authority’s blended component units with bank balances of approximately \$1,351,000.

As nongovernmental entities, the blended component units are not subject to collateralization requirements. At June 30, 2019, the blended component units’ cash accounts exceeded federally insured limits by approximately \$763,000.

Type of Deposits and Investments - MRHC Component Unit	Fair Value	Maturities in Years			
		Less Than One	1 - 5	6 - 10	More Than 10
Corporate Bonds	\$ 1,441,431	\$ 51,162	\$ 1,281,531	\$ 108,738	\$ -
United States Treasury Bonds/Notes	1,180,502	-	398,804	781,698	-
Money market mutual funds	5,399,076	5,399,076	-	-	-
	8,021,009	5,450,238	1,680,335	890,436	-
Exchange-traded funds	2,440,747				
Corporate stocks	1,103,413				
Accrued interest	40,299				
	\$ 11,605,468				

**3. Investment in Joint Venture**

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

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

additional amount for contingencies as determined by ALFA. For the year ended June 30, 2019, the “Investment in joint venture” balance changed as follows:

Beginning Investment in Joint Venture	\$ 1,925,904
Current Year Contributions	1,000
Gain from Joint Venture	136,936
Ending Investment in Joint Venture	\$ 2,063,840

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

**4. Receivables**

*Primary Government Accounts Receivables:*

Accounts receivable of the business-type activities consists of customers utilities, airport rental accounts receivable, and airport grant receivable. Accounts receivable of the governmental activities consists of stormwater fees, technology fees, police fines, and ambulance receivables. Receivables detail at June 30, 2019, is as follows:

	General Fund		Stormwater Fund	Technology Fund	Infrastructure Fund	MPWA	Airport
	Ambulance	Court					
Accounts receivable	\$ 2,365,820	\$ 2,691,667	\$ 150,236	\$ 103,312	\$ 103,312	\$ 3,577,953	\$ 7,839
Allowance for doubtful accounts	(2,280,657)	(1,523,299)	(73,471)	(51,656)	(51,656)	(2,299,195)	-
Accounts receivable, net	\$ 85,163	\$ 1,168,368	\$ 76,765	\$ 51,656	\$ 51,656	\$ 1,278,758	\$ 7,839

*Component Units:*

McAlester Regional Health Center Authority

Patient receivable balances at June 30, 2019 were as follows:

	<u>MRHCA</u>
Medicare	\$ 5,307,233
Medicaid	2,200,904
Other third-party payers	11,417,706
Patients	15,978,152
Allowance for doubtful accounts	(20,052,176)
Accounts receivable, net	\$ 14,851,819

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**5. Capital Assets and Depreciation**

For the year ended June 30, 2019, capital assets balances changed as follows:

	Balance at June 30, 2018	Additions	Disposals	Balance at June 30, 2019
<b>Governmental activities:</b>				
Non-depreciable:				
Land	\$ 1,803,086	\$ -	\$ -	\$ 1,803,086
Construction-in-progress	563,449	730,008	(592,048)	701,409
Total non-depreciable assets at historical cost	<u>2,366,535</u>	<u>730,008</u>	<u>(592,048)</u>	<u>2,504,495</u>
Depreciable:				
Buildings	12,477,174	-	-	12,477,174
Other improvements	4,350,509	610,115	-	4,960,624
Machinery and equipment	10,899,657	530,960	(20,269)	11,410,348
Infrastructure	76,313,403	-	-	76,313,403
Total depreciable assets at historical cost	<u>104,040,743</u>	<u>1,141,075</u>	<u>(20,269)</u>	<u>105,161,549</u>
Less accumulated depreciation				
Buildings	(4,122,122)	(305,139)	-	(4,427,261)
Other improvements	(2,100,853)	(305,574)	-	(2,406,427)
Machinery and equipment	(8,251,083)	(795,367)	20,269	(9,026,181)
Infrastructure	(48,088,177)	(2,236,479)	-	(50,324,656)
Total accumulated depreciation	<u>(62,562,235)</u>	<u>(3,642,559)</u>	<u>20,269</u>	<u>(66,184,525)</u>
Net depreciable assets	<u>41,478,508</u>	<u>(2,501,484)</u>	<u>-</u>	<u>38,977,024</u>
Governmental activities capital assets, net	<u>\$ 43,845,043</u>	<u>\$ (1,771,476)</u>	<u>\$ (592,048)</u>	<u>\$ 41,481,519</u>
<b>Business-type activities</b>				
Non-depreciable:				
Land	\$ 212,571	\$ -	\$ -	\$ 212,571
Water rights contracts	719,075	-	-	719,075
Construction-in-progress	1,141,969	6,485,883	(6,946,801)	681,051
Total non-depreciable assets at historical cost	<u>2,073,615</u>	<u>6,485,883</u>	<u>(6,946,801)</u>	<u>1,612,697</u>
Depreciable:				
Buildings	2,773,061	-	-	2,773,061
Other improvements	7,024,578	286,558	-	7,311,136
Machinery and equipment	4,186,457	162,398	-	4,348,855
Utility property	48,229,166	6,814,061	-	55,043,227
Total depreciable assets at historical cost	<u>62,213,262</u>	<u>7,263,017</u>	<u>-</u>	<u>69,476,279</u>
Less accumulated depreciation				
Buildings	(1,793,358)	(68,599)	-	(1,861,957)
Other improvements	(3,320,612)	(570,538)	-	(3,891,150)
Machinery and equipment	(3,106,067)	(321,582)	-	(3,427,649)
Utility property	(28,665,661)	(1,272,515)	-	(29,938,176)
Total accumulated depreciation	<u>(36,885,698)</u>	<u>(2,233,234)</u>	<u>-</u>	<u>(39,118,932)</u>
Net depreciable assets	<u>25,327,564</u>	<u>5,029,783</u>	<u>-</u>	<u>30,357,347</u>
Business-type capital assets, net	<u>\$ 27,401,179</u>	<u>\$ 11,515,666</u>	<u>\$ (6,946,801)</u>	<u>\$ 31,970,044</u>

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

	Balance at June 30, 2018	Additions	Transfers	Disposals	Balance at June 30, 2019
Component Unit (MRHCA):					
Non-depreciable:					
Land	\$ 1,059,793	\$ -	\$ 122,996	\$ -	\$ 1,182,789
Construction-in-progress	14,890,524	3,850,761	(14,449,251)	(1,188,883)	3,103,151
Total non-depreciable assets at historical cost	<u>15,950,317</u>	<u>3,850,761</u>	<u>(14,326,255)</u>	<u>(1,188,883)</u>	<u>4,285,940</u>
Depreciable:					
Land improvements	1,630,354	-	87,333	-	1,717,687
Buildings and improvements	52,872,137	957,357	13,030,836	-	66,860,330
Machinery and equipment	35,219,894	1,856,442	1,208,086	(16,093)	38,268,329
Total depreciable assets at historical cost	<u>89,722,385</u>	<u>2,813,799</u>	<u>14,326,255</u>	<u>(16,093)</u>	<u>106,846,346</u>
Less accumulated depreciation					
Land improvements	(1,331,974)	(43,144)	-	-	(1,375,118)
Buildings and improvements	(34,969,170)	(2,307,186)	-	-	(37,276,356)
Machinery and equipment	(26,906,053)	(2,403,197)	-	14,630	(29,294,620)
Total accumulated depreciation	<u>(63,207,197)</u>	<u>(4,753,527)</u>	<u>-</u>	<u>14,630</u>	<u>(67,946,094)</u>
Net depreciable assets	<u>26,515,188</u>	<u>(1,939,728)</u>	<u>14,326,255</u>	<u>(1,463)</u>	<u>38,900,252</u>
Component Unit (MRHCA) capital assets, net	<u>\$ 42,465,505</u>	<u>\$ 1,911,033</u>	<u>\$ -</u>	<u>\$ (1,190,346)</u>	<u>\$ 43,186,192</u>

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

Depreciation expense charged to governmental activities:

Administration	\$ 330,124
Public safety	414,531
Community services	478,696
Public works	2,419,208
Total governmental activities depreciation expense	<u>\$ 3,642,559</u>

Depreciation expense charged to business-type activities:

Water	\$ 1,171,048
Sewer	449,912
Sanitation	51,036
Airport	561,238
Total business-type activities depreciation expense	<u>\$ 2,233,234</u>

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**6. Long-Term Debt and Debt Service Requirements**

For the year ended June 30, 2019, the reporting entity's long-term debt changed as follows:

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Capital Lease Obligations	\$ 535,071	\$ 126,734	\$ 224,159	\$ 437,646	\$ 197,089
Revenue Bonds Payable-private placement	43,250,000	-	4,660,000	38,590,000	3,145,000
Revenue Bonds Payable	7,505,339	449,000	-	7,954,339	-
Accrued Compensated Absences	2,426,684	132,149	171,520	2,387,313	238,731
Claims Liability	125,414	143,296	151,786	116,924	11,692
<b>Total Governmental Long-Term Debt</b>	<b><u>\$ 53,842,508</u></b>	<b><u>\$ 851,179</u></b>	<b><u>\$ 5,207,465</u></b>	<b><u>\$ 49,486,222</u></b>	<b><u>\$ 3,592,512</u></b>
			Net pension liability	10,663,168	
				<u>\$ 60,149,390</u>	
<b>Business-type Activities:</b>					
Landfill Closure and Post-closure Liability	\$ 4,412,413	\$ -	\$ 104,997	\$ 4,307,416	\$ -
Due to Depositors	531,871	122,143	106,545	547,469	109,494
Notes Payable-direct borrowing	1,137,305	140,165	324,241	953,229	311,380
Water Contract Obligations	61,324	-	30,270	31,054	31,054
Accrued Compensated Absences	223,654	24,810	14,897	233,567	23,357
<b>Total Business-type Long-Term Debt</b>	<b><u>\$ 6,366,567</u></b>	<b><u>\$ 287,118</u></b>	<b><u>\$ 580,950</u></b>	<b><u>\$ 6,072,735</u></b>	<b><u>\$ 475,285</u></b>
			Net pension liability	925,561	
				<u>\$ 6,998,296</u>	

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

***Governmental activities long-term debt:***

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

**Capital Lease Obligations:**

\$100,133 capital lease with First National Bank for four vehicles, payable in monthly installments of \$1,840, final payment due April 23, 2024, with interest at 3.90%, paid from the Capital Improvement Plan Fund \$96,999

\$181,068 capital lease with John Deere Financial for loader, payable in monthly installments of \$1,822, final payment of \$92,804 due January 10, 2020, with interest at 3.0%, paid from the Capital Improvement Plan Fund 102,031

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

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\$84,299 capital lease with Welch State Bank for 2015 dump truck, payable in monthly installments of \$1,518, final payment due March 24, 2020, with interest at 3.08%, paid from the Capital Improvement Plan Fund	13,438
\$141,910 capital lease with Welch State Bank for 2015 dump truck, payable in monthly installments of \$2,556, final payment due April 6, 2020, with interest at 3.08%, paid from the Capital Improvement Plan Fund	25,324
\$26,601 capital lease with First National Bank for one vehicle, payable in monthly installments of \$489, final payment due March 1, 2024, with interest at 3.90%, paid from the Capital Improvement Plan Fund	25,000
\$238,734 capital lease with Arvest Bank for 2017 street sweeper, payable in monthly installments of \$3,284, final payment due May 1, 2024, with interest at 4.19%, paid from the Stormwater Fund	<u>174,854</u>
	<u>\$ 437,646</u>
Capital Lease Obligations:	
Current portion	\$ 197,089
Noncurrent portion	<u>240,557</u>
Total Capital Lease Obligations	<u>\$ 437,646</u>

Revenue Bonds Payable:

2002 Series Utility System Revenue Bonds:

Capital appreciation bonds in the face amount of \$3,037,176 dated July 1, 2003, issued by McAlester Public Works Authority and used for streets, secured by utility revenue and pledged sales tax, principal maturing at the accreted value of \$17,560,000, interest rate at 4.30%, final maturity February 1, 2034. Interest is accreted (or added to the principal balance) until maturity, at which time, the entire principal balance of \$17,560,000 will be due and payable.	\$17,560,000
Less: Unaccreted portion	<u>(9,605,661)</u>
Principal outstanding at year end	<u>\$7,954,339</u>

Revenue Bonds Payable (Private Placements):

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

Serial Bonds in the amount of \$26,120,000 dated December 28, 2012, issued by McAlester Public Works Authority and used for streets, secured by utility revenues and pledged sales tax, principal maturing semi-annually ranging from \$85,000 to \$1,275,000, interest rate at 3.8%, final maturity February 1, 2027, paid from Bond Trustee Fund. In the event of default, the lender may: 1) accelerate maturity; 2) gain control of operations through temporary trustees; 3) file suit for specific performance of covenants; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement.	\$17,090,000
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**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

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Revenue Bonds Payable (Private Placements), continued:

2013 Series Utility System & Sales Tax Revenue Notes:

Serial Bonds in the amount of \$8,890,000 dated June 1, 2013, issued by McAlester Public Works Authority and used for streets, secured by utility revenues and pledged sales tax, principal maturing semi-annually ranging from \$125,000 to \$1,205,000, interest rate at 3.53%, final maturity February 1, 2028, paid from Bond Trustee Fund. In the event of default, the lender may: 1) accelerate maturity; 2) gain control of operations through temporary trustees; 3) file suit for specific performance of covenants; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement. 6,920,000

2014 Series Utility System & Sales Tax Revenue Notes:

Serial Bonds in the amount of \$4,910,000 dated May 20, 2014, issued by McAlester Public Works Authority and used for streets, secured by utility revenues and pledged sales tax, principal maturing semi-annually ranging from \$95,000 to \$435,000, interest rate at 3.40%, final maturity February 1, 2029, paid from Bond Trustee Fund. In the event of default, the lender may: 1) accelerate maturity; 2) gain control of operations through temporary trustees; 3) file suit for specific performance of covenants; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement. 3,960,000

2015 Taxable Series Sales Tax Revenue Refunding Notes:

Serial Bonds in the amount of \$12,615,000 dated September 3, 2015, issued by McAlester Public Works Authority and used for streets, secured by pledged sales tax, principal maturing semi-annually ranging from \$200,000 to \$820,000, interest rate at 3.68%, final maturity February 1, 2028, paid from Bond Trustee Fund. In the event of default, the lender may: 1) accelerate maturity; 2) gain control of operations through temporary trustees; 3) file suit for specific performance of covenants; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement; 5) require sales tax to be deposited directly with trustee bank. 10,620,000

Total Revenue Bonds Payable (Private Placements)	<u>\$ 38,590,000</u>
Current portion	\$ 3,145,000
Noncurrent portion	<u>35,445,000</u>
Total Revenue Bonds Payable (Private Placements)	<u>\$ 38,590,000</u>

Accrued Compensated Absences:

Current portion	\$ 238,731
Noncurrent portion	<u>2,148,582</u>
Total Accrued Compensated Absences	<u>\$ 2,387,313</u>

Claims Liability:

Current portion	\$ 11,692
Non-current portion	<u>105,232</u>
Total Claims Liability	<u>\$ 116,924</u>



**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

***Business-type activities long-term debt:***

Notes Payable (Direct Borrowings):

1999 CDBG-EDIF Promissory Note with Oklahoma Department of Commerce dated September 19, 2000, original amount of \$275,000 with an annual interest rate of 0.00%, due in monthly installments of \$1,146, final installment November 1, 2021. Secured by water revenues. In the event of default, the lender may: 1) accelerate maturity; 2) increase interest rate 6% from date of default until date of payment; 3) cease extending credit to borrower; 4) exercise any and all rights and remedies possessed by lender.	\$ 33,229
2006 CDBG-ED Promissory Note with Oklahoma Department of Commerce dated October 1, 2006, original amount of \$125,000, reduced to \$67,800, with an annual interest rate of 0.00%, due in monthly installments of \$282.50, final installment October 1, 2026. Secured by economic development revenues. In the event of default, the lender may: 1) accelerate maturity; 2) increase interest rate 6% from date of default until date of payment; 3) cease extending credit to borrower; 4) exercise any and all rights and remedies possessed by lender.	25,990
MPWA Note Payable with First National Bank and used for AMI project, dated December 29, 2016, original line of credit amount of \$1,000,000, with an annual interest rate of 3.95%, due in monthly installments of \$18,395, final installment June 29, 2022. Drawdowns to date \$973,660. Secured by 32 pieces of equipment. In the event of default, the lender may: 1) accelerate maturity; 2) assemble and sell collateral; 3) appoint receiver; 4) collect revenues, apply accounts; 5) obtain deficiency (judgment).	591,091
MPWA Note Payable with First National Bank and used for MCC controls at WTP, dated January 31, 2017, original amount of \$256,000, with an annual interest rate of 3.95%, due in monthly installments of \$4,709, final installment February 2, 2022. Secured by all electrical equipment. In the event of default, the lender may: 1) accelerate maturity; 2) assemble and sell collateral; 3) appoint receiver; 4) collect revenues, apply accounts; 5) obtain deficiency (judgment).	138,006
MPWA Note Payable with First National Bank and used for dump truck, dated February 25, 2019, original amount of \$140,165, with an annual interest rate of 3.90%, due in monthly installments of \$2,577, final installment March 1, 2024. Secured by equipment. In the event of default, the lender may: 1) accelerate maturity; 2) assemble and sell collateral; 3) appoint receiver; 4) collect revenues, apply accounts; 5) obtain deficiency (judgment).	131,732
MPWA Note Payable with Arvest Bank and used for JD excavator, dated August 1, 2016, original amount of \$72,969, with an annual interest rate of 3.47%, due in monthly installments of \$1,326, final installment August 1, 2021. Secured by equipment. In the event of default, the lender may: 1) accelerate maturity; 2) repossess and sell collateral; 3) charge all fees associated with repossession; 4) set off amounts owed with deposits; 5) charge interest on monies due at a rate of 1 1/2% per month until paid.	<u>33,181</u>
Total Notes Payable (Direct Borrowings)	<u>\$ 953,229</u>
Current portion	\$ 311,380
Non-current portion	<u>641,849</u>
Total Notes Payable (Direct Borrowings)	<u>\$ 953,229</u>

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

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Water Rights Contract (Direct Borrowing):

1987 contract with U.S. Army Corps of Engineers for water rights dated December 11, 1987, original amount of \$719,075 with an annual interest rate of 2.59% due in annual installments of \$31,859, final installment December 12, 2019. In the event of default, the lender may:

1) charge interest compounded annually until paid. \$ 31,054

Current portion \$ 31,054

Non-current portion -

Total Water Rights Contract (Direct Borrowing) \$ 31,054

Landfill Closure and Post-Closure Liability:

A \$4,307,416 accrued liability has been recognized in the McAlester Public Works Authority to represent the total estimated amount owed by the Authority for closure and post-closure requirements dictated by the U.S. Environmental Protection Agency and the Oklahoma Department of Environmental Quality regulations and represented the cumulative amount of such costs reported to date based on the use of approximately 72.14% of the estimated capacity of the landfill. It is estimated that an additional \$1,663,496 will be recognized as closure and post-closure expense between the current statement of net position date and the date the landfill is expected to be filled to capacity. However, the actual cost of closure and post-closure may be higher due to inflation, changes in technology, or changes in landfill laws and regulation. The restricted use of the landfill has extended its life. The estimated remaining landfill life is now 33 years.

Current portion \$ -

Noncurrent portion 4,307,416

Total Landfill Closure and Postclosure Liability \$ 4,307,416

Accrued Compensated Absences:

Current portion \$ 23,357

Noncurrent portion 210,210

Total Accrued Compensated Absences \$ 233,567

Deposits Subject to Refund:

Current portion \$ 109,494

Noncurrent portion 437,975

Total Deposits Subject to Refund \$ 547,469

Debt Service Requirements to Maturity

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

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

Year Ended June 30,	<u>Governmental Activity Debt</u>					
	<u>Capital Lease Obligations Payable</u>		<u>Revenue Bonds Payable</u>		<u>Private Placement Revenue Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 197,089	\$ 13,293	\$ -	\$ -	\$ 3,145,000	\$ 1,395,633
2021	58,642	8,712	-	-	3,305,000	1,276,895
2022	61,072	6,281	-	-	3,480,000	1,151,876
2023	63,604	3,749	-	-	3,660,000	1,020,254
2024	57,239	1,221	-	-	3,845,000	882,306
2025-2029	-	-	-	-	21,155,000	1,909,535
2030-2034	-	-	17,560,000	-	-	-
<b>Total</b>	<b>\$ 437,646</b>	<b>\$ 33,256</b>	<b>17,560,000</b>	<b>-</b>	<b>38,590,000</b>	<b>7,636,499</b>
Less: Unaccrued Portion of Debt			(9,605,661)	9,605,661	-	-
			<u>\$ 7,954,339</u>	<u>\$ 9,605,661</u>	<u>\$ 38,590,000</u>	<u>\$ 7,636,499</u>

Year Ended June 30,	<u>Business-Type Activity Debt - Direct Borrowing</u>			
	<u>Notes Payable</u>		<u>Water Rights Contract Obligation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 311,380	\$ 29,854	\$ 31,054	\$ 934
2021	323,139	18,094	-	-
2022	253,052	6,274	-	-
2023	32,888	1,422	-	-
2024	23,730	273	-	-
2025-2027	9,040	-	-	-
<b>Total</b>	<b>\$ 953,229</b>	<b>\$ 55,917</b>	<b>\$ 31,054</b>	<b>\$ 934</b>

**Component Units** have the following long-term debt at June 30, 2019:

	Balance			Amounts	
	June 30, 2018	Additions	Deductions	Balance June 30, 2019	Due Within One Year
<b>Component Unit Activities (MRHCA):</b>					
Capital Lease Obligations	\$ 433,333	\$ -	\$ 190,776	\$ 242,557	\$ 137,272
Notes Payable to Banks	12,859,645	400,000	965,940	12,293,705	1,187,227
<b>Total Component Unit Debt</b>	<b>\$ 13,292,978</b>	<b>\$ 400,000</b>	<b>\$ 1,156,716</b>	<b>\$ 12,536,262</b>	<b>\$ 1,324,499</b>

Notes Payable to Banks (MRHCA):

Included in notes payable are the Series 2016 Hospital Revenue Note (the 2016 Note) and the Series 2017 Hospital Revenue Note (the 2017 Note). The 2016 Note was issued in the original amount of \$8,600,000 dated May 1, 2016, which bears interest monthly at 2.55%. The 2017 Note was issued in the original amount of \$3,200,000 dated December 1, 2017, which bears interest monthly at 3.54%. The 2016 Note and the 2017 Note are secured by the gross revenues of the Authority and require certain funds be

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

established with the trustee. Accordingly, these funds are included as assets held by trustee for capital acquisitions in the accompanying balance sheets. These notes also require the Authority to comply with certain restrictive covenants, including maintaining a debt service coverage ratio of 1.20 to 1.00 and days cash on hand of 75 days. The indenture agreements for each note contain provisions that, in an event of default, allow the lender to accelerate payments of the entire principal amount to be immediately due and payable.

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

Year Ended June 30,	<u>Discretely Presented Component Unit</u>	
	<u>Notes Payable to Banks</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,187,227	\$ 352,543
2021	1,029,912	312,415
2022	1,064,212	278,112
2023	1,076,562	242,936
2024	1,316,405	208,026
2025-2029	2,815,627	676,633
2030-2034	2,680,923	316,421
2035-2036	<u>1,122,837</u>	<u>28,726</u>
Total	<u>\$ 12,293,705</u>	<u>\$ 2,415,812</u>

**Capital Lease Obligations (MRHCA):**

The McAlester Regional Health Center Authority is obligated under various leases for equipment that are accounted for as capital leases. The following is a schedule by year of future minimum lease payments under the capital leases, including interest at rates of 3.54% to 12.86% with the present value of the future minimum lease payments as of June 30, 2019:

Year Ended June 30,	<u>Capital Lease Obligations Payable</u>
2020	\$ 141,994
2021	99,952
2022	<u>6,613</u>
Total minimum lease payments	248,559
Less amount representing interest	<u>6,002</u>
Present value of future minimum lease payments	<u>\$ 242,557</u>

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**7. Fund Balances**

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

	General Fund	Reserve Fund	Economic Development Fund	Dedicated Sales Tax - MPWA	Bond Trustee Fund	Other Governmental Funds	Total
Fund Balance:							
Restricted For:							
Grant purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,912	\$ 29,912
Juvenile programs	-	-	-	-	-	2,973	2,973
Tourism	-	-	-	-	-	101,796	101,796
E911	-	-	-	-	-	315,003	315,003
Economic development	-	-	455,403	-	-	-	455,403
Other	-	-	-	-	-	283,546	283,546
Stormwater	-	-	-	-	-	742,445	742,445
Health - cancer center	-	-	-	-	-	66,810	66,810
Police capital outlay	-	-	-	-	-	27,738	27,738
Cemetery	-	-	-	-	-	394,448	394,448
Technology improvements	-	-	-	-	-	29,861	29,861
Infrastructure improvements	-	-	-	-	-	1,022,112	1,022,112
Emergencies	-	3,824,227	-	-	-	-	3,824,227
Capital improvements:							
Economic development-bond repayment	-	-	-	-	-	800,000	800,000
Debt Service	-	-	-	558,407	5,960,352	2,185,929	8,704,688
Sub-total Restricted	-	3,824,227	455,403	558,407	5,960,352	6,002,573	16,800,962
Assigned to:							
Tourism	-	-	-	-	-	935,922	935,922
Economic development	-	-	1,994,461	-	-	-	1,994,461
Other	-	-	-	-	-	32,744	32,744
Capital improvements	-	-	-	-	-	123,678	123,678
Nutrition services	7,686	-	-	-	-	-	7,686
Sub-total Assigned	7,686	-	1,994,461	-	-	1,092,344	3,094,491
Unassigned	814,347	-	-	-	-	-	814,347
Total Fund Balance	\$ 822,033	\$ 3,824,227	\$ 2,449,864	\$ 558,407	\$ 5,960,352	\$ 7,094,917	\$ 20,709,800

**Restricted Net Position – Governmental Activities**

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

Fund	Restricted By	Amount
Juvenile Fine Fund	State statutes and/or debt indentures	\$ 2,973
State Forfeiture Fund	State statutes and/or debt indentures	4,604
Cemetery Perpetual Care Fund	State statutes and/or debt indentures	394,448
Federal Forfeiture Fund	State statutes and/or debt indentures	20,593
Capital Improvement Plan Fund	State statutes and/or debt indentures	800,000
		<u>\$ 1,222,618</u>
Dedicated Sales Tax - MPWA	External parties (voters)	\$ 558,407
E911 Fund	External parties (voters)	315,003
Reserve Fund	External parties (voters)	3,824,227
Tourism / SE Expo Fund	External parties (voters)	101,796
Economic Development Fund	External parties (voters)	455,403
Gifts & Contributions Fund	External parties (donors)	283,546
Stormwater Fund	External parties (voters)	742,445
MRHC-Cancer Center Fund	External parties (voters)	66,810
Infrastructure Fund	External parties (voters)	1,022,112
Sales Tax - Schools Fund	External parties (voters)	2,185,929
Fire Improvement Grant Fund	External parties (grantors)	260
Police Equipment Fund	External parties (grantors)	2,541
CDBG Fund	External parties (grantors)	29,652
Technology Fund	External parties (voters)	29,861
		<u>\$ 9,617,992</u>

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

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**8. Dedicated Tax Revenues and Pledges of Future Revenues**

Sales and Use Tax

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

- 2 cents is recorded in the General Fund.
- 1 cent recorded in the Dedicated Sales Tax Fund MPWA and then transferred to the McAlester Public Works Authority Fund for the payment of debt service restricted by voter approval.
- 1/4 cent recorded in the Sales Tax Schools Fund for the acquisition, construction, equipment and financing of education facilities and the payment of debt service for such purpose restricted by voter approval (effective April 1, 2003 – expired July 1, 2018).
- 1/4 cent recorded in the Economic Development Fund for economic development and the payment of debt service for such purpose restricted by voter approval (effective April 1, 2003 – expired July 1, 2018).
- 1/2 cent recorded in Infrastructure Fund (replaces the ¼ cent above in each of the Sales Tax Schools Fund and the Economic Development Fund) for infrastructure repairs, maintenance, construction and improvements (effective July 1, 2018 – expiring July 1, 2033)
- 1/8 cent recorded in the Sales Tax Schools Fund for the construction of a new early childhood center and safe rooms at the schools (effective October 1, 2018 – expiring July 1, 2033)
- 1/8 cent recorded in the MRHC Cancer Center Fund for the construction of a cancer treatment center (effective October 1, 2018 – expiring July 1, 2033)

Pledge of Future Revenues

*Sales Tax and Utility Net Revenues Pledge* - The City has pledged two cents (or 53.3%) of future sales tax revenues to repay \$46,544,339 of Series 2002, 2012, 2013, 2014 and 2015 Sales Tax and Utility System Bonds. Proceeds from the bonds provided financing for capital assets. The 2015 bonds are payable solely from pledged sales tax revenues. The 2002, 2012, 2013 and 2014 bonds and the 1999 loan are payable from pledged sales tax revenues and further secured by net water, wastewater, and sanitation revenues. The bonds are payable anywhere from 2020 through 2034. The total principal and interest payable for the remainder of the life of these bonds is \$63,786,499, which includes \$17,560,000 of accreted bonds. Pledged sales taxes transferred in the current year were \$4,731,498 and the net utility revenues were \$2,716,403. Debt service payments of \$6,217,066, excluding accreted interest, for the current fiscal year were 131.40% of the pledged and transferred sales taxes and 83.47% of both pledged and transferred sales taxes and net utility revenues.

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

**9. Internal and Interfund Balances and Transfers**

*Transfers:*

Internal transfers between funds and activities for the year ended June 30, 2019, were as follows:

Transfer From	Transfer To	Amount	Nature of Transfer
General Fund	McAlester Airport Authority	\$ 351,216	Transfer for operations
General Fund	Capital Improvement Plan Fund	699,665	Transfer for capital improvements
General Fund	Juvenile Fine Fund	7,800	Operating transfer
General Fund	Technology Fund	18,000	Transfer of technology fees
General Fund	Infrastructure Fund	85,000	Transfer for capital improvements
Bond Trustee Fund	MPWA	45,761	Reimburse for capital outlay expense
Capital Improvement Plan Fund	MPWA	303,479	Debt service payments
Infrastructure Fund	CDBG Grants Fund	112,869	Matching grant monies
Dedicated Sales Tax Fund	Bond Trustee Fund	4,473,030	Debt payments to trustee bank
Sales Tax - Schools Fund	Bond Trustee Fund	107,803	Debt payments to trustee bank
Economic Development Fund	Bond Trustee Fund	150,665	Debt payments to trustee bank
Economic Development Fund	McAlester Airport Authority	60,489	Operating subsidy - grant match
Economic Development Fund	MPWA	3,390	Debt service payments
MPWA	General Fund	1,775,255	Transfer for operations
MPWA	Capital Improvement Plan Fund	390,664	Transfer for capital improvements
MPWA	Dedicated Sales Tax Fund	339,984	Transfer for operations
		<u>\$ 8,925,070</u>	
	Transfers	Transfers	Net Transfers/ Internal Activity
	<u>In</u>	<u>Out</u>	<u>Internal Activity</u>
Reconciliation to Fund			
Financial Statements:			
Governmental Funds	\$ 8,160,735	\$ (6,419,167)	\$ 1,741,568
Enterprise Funds	764,335	(2,505,903)	(1,741,568)
Total Transfers	<u>\$ 8,925,070</u>	<u>\$ (8,925,070)</u>	<u>\$ -</u>
Reconciliation to statement of activities:		Governmental	Business-Type
Net transfers		\$ 1,741,568	\$ (1,741,568)
Reclassification of revenues between activities		20,686	(20,686)
Reclassification of capital asset purchases and expense between activities		(2,038,964)	2,038,964
Total Transfers - Internal Activity		<u>\$ (276,710)</u>	<u>\$ 276,710</u>

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

*Balances:*

Interfund receivables and payables at June 30, 2019, were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Interfund Balance</u>	
General Fund	Capital Improvement Plan Fund	\$ 800,000	Bond related issues	
General Fund	Workers Compensation Fund	86,742	GF share of claims liability	
MPWA	Workers Compensation Fund	12,013	GF share of claims liability	
MAA	MPWA	255,475	Negative share of cash	
		<u>\$ 1,154,230</u>		

	<u>Due From Other Fund</u>	<u>Due To Other Funds</u>	<u>Internal Service Funds Reconciliation</u>	<u>Net Activity/ Internal Balances</u>
Reconciliation to Fund				
Financial Statements:				
Governmental Funds	\$ 800,000	\$ (886,742)	\$ 98,755	\$ 12,013
Enterprise Funds	255,475	(267,488)	-	(12,013)
Internal Service Funds	98,755	-	(98,755)	-
Total Interfund Balances	<u>\$ 1,154,230</u>	<u>\$ (1,154,230)</u>	<u>\$ -</u>	<u>\$ -</u>

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

## 10. Risk Management

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

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

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



**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

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Claims Liability Analysis

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirements of Statement of Financial Accounting Standard No. 5, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. For workers' compensation, changes in the claims liability for the City from July 1, 2016 to June 30, 2019 are as follows:

	Total Claims Liability
Claims liability, June 30, 2016	\$ 250,356
Claims incurred	243,278
Claims paid	(262,332)
Claims liability, June 30, 2017	231,302
Claims incurred	250,831
Claims paid	(356,719)
Claims liability, June 30, 2018	125,414
Claims incurred	143,296
Claims paid	(151,786)
Claims liability, June 30, 2019	\$ 116,924

**11. Contingencies**

*Litigation:*

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

*Federal and State Award Programs:*

The City of McAlester participates in various federal or state grant/loan programs from year to year. In 2019, the City's involvement in federal and state award programs was significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

*ODEQ Consent Orders:*

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

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

Case 09-241 relates to the discharge from the plant's backwash lagoons, specifically exceedance of Total Suspended Solids, Manganese and Aluminum. The final problem is the lower backwash pond was full of settled solids from the water treatment processes, has been being excavated with track hoe, tractor, with sludge pump with over 50% removed. To comply with the consent order and make progress towards improvement of our residuals management, the city has emptied out the top sludge pond completely and it has been put back into service. Our sludge collection system is completely operational with essential personnel trained to maintain continuous removal and disposal of sludge. The cleaning out of the sludge drying beds has been completed. The lower sludge pond is having the sludge removed daily with pump, tractor, and excavator. The sludge is being transported to the sludge drying beds until material is dry enough to haul to the landfill.

*Asset Retirement Obligation:*

The City has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonably estimated as of June 30, 2019, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs and obtaining an estimate of those costs in the subsequent fiscal year.

**12. Pension Plan Participation**

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

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

	Governmental Activities	Business-Type Activities
Net Pension Asset:		
Police Pension System	\$ 371,422	\$ -
Net Pension Liability:		
Firefighter's Pension System	\$ 8,158,806	\$ -
City Pension	2,504,362	925,561
Total Net Pension Liability	\$ 10,663,168	\$ 925,561
Deferred Outflows of Resources:		
Police Pension System	690,277	-
Firefighter's Pension System	2,103,961	-
City Pension	498,924	188,166
Total Deferred Outflows of Resources	\$ 3,293,162	\$ 188,166
Deferred Inflows of Resources:		
Police Pension System	362,711	-
Firefighter's Pension System	1,117,366	-
City Pension	13,328	27,270
Total Deferred Inflows of Resources	\$ 1,493,405	\$ 27,270

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

---

***City of McAlester Employee’s Retirement System Defined Benefit Plan:***

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

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

Year established and governing authority	1995 by City Council Ordinance
Determination of Contribution requirements	Actuarially determined
Employer	8.62% of Payroll (\$453,602 annual required contribution)
Plan members	None required
Funding of administrative costs	Investment earnings
Period required to vest	10 years
Eligibility for distribution	Age 55 with ten years credited service. Annual rate of retirement starts at 5% at age 56.
Provisions for:	
Disability benefits	Yes
Death benefits	Yes

***A. Summary of Significant Accounting Policies and Plan Asset Matters***

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

***B. Employees Covered by Benefit Terms***

Active Employees	57
Terminated Vested Employees	30
Retirees or Retiree Beneficiaries	<u>92</u>
Total	<u>179</u>

***C. Changes in Net Pension Liability***

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2018 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2018 and the City’s report ending date of June 30, 2019, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

Schedule of Changes in Net Pension Liability			
Increase (Decrease)			
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2017	\$ 17,143,757	\$ 13,612,583	\$ 3,531,174
Changes for the Year:			
Interest	1,190,824	-	1,190,824
Difference between expected and actual experience	68,272	-	68,272
Benefit payments, including refunds	(1,164,396)	(1,164,396)	-
Net investment income	-	1,039,420	(1,039,420)
City contributions	-	450,504	(450,504)
Plan administrative expenses		(129,577)	129,577
Net Changes	94,700	195,951	(101,251)
Balances at 6/30/18	\$ 17,238,457	\$ 13,808,534	\$ 3,429,923

The City reported \$436,088 in pension expense for the year ended June 30, 2019. At June 30, 2019, 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	\$ 101,039	\$ -
Net difference between projected and actual earnings on pension plan investments	117,610	-
Changes in proportion and differences between City contributions and change in proportion share of contributions	40,598	40,598
City contributions subsequent to the measurement date	427,843	-
Total	\$ 687,090	\$ 40,598

\$427,843 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, 2020. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2020	\$	315,339
2021		89,668
2022		(168,422)
2023		(17,936)
	\$	218,649

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

**GASB 67 Pension Disclosures**

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

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

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

GASB Statement 67 also requires the use of the Entry Age Normal actuarial cost method. Since this plan has been frozen, the method used for funding shown on page 57 (Projected Unit Credit) generates the same pension liability as the Entry Age Normal method.

The plan's policy in regard to the allocation of invested assets is established by the City Council. The current asset allocation policy is 70% equity investments, 25% fixed income investments, and 5% cash. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimate of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

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

The discount rate used to measure the total pension liability was 7.20%. The City has, on average, made contributions that exceed the ADEC over the past five years. If the City continues to contribute in this fashion, the plan will always be sufficiently funded to pay benefits due. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability. The annual money-weighted rate of return, net of expenses paid from the trust, was 7.0%.

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

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
<b>City's Net Pension Liability</b>			
City's Net Pension Liability - 2017	\$ 5,397,957	\$ 3,531,174	\$ 1,948,235
City's Net Pension Liability - 2018	\$ 5,274,979	\$ 3,429,923	\$ 1,860,105
City's Net Pension Liability - 2019	\$ 5,665,691	\$ 3,848,025	\$ 2,297,005

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

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

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

***Firefighter Pension System:***

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

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

Normal Retirement:

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

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

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

---

only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service or \$7.53 per year of service, with a maximum of 30 years.

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

**Contributions** - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$316,849. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$737,134 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$727,228. These on-behalf payments did not meet the criteria of a special funding situation.

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2019, the City reported a net pension liability of \$8,158,806 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2018. Based upon this information, the City's proportion was 0.7248 percent.

For the year ended June 30, 2019, the City recognized pension expense of (\$89,176). At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,704,145	\$ -
Net difference between projected and actual earnings on pension plan investments	-	677,931
Changes in proportion	82,967	434,092
City contributions during measurement date	-	5,343
City contributions subsequent to the measurement date	316,849	-
Total	<u>\$ 2,103,961</u>	<u>\$ 1,117,366</u>

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

---

\$316,849 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, 2020. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2020	\$	268,925
2021		179,908
2022		(24,348)
2023		151,081
2024		<u>94,180</u>
Total	\$	<u>669,746</u>

**Actuarial Assumptions-** The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 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, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

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, 2018, are summarized in the following table:

Asset	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	4.37%
Domestic equity	47%	7.01%
International equity	15%	8.83%
Real estate	10%	6.58%
Other assets	8%	5.70%

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



**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

---

projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	\$ 10,686,439	\$ 8,158,806	\$ 6,036,012

**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).

***Police Pension System:***

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

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

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

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

---

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

**Contributions** - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$314,299. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$315,388 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$304,311. These on-behalf payments did not meet the criteria of a special funding situation.

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

**Net Pension Liabilities (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2019, the City reported a net pension asset of \$371,422 for its proportionate share of the total net pension asset. The net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2018. 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, 2018. Based upon this information, the City's proportion was 0.7797 percent.

For the year ended June 30, 2019, the City recognized pension expense of \$267,319. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,194	\$ 348,023
Changes of assumptions	162,214	-
Net difference between projected and actual earnings on pension plan investments	193,414	-
Changes in proportion	16,288	4,889
City contributions during measurement date	1,868	9,799
City contributions subsequent to the measurement date	314,299	-
Total	<u>\$ 690,277</u>	<u>\$ 362,711</u>

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

---

\$314,299 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, 2020. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 199,067
2021	79,543
2022	(207,324)
2023	(68,223)
2024	<u>10,204</u>
Total	<u>\$ 13,267</u>

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.5% to 10% average, 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, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

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, 2018, are summarized in the following table:

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	4.53%
Domestic equity	5.86%
International equity	8.83%
Real estate	6.58%
Private Equity	9.21%
Commodities	5.06%

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

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

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

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension liability (asset)	\$ 1,722,913	\$(371,422)	\$(2,141,945)

**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).

**Summary of Contributions:**

<u>Oklahoma Firefighter's Pension and Retirement System</u>			<u>Oklahoma Police Pension and Retirement System</u>		
<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2017	298,853	100%	2017	318,644	100%
2018	300,317	100%	2018	309,191	100%
2019	316,849	100%	2019	314,299	100%

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

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*OMRF Defined Contribution Plan:*

Effective July 1, 2013, the City has also provided a defined contribution plan and trust known as the City of McAlester Plan and Trust (the "Plan") in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OMRF). OMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The plan is administered by JPMorgan Chase Bank. The defined contribution plan is available to all full-time employees except those participating in state fire or police programs. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon employment. By City ordinance, the City, as employer, shall contribute to the Fund an amount equal to 50% of the Participant's contributions under the City's Deferred Compensation Plan 457. The Employer match shall be limited to 6.00% of these Participant's earnings effective July 1, 2013. The City's contributions for each employee (and interest allocated to the employee's account) are vested at a rate of 100% after 7 years of service. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting shall reduce the Employer contribution. The authority to establish and amend the provisions of the plan rests with the City Council.

For the year ended June 30, 2018, the City contributed \$195,523 to the plan.

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

#### **14. NEW ACCOUNTING PRONOUNCEMENTS**

The GASB has issued several new accounting pronouncements, which will be effective in subsequent years. A description of the new accounting pronouncements, the fiscal year in which they are effective, and the City's consideration of the impact of these pronouncements are described below:

GASB Statement 84, *Fiduciary Activities* - GASB No. 84 was issued January 2017, this Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The City has not yet determined the impact that implementation of GASB 84 will have on its net position.

GASB Statement 87, *Leases* - GASB No. 87 was issued June 2017, the primary objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about activities. The City has not yet determined the impact that implementation of GASB 87 will have on its net position.

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

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GASB Statement 90, *Majority Equity Interests* - GASB No. 90, Majority Equity Interests (An amendment of GASB Statement 14 and 61) –issued August 2018, will be effective for the City beginning with its fiscal year ending June 30, 2020. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The City has not yet determined the impact that implementation of GASB 90 will have on its net position.

GASB Statement 91, *Conduit Debt Obligations* – issue May 2019, will be effective for the City beginning with its fiscal year ending December 2021. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The City has not yet determined the impact that implementation of GASB 91 will have on its net position.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2019**

	GENERAL FUND (BUDGETARY BASIS)			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ -	\$ 421,932	\$ 588,495	\$ 166,563
<b>Resources (Inflows):</b>				
<b>TAXES:</b>				
Sales tax	7,864,551	7,864,551	8,326,130	461,579
Use tax	1,219,247	1,219,247	1,259,895	40,648
Franchise tax	569,501	569,501	659,102	89,601
<b>Total Taxes</b>	<u>9,653,299</u>	<u>9,653,299</u>	<u>10,245,127</u>	<u>591,828</u>
<b>INTERGOVERNMENTAL:</b>				
Alcoholic beverage tax	163,601	163,601	185,766	22,165
Tobacco/cigarette tax	157,692	157,692	132,506	(25,186)
Gas excise tax	34,934	34,934	33,141	(1,793)
Vehicle tax	125,859	125,859	128,281	2,422
Grant revenue	45,000	45,000	43,495	(1,505)
Healthcare reimbursement by state	-	-	216,774	216,774
<b>Total Intergovernmental</b>	<u>527,086</u>	<u>527,086</u>	<u>739,963</u>	<u>212,877</u>
<b>CHARGES FOR SERVICES:</b>				
Court costs	355,410	355,410	292,107	(63,303)
Cemetery opening/closing	26,755	26,755	18,375	(8,380)
Incarceration fee	36,300	36,300	16,660	(19,640)
Cemetery fees	13,595	13,595	5,225	(8,370)
Swimming pool revenue	33,800	33,800	29,145	(4,655)
Ambulance revenue	548,813	548,813	464,602	(84,211)
Street cuts	1,025	1,025	4,696	3,671
Recreation fees	2,550	2,550	3,690	1,140
Oil and gas leases	450,177	450,177	365,435	(84,742)
Abatements	75,410	75,410	79,165	3,755
Rental rooms	4,850	4,850	5,415	565
Burgular alarms	14,150	14,150	13,325	(825)
Complex concessions	16,555	16,555	21,798	5,243
Firing range fees	500	500	1,210	710
Complex rental	14,200	14,200	9,125	(5,075)
<b>Total Charges for Services</b>	<u>1,594,090</u>	<u>1,594,090</u>	<u>1,329,973</u>	<u>(264,117)</u>
<b>FINES AND FORFEITURES</b>	<u>896,288</u>	<u>896,288</u>	<u>689,088</u>	<u>(207,200)</u>
<b>LICENSES AND PERMITS</b>	<u>84,845</u>	<u>84,845</u>	<u>96,088</u>	<u>11,243</u>
<b>INVESTMENT INCOME</b>	<u>123,626</u>	<u>123,626</u>	<u>40,520</u>	<u>(83,106)</u>
<b>MISCELLANEOUS:</b>				
Auctions	-	-	179	179
Hay sales	-	-	925	925
Vendors	200	200	-	(200)
Cemetery lots	16,800	16,800	6,694	(10,106)
Demolitions	770	770	8,723	7,953
Court admin fee	4,950	4,950	4,701	(249)
Miscellaneous	6,599	6,599	3,543	(3,056)
Credit card payment fees	13,950	13,950	13,168	(782)
Education & training revenue	3,750	3,750	-	(3,750)
Restitution reimbursements	10,410	10,410	10,684	274
Reimbursements	37,915	37,915	75,312	37,397
<b>Total Miscellaneous</b>	<u>95,344</u>	<u>95,344</u>	<u>123,929</u>	<u>28,585</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers from other funds	1,853,493	2,084,170	1,775,255	(308,915)
<b>Total Other Financing Sources</b>	<u>1,853,493</u>	<u>2,084,170</u>	<u>1,775,255</u>	<u>(308,915)</u>
<b>Amounts available for appropriation</b>	<u>14,828,071</u>	<u>15,480,680</u>	<u>15,628,438</u>	<u>147,758</u>

(Continued)



**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

(Continued)

	GENERAL FUND (BUDGETARY BASIS)			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Charges to Appropriations (Outflows):</b>				
LEGISLATURE:				
Mayor and Council:				
Personal services	4,889	4,889	4,630	259
Materials and supplies	1,900	1,900	582	1,318
Other services and charges	107,500	107,500	102,103	5,397
<b>TOTAL LEGISLATURE</b>	<b>114,289</b>	<b>114,289</b>	<b>107,315</b>	<b>6,974</b>
ADMINISTRATION:				
City Manager:				
Personal services	428,230	375,022	371,406	3,616
Materials and supplies	2,875	3,531	3,255	276
Other services and charges	56,300	55,292	34,052	21,240
Capital outlay	25,000	34,128	34,127	1
<b>Total City Manager</b>	<b>512,405</b>	<b>467,973</b>	<b>442,840</b>	<b>25,133</b>
Finance:				
Personal services	396,299	337,899	315,959	21,940
Materials and supplies	2,125	4,755	4,752	3
Other services and charges	7,200	9,434	9,139	295
<b>Total Finance</b>	<b>405,624</b>	<b>352,088</b>	<b>329,850</b>	<b>22,238</b>
City Clerk:				
Personal services	115,280	115,627	115,059	568
Materials and supplies	900	1,077	912	165
Other services and charges	12,864	14,640	12,801	1,839
<b>Total City Clerk</b>	<b>129,044</b>	<b>131,344</b>	<b>128,772</b>	<b>2,572</b>
City Attorney:				
Personal services	97,219	89,304	73,052	16,252
Materials and supplies	1,125	1,426	1,421	5
Other services and charges	64,100	68,276	68,225	51
<b>Total City Attorney</b>	<b>162,444</b>	<b>159,006</b>	<b>142,698</b>	<b>16,308</b>
Court:				
Personal services	168,765	165,894	165,836	58
Materials and supplies	1,575	2,973	2,859	114
Other services and charges	41,800	46,208	44,453	1,755
<b>Total Court</b>	<b>212,140</b>	<b>215,075</b>	<b>213,148</b>	<b>1,927</b>
Interdepartmental:				
Personal services	499,517	377,413	230,017	147,396
Materials and supplies	93,000	63,452	49,896	13,556
Other services and charges	859,283	789,138	766,567	22,571
<b>Total Interdepartmental</b>	<b>1,451,800</b>	<b>1,230,003</b>	<b>1,046,480</b>	<b>183,523</b>
Information Services:				
Personal services	136,713	144,779	144,588	191
Materials and supplies	2,023	2,041	1,909	132
Other services and charges	87,000	148,334	145,346	2,988
<b>Total Information Services</b>	<b>225,736</b>	<b>295,154</b>	<b>291,843</b>	<b>3,311</b>

(Continued)

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

(Continued)

	<b>GENERAL FUND (BUDGETARY BASIS)</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	
	<b>Original</b>	<b>Final</b>		
<b>ADMINISTRATION, (Continued):</b>				
<b>CID:</b>				
Personal services	573,793	518,427	506,958	11,469
Materials and supplies	10,155	5,055	4,223	832
Other services and charges	7,680	2,112	1,295	817
Total CID	<u>591,628</u>	<u>525,594</u>	<u>512,476</u>	<u>13,118</u>
<b>TOTAL ADMINISTRATION</b>	<u>3,690,821</u>	<u>3,376,237</u>	<u>3,108,107</u>	<u>268,130</u>
<b>PUBLIC SAFETY:</b>				
<b>Patrol:</b>				
Personal services	2,960,034	3,002,529	2,985,667	16,862
Materials and supplies	150,173	159,775	157,193	2,582
Other services and charges	138,475	146,832	141,664	5,168
Total Patrol	<u>3,248,682</u>	<u>3,309,136</u>	<u>3,284,524</u>	<u>24,612</u>
<b>Animal Control:</b>				
Personal services	42,147	43,565	43,561	4
Materials and supplies	6,171	4,776	4,410	366
Other services and charges	1,750	3,579	3,564	15
Total Animal Control	<u>50,068</u>	<u>51,920</u>	<u>51,535</u>	<u>385</u>
<b>Communications:</b>				
Personal services	205,736	202,474	189,335	13,139
Materials and supplies	1,950	1,950	1,067	883
Other services and charges	1,800	1,800	1,104	696
Total Communications	<u>209,486</u>	<u>206,224</u>	<u>191,506</u>	<u>14,718</u>
<b>Fire:</b>				
Personal services	3,061,274	3,199,692	3,192,782	6,910
Materials and supplies	64,791	63,147	57,870	5,277
Other services and charges	139,458	119,212	100,998	18,214
Total Fire	<u>3,265,523</u>	<u>3,382,051</u>	<u>3,351,650</u>	<u>30,401</u>
<b>EMS:</b>				
Materials and supplies	43,064	45,746	43,717	2,029
Other services and charges	74,725	74,928	73,173	1,755
Total EMS	<u>117,789</u>	<u>120,674</u>	<u>116,890</u>	<u>3,784</u>
<b>TOTAL PUBLIC SAFETY</b>	<u>6,891,548</u>	<u>7,070,005</u>	<u>6,996,105</u>	<u>73,900</u>
<b>COMMUNITY SERVICES:</b>				
<b>Parks:</b>				
Personal services	638,542	662,454	649,988	12,466
Materials and supplies	97,978	103,820	86,484	17,336
Other services and charges	100,075	132,914	109,671	23,243
Total Parks	<u>836,595</u>	<u>899,188</u>	<u>846,143</u>	<u>53,045</u>
<b>Swimming Pools:</b>				
Personal services	89,743	116,011	113,393	2,618
Materials and supplies	36,040	31,509	28,108	3,401
Other services and charges	7,500	8,930	8,929	1
Total Swimming Pools	<u>133,283</u>	<u>156,450</u>	<u>150,430</u>	<u>6,020</u>

(Continued)

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

(Continued)

	<b>GENERAL FUND (BUDGETARY BASIS)</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>COMMUNITY SERVICES, (Continued):</b>				
<b>Recreation:</b>				
Personal services	202,710	198,673	164,639	34,034
Materials and supplies	31,150	31,150	22,879	8,271
Other services and charges	22,280	19,573	14,746	4,827
<b>Total Recreation</b>	<b>256,140</b>	<b>249,396</b>	<b>202,264</b>	<b>47,132</b>
<b>Cemetery:</b>				
Personal services	233,559	226,133	224,798	1,335
Materials and supplies	20,040	14,981	12,599	2,382
Other services and charges	11,928	21,563	21,093	470
<b>Total Cemetery</b>	<b>265,527</b>	<b>262,677</b>	<b>258,490</b>	<b>4,187</b>
<b>Facility Maintenance:</b>				
Personal services	161,828	161,704	161,400	304
Materials and supplies	42,199	46,092	44,309	1,783
Other services and charges	69,255	73,118	70,197	2,921
Capital outlay	-	5,860	5,860	-
<b>Total Facility Maintenance</b>	<b>273,282</b>	<b>286,774</b>	<b>281,766</b>	<b>5,008</b>
<b>Carl Albert Building:</b>				
Other services and charges	-	18,713	18,207	506
<b>Total Carl Albert Building</b>	<b>-</b>	<b>18,713</b>	<b>18,207</b>	<b>506</b>
<b>TOTAL COMMUNITY SERVICES</b>	<b>1,764,827</b>	<b>1,873,198</b>	<b>1,757,300</b>	<b>115,898</b>
<b>ADMINISTRATIVE SERVICES:</b>				
<b>Planning &amp; Community Development:</b>				
Personal services	251,136	265,224	262,144	3,080
Materials and supplies	5,910	6,070	4,430	1,640
Other services and charges	148,700	152,412	132,346	20,066
<b>Total Planning &amp; Community Development</b>	<b>405,746</b>	<b>423,706</b>	<b>398,920</b>	<b>24,786</b>
<b>Human Resources/Risk Management:</b>				
Personal services	176,345	184,915	184,262	653
Materials and supplies	36,853	37,168	36,247	921
Other services and charges	14,820	29,235	28,453	782
<b>Total Human Resources/Risk Management</b>	<b>228,018</b>	<b>251,318</b>	<b>248,962</b>	<b>2,356</b>
<b>TOTAL ADMINISTRATIVE SERVICES</b>	<b>633,764</b>	<b>675,024</b>	<b>647,882</b>	<b>27,142</b>
<b>PUBLIC WORKS:</b>				
<b>Streets:</b>				
Personal services	713,460	683,386	682,632	754
Materials and supplies	124,568	143,014	142,198	816
Other services and charges	75,450	117,574	116,771	803
<b>Total Streets</b>	<b>913,478</b>	<b>943,974</b>	<b>941,601</b>	<b>2,373</b>
<b>TOTAL PUBLIC WORKS</b>	<b>913,478</b>	<b>943,974</b>	<b>941,601</b>	<b>2,373</b>
<b>OTHER FINANCING USES:</b>				
Transfers to other funds	819,344	1,427,953	1,354,241	73,712
<b>Total Charges to Appropriations</b>	<b>14,828,071</b>	<b>15,480,680</b>	<b>14,912,551</b>	<b>568,129</b>
<b>Ending Budgetary Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 715,887</b>	<b>\$ 715,887</b>

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

**Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2019, (Continued)**

	<b>SPECIAL REVENUE - RESERVE FUND (Budgetary Basis)</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 3,767,482	\$ 3,767,482
Resources (Inflows):				
Investment income	35,000	35,000	56,745	21,745
Amounts available for appropriation	<u>35,000</u>	<u>35,000</u>	<u>3,824,227</u>	<u>3,789,227</u>
Charges to appropriations (outflows):				
Transfers out	-	-	-	-
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 3,824,227</u>	<u>\$ 3,789,227</u>

	<b>SPECIAL REVENUE - ECONOMIC DEVELOPMENT FUND (Budgetary Basis)</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ 880,172	\$ 1,742,377	\$ 2,720,430	\$ 978,053
Resources (Inflows):				
Taxes	-	-	131,100	131,100
Intergovernmental	-	158,000	158,000	-
Charges for services	-	-	60,000	60,000
Investment income	13,000	13,000	39,335	26,335
Amounts available for appropriation	<u>893,172</u>	<u>1,913,377</u>	<u>3,108,865</u>	<u>1,195,488</u>
Charges to appropriations (outflows):				
Finance	135,775	136,521	56,103	80,418
Planning and community development	546,242	1,565,701	388,266	1,177,435
Transfers out	211,155	211,155	211,154	1
Total Charges to Appropriations	<u>893,172</u>	<u>1,913,377</u>	<u>655,523</u>	<u>1,257,854</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,453,342</u>	<u>\$ 2,453,342</u>

**Footnotes to Budgetary Comparison Schedules:**

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

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

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2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Manager, subject to a dollar limitation of \$25,000. All transfers of appropriation above this limitation and all supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.
  
3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

	<u><b>General Fund</b></u>
<b>Sources/Inflows of resources</b>	
Actual amounts (budgetary basis) “available appropriation” from the budgetary comparison schedule	\$15,628,438
Differences – budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(588,495)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(1,775,255)
The City reports on-behalf payments made by state in the General Fund in the fund financial statements, but are not budgeted.	1,052,522
The City reports the Nutrition Account as part of the General Fund in the fund financial statements, but are not included in the budget to actual.	84,028
The City budgets for revenues on the modified cash basis of accounting, rather than on the modified accrual basis.	<u>39,156</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$14,440,394</u>
<b>Uses/Outflows of resources</b>	
Actual amounts (budgetary basis) “total charges to appropriations” from the budgetary comparison schedule	\$14,912,551
Differences – budget to GAAP:	
The City budgets for payroll and miscellaneous accrued liabilities on the modified cash basis, rather than on the modified accrual basis.	15,217
The City reports on-behalf payments made by state in the General Fund in the fund financial statements, but are not budgeted.	1,052,522
The City reports the Nutrition Account as part of the General Fund in the fund financial statements, but are not included in the budget to actual.	293,995
Transfers to other funds and component units are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(1,354,241)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$14,920,044</u>

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

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	<b>Reserve Fund</b>
<b>Sources/Inflows of resources</b>	
Actual amounts (budgetary basis) “available appropriation” from the budgetary comparison schedule	\$3,824,227
Differences – budget to GAAP: The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	<u>(3,767,482)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$56,745</u>
	<b>Economic Development Fund</b>
<b>Sources/Inflows of resources</b>	
Actual amounts (budgetary basis) “available appropriation” from the budgetary comparison schedule	\$3,108,865
Differences – budget to GAAP: The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(2,720,430)
The City budgets for revenues on the modified cash basis of accounting, rather than on the modified accrual basis.	<u>(131,100)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$257,335</u>
<b>Uses/Outflows of resources</b>	
Actual amounts (budgetary basis) “total charges to appropriations” from the budgetary comparison schedule	\$655,523
Differences – budget to GAAP: The City budgets for payroll and miscellaneous accrued liabilities on the modified cash basis, rather than on the modified accrual basis.	415
The City reports transfers of debt payments in the fund financial statements, but are reported as expenditures in the budget to actual.	(3,390)
Transfers to other funds and component units are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(211,154)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$441,394</u>

4. For the year ended June 30, 2019, the City complied, in all material respects, with the applicable budget laws.

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Required Supplementary Information**  
**City of McAlester Employee's Retirement System**

**Schedule of Changes in Net Pension Liability and Related Ratios**

**Last 10 Fiscal Years\***

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

**Notes to Schedule:**

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

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

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

**Required Supplementary Information  
City of McAlester Employee's Retirement System**

**Schedule of Employer Contributions**

**Last 10 Fiscal Years\***

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

**Notes to Schedule:**

1. \*Only five years are presented because 10-year data is not yet available; plan frozen on July 1, 2013.
2. Latest Valuation Date: July 1, 2018
3. Methods and assumptions used to determine contribution rates:  
 Actuarial cost method - Projected Unit Credit  
 Amortization method - Level dollar, post 2009 liabilities open, pre 2009 liabilities closed  
 Remaining amortization period - Closed part = 8 years  
 Asset valuation method - Actuarial:  
     Smoothing period - 5 years  
 Salary increases - Frozen at this time  
 Investment rate of return - 7.02%, net of pension plan investment expense
4. Since the plan's benefits were frozen as of July 1, 2013, payroll information is no longer being collected because it is no longer needed to perform the actuarial valuation.

**Required Supplementary Information**

**Schedule of Investment Returns**

**Last Ten Fiscal Years\***

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

**Note to Schedule:**

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



**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability	0.774228%	0.747576%	0.761806%	0.750071%	0.724812%
City's proportionate share of the net pension liability	\$ 7,961,756	\$ 7,934,836	\$ 9,307,102	\$ 9,433,823	\$ 8,158,806
City's covered payroll	\$ 2,067,321	\$ 2,042,764	2,128,125	2,134,671	2,145,115
City's proportionate share of the net pension liability as a percentage of its covered payroll	385%	388%	437%	442%	380%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%

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

**Notes to Schedule:**

\*Only five years are presented because 10-year data is not yet available.  
Current year measurement date is June 30, 2018.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Statutorily required contribution	\$ 285,987	\$ 297,937	\$ 298,853	\$ 300,317	\$ 316,849
Contributions in relation to the statutorily required contribution	<u>285,987</u>	<u>297,937</u>	<u>298,853</u>	<u>300,317</u>	<u>316,849</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,042,764	2,128,125	2,134,671	2,145,115	2,263,201
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%

**Notes to Schedule:**

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

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Schedules of Required Supplementary Information**  
**SCHEDULE OF THE CITY OF MCALESTER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM**  
**Last 10 Fiscal Years\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability (asset)	0.7942%	0.8215%	0.8551%	0.8220%	0.7797%
City's proportionate share of the net pension liability (asset)	\$ (267,389)	\$ 33,497	\$ 1,309,556	\$ 63,229	\$ (371,422)
City's covered payroll	\$ 2,217,808	\$ 2,401,492	\$ 2,435,869	\$ 2,451,108	\$ 2,378,392
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(12.06)%	1.39%	53.76%	2.58%	(15.62)%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%

**Notes to Schedule:**

\*Only five years are presented because 10-year data is not yet available.  
Current year measurement date is June 30, 2018.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Statutorially required contribution	\$ 312,194	\$ 316,663	\$ 318,644	\$ 309,191	\$ 314,299
Contributions in relation to the statutorially required contribution	<u>312,194</u>	<u>316,663</u>	<u>318,644</u>	<u>309,191</u>	<u>314,299</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,401,492	\$ 2,435,869	\$ 2,451,108	\$ 2,378,392	\$ 2,417,685
Contributions as a percentage of covered payroll	13.00%	13.00%	13.00%	13.00%	13.00%

**Notes to Schedule:**

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

**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Combining Balance Sheet, General Fund Accounts – June 30, 2019**

	<u>General Fund</u>	<u>Nutrition Account</u>	<u>Total General Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 797,436	\$ 12,045	\$ 809,481
Receivables:			
Due from other governments	1,263,896	9,045	1,272,941
Franchise tax receivable	55,499	-	55,499
Court fines receivable, net of allowance	1,168,368	-	1,168,368
Ambulance receivable, net of allowance	85,163	-	85,163
Other receivables, net of allowance	93,885	-	93,885
	<u>\$ 3,464,247</u>	<u>\$ 21,090</u>	<u>\$ 3,485,337</u>
 <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 162,650	\$ 1,737	\$ 164,387
Accrued payroll liabilities	435,796	7,994	443,790
Due to other funds	886,742	-	886,742
Unearned revenue	7,761	-	7,761
Due to bondholders	1,681	-	1,681
	<u>1,494,630</u>	<u>9,731</u>	<u>1,504,361</u>
Deferred inflows of resources:			
Unavailable revenue	<u>1,155,270</u>	<u>3,673</u>	<u>1,158,943</u>
Fund balances:			
Assigned	-	7,686	7,686
Unassigned	<u>814,347</u>	<u>-</u>	<u>814,347</u>
	<u>814,347</u>	<u>7,686</u>	<u>822,033</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,464,247</u>	<u>\$ 21,090</u>	<u>\$ 3,485,337</u>

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances, General Fund**  
**Accounts – Year Ended June 30, 2019**

	<u>General Fund</u>	<u>Nutrition Account</u>	<u>Total General Fund</u>
<b>REVENUES</b>			
Taxes	\$ 10,288,791	\$ -	\$ 10,288,791
Intergovernmental	1,798,106	54,027	1,852,133
Charges for services	1,334,227	-	1,334,227
Fines and forfeitures	674,705	-	674,705
Licenses and permits	96,088	-	96,088
Investment earnings	40,520	-	40,520
Miscellaneous	123,929	30,001	153,930
	<u>14,356,366</u>	<u>84,028</u>	<u>14,440,394</u>
Total revenues			
<b>EXPENDITURES</b>			
Current:			
Legislative	107,346	-	107,346
Administration	3,081,710	-	3,081,710
Public safety	8,071,452	-	8,071,452
Community services	1,726,536	-	1,726,536
Administrative services	652,091	-	652,091
Health and welfare	-	284,427	284,427
Public works	946,927	-	946,927
Capital Outlay	39,987	9,568	49,555
	<u>14,626,049</u>	<u>293,995</u>	<u>14,920,044</u>
Total expenditures			
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(269,683)</u>	<u>(209,967)</u>	<u>(479,650)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,775,255	-	1,775,255
Transfers out	(1,161,681)	-	(1,161,681)
Interaccount transfers	(192,560)	192,560	-
	<u>421,014</u>	<u>192,560</u>	<u>613,574</u>
Total other financing sources and uses			
<b>Net change in fund balances</b>	151,331	(17,407)	133,924
<b>Fund balances - beginning</b>	663,016	25,093	688,109
<b>Fund balances - ending</b>	<u>\$ 814,347</u>	<u>\$ 7,686</u>	<u>\$ 822,033</u>

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Combining Balance Sheet, Nonmajor Governmental Funds – June 30, 2019**

	SPECIAL REVENUE FUNDS					
	Juvenile Fine Fund	Tourism/SE Expo Fund	E-911 Fund	Gifts & Contributions Fund	Stormwater Fund	MRHC-Cancer Center Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,973	\$ 1,001,779	\$ 294,075	\$ 326,996	\$ 719,699	\$ -
Accounts receivable, net of allowance	-	-	-	-	76,765	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	87,628	-	-	-	66,810
Other receivables	-	-	41,415	-	-	-
Total assets	<u>\$ 2,973</u>	<u>\$ 1,089,407</u>	<u>\$ 335,490</u>	<u>\$ 326,996</u>	<u>\$ 796,464</u>	<u>\$ 66,810</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 41,758	\$ 432	\$ 10,706	\$ 54,019	\$ -
Accrued payroll liabilities	-	9,931	20,055	-	-	-
Total liabilities	<u>-</u>	<u>51,689</u>	<u>20,487</u>	<u>10,706</u>	<u>54,019</u>	<u>-</u>
Deferred Inflows of Resources:						
Unavailable revenue	-	-	-	-	-	-
Fund Balances:						
Restricted	2,973	101,796	315,003	283,546	742,445	66,810
Assigned	-	935,922	-	32,744	-	-
Total fund balances	<u>2,973</u>	<u>1,037,718</u>	<u>315,003</u>	<u>316,290</u>	<u>742,445</u>	<u>66,810</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,973</u>	<u>\$ 1,089,407</u>	<u>\$ 335,490</u>	<u>\$ 326,996</u>	<u>\$ 796,464</u>	<u>\$ 66,810</u>

(Continued)

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

**Combining Balance Sheet, Nonmajor Governmental Funds – June 30, 2019, Continued**

	CAPITAL PROJECT FUNDS				
	Police Equipment Fund	State Forfeiture Fund	Cemetery Perpetual Care Fund	CDBG Grants Fund	Federal Forfeiture Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,486	\$ 36,746	\$ 394,448	\$ 87,255	\$ 22,677
Accounts receivable, net of allowance	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	11,333	-	-	39,326	-
Other receivables	-	-	-	-	-
Total assets	<u>\$ 12,819</u>	<u>\$ 36,746</u>	<u>\$ 394,448</u>	<u>\$ 126,581</u>	<u>\$ 22,677</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 32,142	-	\$ 96,929	\$ 2,084
Accrued payroll liabilities	-	-	-	-	-
Total liabilities	<u>-</u>	<u>32,142</u>	<u>-</u>	<u>96,929</u>	<u>2,084</u>
Deferred Inflows of Resources:					
Unavailable revenue	10,278	-	-	-	-
Fund Balances:					
Restricted	2,541	4,604	394,448	29,652	20,593
Assigned	-	-	-	-	-
Total fund balances	<u>2,541</u>	<u>4,604</u>	<u>394,448</u>	<u>29,652</u>	<u>20,593</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 12,819</u>	<u>\$ 36,746</u>	<u>\$ 394,448</u>	<u>\$ 126,581</u>	<u>\$ 22,677</u>

(Continued)

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

**Combining Balance Sheet, Nonmajor Governmental Funds – June 30, 2019, Continued**

	CAPITAL PROJECT FUNDS				DEBT SERVICE FUND	Total Nonmajor Governmental Funds
	Fire Improvement Grant Fund	Capital Improvement Plan Fund	Technology Fund	Infrastructure Fund	Sales Tax - Schools Fund	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 260	\$ 187,177	\$ 13,221	\$ 910,224	\$ 2,119,118	\$ 6,118,134
Accounts receivable, net of allowance	-	-	51,656	51,656	-	180,077
Due from other funds	-	800,000	-	-	-	800,000
Due from other governments	-	-	-	267,240	66,811	539,148
Other receivables	-	-	-	-	-	41,415
<b>Total assets</b>	<b>\$ 260</b>	<b>\$ 987,177</b>	<b>\$ 64,877</b>	<b>\$ 1,229,120</b>	<b>\$ 2,185,929</b>	<b>\$ 7,678,774</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 63,499	\$ 46	\$ 171,813	\$ -	\$ 473,428
Accrued payroll liabilities	-	-	-	-	-	29,986
<b>Total liabilities</b>	<b>-</b>	<b>63,499</b>	<b>46</b>	<b>171,813</b>	<b>-</b>	<b>503,414</b>
Deferred Inflows of Resources:						
Unavailable revenue	-	-	34,970	35,195	-	80,443
Fund Balances:						
Restricted	260	800,000	29,861	1,022,112	2,185,929	6,002,573
Assigned	-	123,678	-	-	-	1,092,344
<b>Total fund balances</b>	<b>260</b>	<b>923,678</b>	<b>29,861</b>	<b>1,022,112</b>	<b>2,185,929</b>	<b>7,094,917</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 260</b>	<b>\$ 987,177</b>	<b>\$ 64,877</b>	<b>\$ 1,229,120</b>	<b>\$ 2,185,929</b>	<b>\$ 7,678,774</b>



**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Nonmajor Governmental Funds – Year Ended June 30, 2019**

	SPECIAL REVENUE FUNDS					MRHC- Cancer Center Fund
	Juvenile Fine Fund	Tourism/SE Expo Fund	E-911 Fund	Gifts & Contributions Fund	Stormwater Fund	
<b>REVENUES</b>						
Taxes	\$ -	\$ 868,071	\$ 541,612	\$ -	\$ -	\$ 394,035
Intergovernmental	-	-	-	-	-	-
Charges for services	4,724	93,033	-	-	837,163	-
Investment earnings	-	-	8,808	-	-	-
Miscellaneous	-	2,773	-	225,168	-	-
Total revenues	<u>4,724</u>	<u>963,877</u>	<u>550,420</u>	<u>225,168</u>	<u>837,163</u>	<u>394,035</u>
<b>EXPENDITURES</b>						
Current:						
Administration	-	-	-	19,338	-	-
Public safety	12,523	-	731,955	-	-	-
Community services	-	-	-	-	-	-
Administrative services	-	746,772	-	-	-	-
Capital Outlay	-	19,503	274,387	-	527,555	-
Debt Service:						
Principal	-	-	-	-	31,346	-
Interest and other charges	-	-	-	-	8,064	-
Total expenditures	<u>12,523</u>	<u>766,275</u>	<u>1,006,342</u>	<u>19,338</u>	<u>566,965</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(7,799)	197,602	(455,922)	205,830	270,198	394,035
<b>OTHER FINANCING SOURCES (USES)</b>						
Payment to Cancer Center	-	-	-	-	-	(327,225)
Transfers in	7,800	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from long-term debt	-	-	-	-	-	-
Total other financing sources and uses	<u>7,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(327,225)</u>
Net change in fund balances	1	197,602	(455,922)	205,830	270,198	66,810
Fund balances - beginning	2,972	840,116	770,925	110,460	472,247	-
Fund balances - ending	<u>\$ 2,973</u>	<u>\$ 1,037,718</u>	<u>\$ 315,003</u>	<u>\$ 316,290</u>	<u>\$ 742,445</u>	<u>\$ 66,810</u>

(Continued)

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Nonmajor Governmental Funds – Year Ended June 30, 2019 (Continued)**

	CAPITAL PROJECT FUNDS				
	Police Equipment Fund	State Forfeiture Fund	Cemetery Perpetual Care Fund	CDBG Grants Fund	Federal Forfeiture Fund
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,402	13,280	-	133,555	12,376
Charges for services	-	-	3,581	-	-
Investment earnings	-	810	6,287	-	180
Miscellaneous	-	-	-	-	-
Total revenues	<u>2,402</u>	<u>14,090</u>	<u>9,868</u>	<u>133,555</u>	<u>12,556</u>
<b>EXPENDITURES</b>					
Current:					
Administration	-	-	-	-	-
Public safety	-	1,124	-	-	-
Community services	-	-	-	-	-
Administrative services	-	-	-	-	-
Capital Outlay	2,538	32,142	1,360	284,606	3,656
Debt Service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total expenditures	<u>2,538</u>	<u>33,266</u>	<u>1,360</u>	<u>284,606</u>	<u>3,656</u>
Excess (deficiency) of revenues over expenditures	(136)	(19,176)	8,508	(151,051)	8,900
<b>OTHER FINANCING SOURCES (USES)</b>					
Payment to Cancer Center	-	-	-	-	-
Transfers in	-	-	-	112,869	-
Transfers out	-	-	-	-	-
Proceeds from long-term debt	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,869</u>	<u>-</u>
Net change in fund balances	(136)	(19,176)	8,508	(38,182)	8,900
Fund balances - beginning	2,677	23,780	385,940	67,834	11,693
Fund balances - ending	<u>\$ 2,541</u>	<u>\$ 4,604</u>	<u>\$ 394,448</u>	<u>\$ 29,652</u>	<u>\$ 20,593</u>

(Continued)

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Nonmajor Governmental Funds – Year Ended June 30, 2019 (Continued)**

	CAPITAL PROJECT FUNDS				DEBT SERVICE FUND	Total Nonmajor Governmental Funds
	Fire Improvement Grant Fund	Capital Improvement Plan Fund	Technology Fund	Infrastructure Fund	Sales Tax - Schools Fund	
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ 2,086,573	\$ 394,034	\$ 4,284,325
Intergovernmental	-	-	-	-	-	161,613
Charges for services	-	-	91,639	91,089	-	1,121,229
Investment earnings	-	-	-	4,968	35,606	56,659
Miscellaneous	-	92,192	-	-	-	320,133
<b>Total revenues</b>	<b>-</b>	<b>92,192</b>	<b>91,639</b>	<b>2,182,630</b>	<b>429,640</b>	<b>5,943,959</b>
<b>EXPENDITURES</b>						
Current:						
Administration	-	-	-	-	-	19,338
Public safety	-	-	-	-	-	745,602
Community services	-	-	-	-	710,971	710,971
Administrative services	-	-	-	-	-	746,772
Capital Outlay	-	919,762	102,899	1,176,281	-	3,344,689
Debt Service:						
Principal	-	192,813	-	-	-	224,159
Interest and other charges	-	8,919	-	-	-	16,983
<b>Total expenditures</b>	<b>-</b>	<b>1,121,494</b>	<b>102,899</b>	<b>1,176,281</b>	<b>710,971</b>	<b>5,808,514</b>
Excess (deficiency) of revenues over expenditures	-	(1,029,302)	(11,260)	1,006,349	(281,331)	135,445
<b>OTHER FINANCING SOURCES (USES)</b>						
Payment to Cancer Center	-	-	-	-	-	(327,225)
Transfers in	-	1,090,329	18,000	85,000	-	1,313,998
Transfers out	-	(303,479)	-	(112,869)	(107,803)	(524,151)
Proceeds from long-term debt	-	126,734	-	-	-	126,734
<b>Total other financing sources and uses</b>	<b>-</b>	<b>913,584</b>	<b>18,000</b>	<b>(27,869)</b>	<b>(107,803)</b>	<b>589,356</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(115,718)</b>	<b>6,740</b>	<b>978,480</b>	<b>(389,134)</b>	<b>724,801</b>
Fund balances - beginning	260	1,039,396	23,121	43,632	2,575,063	6,370,116
<b>Fund balances - ending</b>	<b>\$ 260</b>	<b>\$ 923,678</b>	<b>\$ 29,861</b>	<b>\$ 1,022,112</b>	<b>\$ 2,185,929</b>	<b>\$ 7,094,917</b>

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Combining Schedule of Net Position, MPWA Accounts – June 30, 2019**

	<b>Enterprise Fund - MPWA</b>		
	<b>McAlester Public Works Authority Operating Account</b>	<b>Landfill Reserve Account</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 86,491	\$ 2,902,499	\$ 2,988,990
Restricted cash and cash equivalents	547,469	-	547,469
Accounts receivable, net of allowance	1,246,560	32,198	1,278,758
Due from other funds	255,475	-	255,475
	<u>2,135,995</u>	<u>2,934,697</u>	<u>5,070,692</u>
Non-current assets:			
Investment in joint venture	2,063,840	-	2,063,840
Capital Assets:			
Land and improvements	1,570,333	-	1,570,333
Other capital assets, net of depreciation	22,299,112	-	22,299,112
	<u>25,933,285</u>	<u>-</u>	<u>25,933,285</u>
	<u>28,069,280</u>	<u>2,934,697</u>	<u>31,003,977</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred amounts related to pensions	174,605	-	174,605
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	300,926	9,783	310,709
Accrued payroll liabilities	68,930	-	68,930
Due to other funds	12,013	-	12,013
Accrued interest payable	1,758	-	1,758
Unearned revenue	60,854	-	60,854
Due to depositors	109,494	-	109,494
Notes payable	311,380	-	311,380
Water rights contract obligation	31,054	-	31,054
Accrued compensated absences	20,502	-	20,502
	<u>916,911</u>	<u>9,783</u>	<u>926,694</u>
Non-current liabilities:			
Landfill closure and postclosure liability	4,307,416	-	4,307,416
Due to depositors	437,975	-	437,975
Notes payable	641,849	-	641,849
Accrued compensated absences	184,515	-	184,515
Net pension liability	859,615	-	859,615
	<u>6,431,370</u>	<u>-</u>	<u>6,431,370</u>
	<u>7,348,281</u>	<u>9,783</u>	<u>7,358,064</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred amounts related to pensions	26,016	-	26,016
<b>NET POSITION</b>			
Net investment in capital assets	22,885,162	-	22,885,162
Unrestricted (deficit)	(2,015,574)	2,924,914	909,340
Total net position	<u>\$ 20,869,588</u>	<u>\$ 2,924,914</u>	<u>\$ 23,794,502</u>

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Combining Schedule of Revenues, Expenses, and Changes in Net Position, MPWA Accounts – Year Ended June 30, 2019**

	<b>Enterprise Fund - MPWA</b>		
	<b>McAlester Public Works Authority Operating Account</b>	<b>Landfill Reserve Account</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services:			
Water	\$ 3,031,817	\$ -	\$ 3,031,817
Sewer	1,562,854	-	1,562,854
Sanitation	2,694,695	-	2,694,695
Water taps	4,039	-	4,039
Sewer taps	6,850	-	6,850
Water districts	1,670,593	-	1,670,593
Landfill	2,345	-	2,345
Penalties	250,499	7,091	257,590
Recycle fees	37,729	-	37,729
Subtitle "D" fees	-	407,582	407,582
Total operating revenues	<u>9,261,421</u>	<u>414,673</u>	<u>9,676,094</u>
<b>OPERATING EXPENSES</b>			
Utility office	513,791	-	513,791
Interdepartmental	859,801	-	859,801
Sanitation	1,967,363	-	1,967,363
Engineering	403,772	-	403,772
Sewer	770,374	-	770,374
Water	1,365,558	-	1,365,558
Utility maintenance	985,016	-	985,016
Landfill	23,436	70,580	94,016
Depreciation	1,671,996	-	1,671,996
Total Operating Expenses	<u>8,561,107</u>	<u>70,580</u>	<u>8,631,687</u>
Operating income	<u>700,314</u>	<u>344,093</u>	<u>1,044,407</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenue	17,784	43,734	61,518
Interest expense	(38,961)	-	(38,961)
Miscellaneous revenue	71,615	-	71,615
Gain on joint venture	136,936	-	136,936
Total non-operating revenue (expenses)	<u>187,374</u>	<u>43,734</u>	<u>231,108</u>
Income before contributions and transfers	887,688	387,827	1,275,515
Capital contributions	1,848,667	-	1,848,667
Transfers in	352,630	-	352,630
Transfers out	(2,505,903)	-	(2,505,903)
Interaccount transfers	16,684	(16,684)	-
Change in net position	599,766	371,143	970,909
Total net position - beginning	20,269,822	2,553,771	22,823,593
Total net position - ending	<u>\$ 20,869,588</u>	<u>\$ 2,924,914</u>	<u>\$ 23,794,502</u>

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Combining Schedule of Net Position, MAA Accounts – June 30, 2019**

	<b>McAlester Airport Authority</b>			<b>Total</b>
	<b>McAlester Airport Authority Operating Account</b>	<b>Airport Grant Account</b>	<b>Airport Hanger Account</b>	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 27,963	\$ -	\$ 36,760	\$ 64,723
Accounts receivable, net of allowance	7,839	-	-	7,839
Due from other governments	-	259,622	-	259,622
<b>Total current assets</b>	<b>35,802</b>	<b>259,622</b>	<b>36,760</b>	<b>332,184</b>
Non-current assets:				
Capital Assets:				
Land and improvements	42,364	-	-	42,364
Other capital assets, net of depreciation	8,058,235	-	-	8,058,235
<b>Total non-current assets</b>	<b>8,100,599</b>	<b>-</b>	<b>-</b>	<b>8,100,599</b>
<b>Total assets</b>	<b>8,136,401</b>	<b>259,622</b>	<b>36,760</b>	<b>8,432,783</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	13,561	-	-	13,561
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	1,100	-	-	1,100
Accrued payroll liabilities	4,896	-	-	4,896
Due to other funds	-	255,475	-	255,475
Accrued compensated absences	2,855	-	-	2,855
<b>Total current liabilities</b>	<b>8,851</b>	<b>255,475</b>	<b>-</b>	<b>264,326</b>
Non-current liabilities:				
Accrued compensated absences	25,695	-	-	25,695
Net pension liability	65,946	-	-	65,946
<b>Total non-current liabilities</b>	<b>91,641</b>	<b>-</b>	<b>-</b>	<b>91,641</b>
<b>Total liabilities</b>	<b>100,492</b>	<b>255,475</b>	<b>-</b>	<b>355,967</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	1,254	-	-	1,254
<b>NET POSITION</b>				
Net investment in capital assets	8,100,599	-	-	8,100,599
Unrestricted (deficit)	(52,383)	4,147	36,760	(11,476)
<b>Total net position</b>	<b>\$ 8,048,216</b>	<b>\$ 4,147</b>	<b>\$ 36,760</b>	<b>\$ 8,089,123</b>

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

**Combining Schedule of Revenues, Expenses, and Changes in Net Position, MAA Accounts – Year Ended June 30, 2019**

	<u>McAlester Airport Authority</u>			<u>Total</u>
	<u>McAlester Airport Authority Operating Account</u>	<u>Airport Grant Account</u>	<u>Airport Hanger Account</u>	
<b>OPERATING REVENUES</b>				
Charges for services:				
Rents and fees	\$ 101,870	\$ -	\$ -	\$ 101,870
Total operating revenues	<u>101,870</u>	<u>-</u>	<u>-</u>	<u>101,870</u>
<b>OPERATING EXPENSES</b>				
Airport	195,595	-	-	195,595
Depreciation	561,238	-	-	561,238
Total Operating Expenses	<u>756,833</u>	<u>-</u>	<u>-</u>	<u>756,833</u>
Operating income (loss)	<u>(654,963)</u>	<u>-</u>	<u>-</u>	<u>(654,963)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest expense	(52)	-	-	(52)
Miscellaneous revenue	24	-	-	24
Total non-operating revenue (expenses)	<u>(28)</u>	<u>-</u>	<u>-</u>	<u>(28)</u>
Income (loss) before contributions and transfers	(654,991)	-	-	(654,991)
Capital contributions	35,665	4,643,965	-	4,679,630
Transfers in	411,705	-	-	411,705
Interaccount transfers	<u>4,644,289</u>	<u>(4,644,289)</u>	<u>-</u>	<u>-</u>
Change in net position	4,436,668	(324)	-	4,436,344
Total net position - beginning	3,611,548	4,471	36,760	3,652,779
Total net position - ending	<u>\$ 8,048,216</u>	<u>\$ 4,147</u>	<u>\$ 36,760</u>	<u>\$ 8,089,123</u>

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Combining Statement of Net Position, Internal Service Funds – June 30, 2019**

	Internal Service Funds		
	Worker's Compensation Fund	FLEET Maintenance Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 19,170	\$ 73,319	\$ 92,489
Due from other funds	98,755	-	98,755
Total assets	<u>117,925</u>	<u>73,319</u>	<u>191,244</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	1,001	33,399	34,400
Accrued payroll liabilities	-	9,872	9,872
Estimated liability for claims	11,692	-	11,692
Compensated absences	-	3,005	3,005
Total current liabilities	<u>12,693</u>	<u>46,276</u>	<u>58,969</u>
Non-current liabilities:			
Estimated liability for claims	105,232	-	105,232
Compensated absences	-	27,043	27,043
Total non-current liabilities	<u>105,232</u>	<u>27,043</u>	<u>132,275</u>
Total liabilities	<u>117,925</u>	<u>73,319</u>	<u>191,244</u>
<b>NET POSITION</b>			
Unrestricted	-	-	-
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Combining Statement of Revenues, Expenses, and Changes in Net Position, Internal Service Funds – Year Ended June 30, 2019**

	Internal Service Funds		
	Worker's Compensation Fund	FLEET Maintenance Fund	Total
<b>OPERATING REVENUES</b>			
Self insurance charges	\$ 143,296	\$ 528,804	\$ 672,100
Miscellaneous	-	10,261	10,261
Total operating revenues	<u>143,296</u>	<u>539,065</u>	<u>682,361</u>
<b>OPERATING EXPENSES</b>			
FLEET maintenance expense	-	539,065	539,065
Claims expense	143,296	-	143,296
Total operating expenses	<u>143,296</u>	<u>539,065</u>	<u>682,361</u>
Operating income	-	-	-
Total net position - beginning	-	-	-
Total net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

**Combining Statement of Cash Flows, Internal Service Funds – Year Ended June 30, 2019**

	<b>Internal Service Funds</b>		
	<b>Worker's Compensation Fund</b>	<b>FLEET Maintenance Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers	\$ (152,668)	\$ (233,201)	\$ (385,869)
Payments to employees	-	(279,150)	(279,150)
Other receipts	151,786	539,065	690,851
Net Cash Provided by (Used in) Operating Activities	<u>(882)</u>	<u>26,714</u>	<u>25,832</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(882)	26,714	25,832
<b>Balances - beginning of the year</b>	<u>20,052</u>	<u>46,605</u>	<u>66,657</u>
<b>Balances - end of the year</b>	<u>\$ 19,170</u>	<u>\$ 73,319</u>	<u>\$ 92,489</u>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>			
Operating income	\$ -	\$ -	\$ -
Change in assets and liabilities:			
Due from other funds	8,490	-	8,490
Accounts payables	(882)	28,853	27,971
Accrued payroll liabilities	-	952	952
Claims liability	(8,490)	-	(8,490)
Accrued compensated absences	-	(3,091)	(3,091)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (882)</u>	<u>\$ 26,714</u>	<u>\$ 25,832</u>

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Budgetary Comparison Schedules – Major Debt Service Governmental Funds – Year Ended June 30, 2019**

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

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 3,974	\$ 3,974
Resources (Inflows):				
Taxes	3,932,275	3,932,275	4,163,065	230,790
Investment income	-	-	2,435	2,435
Transfers in	582,829	582,829	339,984	(242,845)
Amounts available for appropriation	<u>4,515,104</u>	<u>4,515,104</u>	<u>4,509,458</u>	<u>(5,646)</u>
Charges to appropriations (outflows):				
Administration	7,000	13,500	12,500	1,000
Transfers out	<u>4,508,104</u>	<u>4,501,604</u>	<u>4,473,030</u>	<u>28,574</u>
Total Charges to Appropriations	<u>4,515,104</u>	<u>4,515,104</u>	<u>4,485,530</u>	<u>29,574</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,928</u>	<u>\$ 23,928</u>

**DEBT SERVICE - BOND TRUSTEE FUND (Budgetary Basis)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ 1,459,665	\$ 1,505,427	\$ 7,391,405	\$ 5,885,978
Resources (Inflows):				
Investment income	-	-	100,276	100,276
Transfers in	4,766,573	4,766,573	4,731,498	(35,075)
Amounts available for appropriation	<u>6,226,238</u>	<u>6,272,000</u>	<u>12,223,179</u>	<u>5,951,179</u>
Charges to appropriations (outflows):				
Finance	6,226,238	6,226,238	6,217,066	9,172
Transfers out	<u>-</u>	<u>45,762</u>	<u>45,761</u>	<u>1</u>
Total Charges to Appropriations	<u>6,226,238</u>	<u>6,272,000</u>	<u>6,262,827</u>	<u>9,173</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,960,352</u>	<u>\$ 5,960,352</u>

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2019**

**SPECIAL REVENUE - JUVENILE FINE FUND (Budgetary Basis)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 2,972	\$ 2,972
Resources (Inflows):				
Charges for services	23,166	10,166	4,724	(5,442)
Transfers in	-	13,000	7,800	(5,200)
Amounts available for appropriation	<u>23,166</u>	<u>23,166</u>	<u>15,496</u>	<u>(7,670)</u>
Charges to appropriations (outflows):				
Public safety	23,166	23,166	12,523	10,643
Total Charges to Appropriations	<u>23,166</u>	<u>23,166</u>	<u>12,523</u>	<u>10,643</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,973</u>	<u>\$ 2,973</u>

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

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ -	\$ 252,133	\$ 769,658	\$ 517,525
Resources (Inflows):				
Taxes	795,680	795,680	858,283	62,603
Charges for services	169,784	169,784	93,033	(76,751)
Miscellaneous	100	100	2,773	2,673
Amounts available for appropriation	<u>965,564</u>	<u>1,217,697</u>	<u>1,723,747</u>	<u>506,050</u>
Charges to appropriations (outflows):				
Administrative services	859,699	1,111,832	763,726	348,106
Total Charges to Appropriations	<u>859,699</u>	<u>1,111,832</u>	<u>763,726</u>	<u>348,106</u>
Ending Budgetary Fund Balance	<u>\$ 105,865</u>	<u>\$ 105,865</u>	<u>\$ 960,021</u>	<u>\$ 854,156</u>

**SPECIAL REVENUE - E-911 FUND (Budgetary Basis)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ 192,447	\$ 323,853	\$ 633,041	\$ 309,188
Resources (Inflows):				
Taxes	692,635	692,635	656,602	(36,033)
Investment income	6,750	6,750	8,808	2,058
Amounts available for appropriation	<u>891,832</u>	<u>1,023,238</u>	<u>1,298,451</u>	<u>275,213</u>
Charges to appropriations (outflows):				
Public safety	891,832	1,023,238	1,004,808	18,430
Total Charges to Appropriations	<u>891,832</u>	<u>1,023,238</u>	<u>1,004,808</u>	<u>18,430</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 293,643</u>	<u>\$ 293,643</u>

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2019**  
**(Continued)**

**SPECIAL REVENUE - GIFTS & CONTRIBUTIONS FUND (Budgetary Basis)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ -	\$ 56,548	\$ 110,460	\$ 53,912
Resources (Inflows):				
Miscellaneous	-	420,211	225,168	(195,043)
Amounts available for appropriation	<u>-</u>	<u>476,759</u>	<u>335,628</u>	<u>(141,131)</u>
Charges to appropriations (outflows):				
Administration	-	476,759	19,338	457,421
Total Charges to Appropriations	<u>-</u>	<u>476,759</u>	<u>19,338</u>	<u>457,421</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,290</u>	<u>\$ 316,290</u>

**SPECIAL REVENUE - STORMWATER FUND (Budgetary Basis)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ -	\$ 473,786	\$ 472,247	\$ (1,539)
Resources (Inflows):				
Charges for services	700,000	700,000	837,163	137,163
Amounts available for appropriation	<u>700,000</u>	<u>1,173,786</u>	<u>1,309,410</u>	<u>135,624</u>
Charges to appropriations (outflows):				
Stormwater	700,000	1,173,786	566,965	606,821
Total Charges to Appropriations	<u>700,000</u>	<u>1,173,786</u>	<u>566,965</u>	<u>606,821</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 742,445</u>	<u>\$ 742,445</u>

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

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	491,534	491,534	327,225	(164,309)
Amounts available for appropriation	<u>491,534</u>	<u>491,534</u>	<u>327,225</u>	<u>(164,309)</u>
Charges to appropriations (outflows):				
Payment to Cancer Center	491,534	491,534	327,225	164,309
Total Charges to Appropriations	<u>491,534</u>	<u>491,534</u>	<u>327,225</u>	<u>164,309</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2019  
(Continued)**

**CAPITAL PROJECT - POLICE EQUIPMENT FUND (Budgetary Basis)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 1,264	\$ 1,264
Resources (Inflows):				
Intergovernmental	-	1,347	1,347	-
Amounts available for appropriation	<u>-</u>	<u>1,347</u>	<u>2,611</u>	<u>1,264</u>
Charges to appropriations (outflows):				
Public safety	-	1,347	1,125	222
Total Charges to Appropriations	<u>-</u>	<u>1,347</u>	<u>1,125</u>	<u>222</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,486</u>	<u>\$ 1,486</u>

**CAPITAL PROJECT - STATE FORFEITURE FUND (Budgetary Basis)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ -	\$ 22,332	\$ 23,780	\$ 1,448
Resources (Inflows):				
Intergovernmental	-	13,000	13,280	280
Investment income	-	-	810	810
Amounts available for appropriation	<u>-</u>	<u>35,332</u>	<u>37,870</u>	<u>2,538</u>
Charges to appropriations (outflows):				
Public safety	-	35,332	33,266	2,066
Total Charges to Appropriations	<u>-</u>	<u>35,332</u>	<u>33,266</u>	<u>2,066</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,604</u>	<u>\$ 4,604</u>

**CAPITAL PROJECT - CEMETERY PERPETUAL CARE FUND (Budgetary Basis)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 385,940	\$ 385,940
Resources (Inflows):				
Charges for services	4,050	4,050	3,581	(469)
Investment income	7,400	7,400	6,287	(1,113)
Amounts available for appropriation	<u>11,450</u>	<u>11,450</u>	<u>395,808</u>	<u>384,358</u>
Charges to appropriations (outflows):				
Community services	5,400	5,400	1,360	4,040
Total Charges to Appropriations	<u>5,400</u>	<u>5,400</u>	<u>1,360</u>	<u>4,040</u>
Ending Budgetary Fund Balance	<u>\$ 6,050</u>	<u>\$ 6,050</u>	<u>\$ 394,448</u>	<u>\$ 388,398</u>

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2019**  
**(Continued)**

**CAPITAL PROJECT - CDBG GRANTS FUND (Budgetary Basis)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ (3,416)	\$ (3,416)
Resources (Inflows):				
Intergovernmental	-	195,469	165,479	(29,990)
Transfers in	-	238,201	112,869	(125,332)
Amounts available for appropriation	<u>-</u>	<u>433,670</u>	<u>274,932</u>	<u>(158,738)</u>
Charges to appropriations (outflows):				
Engineering	-	433,670	284,606	149,064
Total Charges to Appropriations	<u>-</u>	<u>433,670</u>	<u>284,606</u>	<u>149,064</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,674)</u>	<u>\$ (9,674)</u>

**CAPITAL PROJECT - FEDERAL FORFEITURE FUND (Budgetary Basis)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 11,693	\$ 11,693
Resources (Inflows):				
Intergovernmental	33,000	33,000	12,376	(20,624)
Investment income	-	-	180	180
Amounts available for appropriation	<u>33,000</u>	<u>33,000</u>	<u>24,249</u>	<u>(8,751)</u>
Charges to appropriations (outflows):				
Public safety	33,000	33,000	3,656	29,344
Total Charges to Appropriations	<u>33,000</u>	<u>33,000</u>	<u>3,656</u>	<u>29,344</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,593</u>	<u>\$ 20,593</u>

**CAPITAL PROJECT - FIRE IMPROVEMENT GRANT FUND (Budgetary Basis)**

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

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2019  
(Continued)**

**CAPITAL PROJECT - TECHNOLOGY FUND (Budgetary Basis)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ -	\$ 3,000	\$ 8,494	\$ 5,494
Resources (Inflows):				
Charges for services	99,900	81,900	89,580	7,680
Transfers in	-	18,000	18,000	-
Amounts available for appropriation	<u>99,900</u>	<u>102,900</u>	<u>116,074</u>	<u>13,174</u>
Charges to appropriations (outflows):				
Administration	99,900	102,900	102,899	1
Total Charges to Appropriations	<u>99,900</u>	<u>102,900</u>	<u>102,899</u>	<u>1</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,175</u>	<u>\$ 13,175</u>

**CAPITAL PROJECT - CAPITAL IMPROVEMENT PLAN FUND (Budgetary Basis)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ -	\$ 188,318	\$ 1,039,396	\$ 851,078
Resources (Inflows):				
Intergovernmental	-	99,103	-	(99,103)
Miscellaneous	70,000	111,149	92,192	(18,957)
Transfers in	805,267	1,108,617	950,164	(158,453)
Amounts available for appropriation	<u>875,267</u>	<u>1,507,187</u>	<u>2,081,752</u>	<u>574,565</u>
Charges to appropriations (outflows):				
City manager	75,000	174,921	158,056	16,865
Patrol	-	92,783	89,361	3,422
Fire	30,000	43,070	43,070	-
Parks	-	293,612	192,209	101,403
Cemetery	13,000	13,001	11,555	1,446
Facility Maintenance	-	120,000	-	120,000
Fleet Maintenance	68,349	127,315	127,310	5
Streets	86,660	97,821	86,660	11,161
Engineering	-	4,900	4,224	676
Water Treatment	56,513	56,513	56,512	1
Utility maintenance	545,745	483,251	389,117	94,134
Total Charges to Appropriations	<u>875,267</u>	<u>1,507,187</u>	<u>1,158,074</u>	<u>349,113</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 923,678</u>	<u>\$ 923,678</u>

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2019**  
**(Continued)**

**CAPITAL PROJECT - INFRASTRUCTURE FUND (Budgetary Basis)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ -	\$ 82,185	\$ 29,055	\$ (53,130)
Resources (Inflows):				
Taxes	1,966,137	1,966,137	1,819,333	(146,804)
Charges for services	99,900	99,900	89,205	(10,695)
Investment income	5,000	5,000	4,968	(32)
Transfers in	-	85,000	85,000	-
Amounts available for appropriation	<u>2,071,037</u>	<u>2,238,222</u>	<u>2,027,561</u>	<u>(210,661)</u>
Charges to appropriations (outflows):				
City manager	125,000	87,140	24,778	62,362
Facility maintenance	80,000	230,180	223,757	6,423
Streets	1,036,537	1,210,222	589,428	620,794
Wastewater treatment	350,000	111,811	30,543	81,268
Water treatment	264,500	271,000	126,443	144,557
Utility maintenance	215,000	215,000	181,332	33,668
Transfers out	-	112,869	112,869	-
Total Charges to Appropriations	<u>2,071,037</u>	<u>2,238,222</u>	<u>1,289,150</u>	<u>949,072</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 738,411</u>	<u>\$ 738,411</u>

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

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ 807,304	\$ 807,304	\$ 2,443,962	\$ 1,636,658
Resources (Inflows):				
Taxes	491,534	491,534	458,324	(33,210)
Investment income	2,000	2,000	35,606	33,606
Amounts available for appropriation	<u>1,300,838</u>	<u>1,300,838</u>	<u>2,937,892</u>	<u>1,637,054</u>
Charges to appropriations (outflows):				
Community services	1,193,034	1,193,034	710,971	482,063
Transfers out	107,804	107,804	107,803	1
Total Charges to Appropriations	<u>1,300,838</u>	<u>1,300,838</u>	<u>818,774</u>	<u>482,064</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,119,118</u>	<u>\$ 2,119,118</u>



**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

**Schedule of Federal Awards Expended – Year Ended June 30, 2019**

**CITY OF MCALESTER, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the fiscal year ended June 30, 2019**

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal CFDA Number	Grant #	Award Amount	Federal Expenditures
<b>FEDERAL AWARDS:</b>				
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Bulletproof Vest Partnership Program	16.607	2018BUBX	\$ 2,179	\$ 2,179
Bulletproof Vest Partnership Program	16.607	2019BUBX	8,886	357
Total U.S. Department of Justice			11,065	2,536
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
Passed Through to Oklahoma Department of Human Services and the Kiamichi Area Nutrition Project: Special Program for the Aging - Title III, Part C - Nutrition Services	93.045	N/A	57,700	57,700
Total U.S. Department of Health and Human Services			57,700	57,700
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
Passed through Oklahoma Department of Commerce: Community Development Block Grant	14.228	17283 CDBG 18	112,869	112,869
Community Development Block Grant	14.228	17033 CDBG 17	91,936	20,686
Total U.S. Department of Housing and Urban Development			204,805	133,555
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Federal Aviation Administration: Airport Improvement Grant	20.106	AIP 3-40-0057-016-2018	4,388,535	4,388,535
Airport Improvement Grant	20.106	AIP 3-40-0057-015-2017	275,940	28,071
Total Federal Aviation Administration			4,664,475	4,416,606
Passed through Oklahoma Highway Safety Office: State and Community Highway Safety	20.616	FAST M5OT-19-03-01-03	4,500	2,307
State and Community Highway Safety	20.616	FAST M5OT-18-03-01-02	3,500	2,002
			8,000	4,309
State and Community Highway Safety	20.600	FAST SE-19-03-06-10	55,000	34,468
State and Community Highway Safety	20.600	FAST SE-18-03-03-09	40,650	10,454
			95,650	44,922
Total Oklahoma Highway Safety Office			103,650	49,231
Total U.S. Department of Transportation			4,768,125	4,465,837
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 5,041,695</b>	<b>\$ 4,659,628</b>

**Notes to Schedule of Expenditures of Federal Awards**

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

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2019**

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**Schedule of State Awards Expended – Year Ended June 30, 2019**

**CITY OF MCALESTER, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the fiscal year ended June 30, 2019**

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State Grantor/Pass through agency Grantor/Program Title	Grant #	Award Amount	State Expenditures
<b>STATE AWARDS:</b>			
<u>OKLAHOMA AERONAUTICS COMMISSION:</u>			
Oklahoma Aeronautics Commission - Airport Improvement Grant	MLC-18-FS	230,675	227,359
<b>TOTAL STATE AWARDS</b>		<b>\$ 230,675</b>	<b>\$ 227,359</b>

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2019**

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## STATISTICAL SECTION

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

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

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

## **FINANCIAL TRENDS**

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

	FISCAL YEAR									
	2010	2011	2012	2013	(A) 2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 34,617,252	\$ 33,224,076	\$ 32,432,860	\$ 30,765,320	\$ (9,351,998)	\$ (8,435,552)	\$ (5,145,885)	\$ 564,792	\$ 165,470	\$ (1,073,290)
Restricted	10,879,639	15,583,329	12,528,800	9,774,023	9,671,931	10,300,783	10,794,136	10,845,699	10,407,721	10,840,610
Unrestricted	<u>3,528,189</u>	<u>713,466</u>	<u>3,619,246</u>	<u>3,327,652</u>	<u>(331,766)</u>	<u>(11,094,279)</u>	<u>(9,827,102)</u>	<u>(8,993,447)</u>	<u>(7,655,033)</u>	<u>(4,147,166)</u>
Total governmental activities net assets	<u>\$ 49,025,080</u>	<u>\$ 49,520,871</u>	<u>\$ 48,580,906</u>	<u>\$ 43,866,995</u>	<u>\$ (11,833)</u>	<u>\$ (9,229,048)</u>	<u>\$ (4,178,851)</u>	<u>\$ 2,417,044</u>	<u>\$ 2,918,158</u>	<u>\$ 5,620,154</u>
Business-type activities										
Net investment in capital assets	\$ 22,543,574	\$ 22,155,024	\$ 24,511,925	\$ 25,309,905	\$ 25,468,139	\$ 26,970,248	\$ 26,876,679	\$ 25,937,347	\$ 26,202,550	\$ 30,985,761
Restricted	3,841,946	669,133	185,867	7,907,391	-	-	-	-	-	-
Unrestricted	<u>(57,691,240)</u>	<u>(52,715,442)</u>	<u>(51,414,376)</u>	<u>(54,744,596)</u>	<u>556,515</u>	<u>(510,810)</u>	<u>1,164,554</u>	<u>(285,001)</u>	<u>273,822</u>	<u>897,864</u>
Total business-type activities net assets	<u>\$ (31,305,720)</u>	<u>\$ (29,891,285)</u>	<u>\$ (26,716,584)</u>	<u>\$ (21,527,300)</u>	<u>\$ 26,024,654</u>	<u>\$ 26,459,438</u>	<u>\$ 28,041,233</u>	<u>\$ 25,652,346</u>	<u>\$ 26,476,372</u>	<u>\$ 31,883,625</u>
Primary government										
Net investment in capital assets	\$ 57,160,826	\$ 55,379,100	\$ 56,944,785	\$ 56,075,225	\$ 16,116,141	\$ 18,534,696	\$ 21,730,794	\$ 26,502,139	\$ 26,368,020	\$ 29,912,471
Restricted	14,721,585	16,252,462	12,714,667	17,681,414	9,671,931	10,300,783	10,794,136	10,845,699	10,407,721	10,840,610
Unrestricted	<u>(54,163,051)</u>	<u>(52,001,976)</u>	<u>(47,795,130)</u>	<u>(51,416,944)</u>	<u>224,749</u>	<u>(11,605,089)</u>	<u>(8,662,548)</u>	<u>(9,278,448)</u>	<u>(7,381,211)</u>	<u>(3,249,302)</u>
Total primary government net assets	<u>\$ 17,719,360</u>	<u>\$ 19,629,586</u>	<u>\$ 21,864,322</u>	<u>\$ 22,339,695</u>	<u>\$ 26,012,821</u>	<u>\$ 17,230,390</u>	<u>\$ 23,862,382</u>	<u>\$ 28,069,390</u>	<u>\$ 29,394,530</u>	<u>\$ 37,503,779</u>

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

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

	FISCAL YEAR									
	2010	2011	2012	2013	(A) 2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
<b>Governmental activities:</b>										
Legislature	\$ 126,666	\$ 97,162	\$ 119,262	\$ 119,631	\$ 92,698	\$ 118,144	\$ 128,178	\$ 109,580	\$ 114,976	\$ 107,346
Administration	2,523,930	2,652,254	2,605,293	2,593,075	2,633,457	3,016,773	3,075,900	3,713,371	3,766,344	3,528,957
Public safety	7,375,334	8,001,693	8,346,194	8,398,927	8,269,035	7,742,108	8,002,184	8,658,637	8,723,246	7,706,769
Community service	2,018,764	2,190,693	2,965,005	2,692,851	2,176,495	1,964,414	2,162,321	2,120,523	2,077,211	2,913,948
Administration services	881,082	1,073,608	1,057,394	1,073,174	1,011,076	1,280,079	1,164,926	1,198,426	1,230,232	1,421,431
Health and welfare	229,776	285,502	290,065	277,730	256,902	245,481	255,471	282,159	273,749	285,692
Public works	3,160,982	2,616,066	2,635,362	2,641,505	2,764,212	2,640,537	3,347,597	3,547,407	3,573,130	3,366,650
Economic development	287,955	250,974	257,449	334,831	243,467	237,615	557,723	372,295	426,789	395,730
Stormwater	-	-	-	-	-	-	-	900	3,479	5,255
Payment to Health Center Authority	-	-	-	-	-	-	-	-	-	327,225
Interest on long-term debt	25,826	23,099	16,019	10,781	2,603,604	2,938,799	2,504,399	2,413,692	2,291,099	2,064,810
<b>Total governmental activities expenses</b>	<b>16,630,315</b>	<b>17,191,051</b>	<b>18,292,043</b>	<b>18,142,505</b>	<b>20,050,946</b>	<b>20,183,950</b>	<b>21,198,699</b>	<b>22,416,990</b>	<b>22,480,255</b>	<b>22,123,813</b>
<b>Business-type activities:</b>										
Water operations	2,693,090	2,586,210	2,826,263	2,699,541	2,504,280	3,636,153	3,835,928	4,001,912	4,267,855	4,550,644
Sewer operations	1,478,020	1,501,178	1,574,716	1,633,520	1,534,532	1,833,574	2,016,793	2,077,471	2,201,943	2,162,221
Sanitation operations	2,525,570	3,727,028	4,132,892	3,836,266	3,291,636	2,454,195	911,299	3,617,289	2,158,235	1,975,479
Airport	353,265	335,902	336,310	322,386	330,132	324,411	670,726	701,992	720,170	756,885
Governmental interest & amortization	3,642,316	3,550,238	3,153,918	2,354,536	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-
<b>Total business-type activities expenses</b>	<b>10,692,261</b>	<b>11,700,556</b>	<b>12,024,099</b>	<b>10,846,249</b>	<b>7,660,580</b>	<b>8,248,333</b>	<b>7,434,746</b>	<b>10,398,664</b>	<b>9,348,203</b>	<b>9,445,229</b>
<b>Total primary government expenses</b>	<b>\$ 27,322,576</b>	<b>\$ 28,891,607</b>	<b>\$ 30,316,142</b>	<b>\$ 28,988,754</b>	<b>\$ 27,711,526</b>	<b>\$ 28,432,283</b>	<b>\$ 28,633,445</b>	<b>\$ 32,815,654</b>	<b>\$ 31,828,458</b>	<b>\$ 31,569,042</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Legislature	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administration	338,951	650,556	1,130,512	1,089,491	1,394,521	1,044,682	3,162,687	5,183,688	663,568	740,735
Public safety	1,771,953	1,579,883	1,305,145	1,429,987	2,741,229	2,894,702	2,998,352	2,614,253	2,972,190	2,956,083
Community service	105,014	127,156	121,072	113,606	143,735	293,130	426,315	393,039	236,638	258,336
Administration services	287,636	336,545	285,993	268,606	284,712	253,325	275,793	253,082	255,769	270,786
Health and welfare	-	-	-	-	61,870	60,942	61,160	55,533	54,051	87,701
Public works	3,781	3,789	3,794	3,797	185,838	173,759	168,011	160,059	161,128	165,246
Economic development	-	-	-	-	260,000	420,504	707,749	166,666	-	158,000
Stormwater	-	-	-	-	-	-	334,148	494,056	637,447	837,163
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
<b>Total governmental activities program revenues</b>	<b>2,507,335</b>	<b>2,696,929</b>	<b>2,846,516</b>	<b>2,905,487</b>	<b>5,071,905</b>	<b>5,143,044</b>	<b>8,134,215</b>	<b>9,320,376</b>	<b>4,980,791</b>	<b>5,474,050</b>

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

(Continued)

**TABLE 2**  
(Continued)

	FISCAL YEAR									
	2010	2011	2012	2013	(A) 2014	2015	2016	2017	2018	2019
<b>Business-type activities:</b>										
Water operations	4,067,745	4,497,227	5,171,920	4,592,465	4,174,878	4,144,455	4,354,864	5,527,918	5,189,144	4,922,016
Sewer operations	1,475,284	1,740,561	1,748,119	1,802,899	1,633,623	1,718,541	1,852,998	1,777,843	1,776,866	1,670,142
Sanitation operations	3,046,992	3,330,969	3,285,025	3,229,695	2,918,401	3,055,264	3,096,508	3,027,390	3,170,381	3,104,622
Airport	110,415	123,874	111,902	94,250	92,304	1,683,222	377,253	188,523	354,275	4,745,835
Total business-type activities program revenues	8,700,436	9,692,631	10,316,966	9,719,309	8,819,206	10,601,482	9,681,623	10,521,674	10,490,666	14,442,615
Total primary government program revenues	\$ 11,207,771	\$ 12,389,560	\$ 13,163,482	\$ 12,624,796	\$ 13,891,111	\$ 15,744,526	\$ 17,815,838	\$ 19,842,050	\$ 15,471,457	\$ 19,916,665
<b>Net (Expense)/Revenue</b>										
Governmental activities:	\$ (14,122,980)	\$ (14,494,122)	\$ (15,445,527)	\$ (15,237,018)	\$ (14,979,041)	\$ (15,040,906)	\$ (13,064,484)	\$ (13,096,614)	\$ (17,499,464)	\$ (16,649,763)
Business-type activities:	(1,991,825)	(2,007,925)	(1,707,133)	(1,126,940)	1,158,626	2,353,149	2,246,877	123,010	1,142,463	4,997,386
Total primary government net expense	\$ (16,114,805)	\$ (16,502,047)	\$ (17,152,660)	\$ (16,363,958)	\$ (13,820,415)	\$ (12,687,757)	\$ (10,817,607)	\$ (12,973,604)	\$ (16,357,001)	\$ (11,652,377)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes:										
Sales and use taxes	\$ 13,701,860	\$ 14,342,476	\$ 15,256,164	\$ 14,056,846	\$ 13,950,434	\$ 14,416,789	\$ 14,601,333	\$ 14,689,957	\$ 14,800,284	\$ 16,658,759
Franchise and public service taxes	567,852	687,905	584,284	552,713	607,578	577,352	552,316	544,954	603,833	677,819
Hotel/motel taxes	426,662	507,415	549,088	471,081	447,768	652,340	759,410	655,558	722,313	868,071
E-911 taxes	653,841	677,966	650,409	668,209	630,849	600,114	584,718	576,406	652,139	541,612
Intergovernmental revenue not restricted to specific programs	302,480	317,934	332,365	305,734	291,828	301,603	302,608	305,518	308,791	320,528
Investment income	186,899	178,656	139,075	90,143	69,007	64,026	71,856	118,910	288,517	295,970
Miscellaneous	257,635	178,678	198,423	116,579	1,436,459	341,415	446,824	211,918	188,983	265,710
Transfers-internal activity	(748,161)	(3,356,890)	(4,477,786)	(7,180,863)	1,030,202	1,075,317	795,616	2,589,288	435,718	(276,710)
Transfers from component unit	-	-	-	-	-	-	-	-	-	-
Total governmental activities	15,349,068	13,534,140	13,232,002	9,080,442	18,464,125	18,028,956	18,114,681	19,692,509	18,000,578	19,351,759
Business-type activities:										
Investment income	2,185	17,248	11,717	16,700	13,945	12,432	13,601	27,181	54,059	61,518
Miscellaneous	35,406	20,367	25,795	116,389	45,673	33,436	116,933	50,210	63,222	71,639
Transfers - Internal activity	748,161	3,356,890	4,477,786	7,180,863	(1,030,202)	(1,075,317)	(795,616)	(2,589,288)	(435,718)	276,710
Total business-type activities	785,752	3,394,505	4,515,298	7,313,952	(970,584)	(1,029,449)	(665,082)	(2,511,897)	(318,437)	409,867
Total primary government	\$ 16,134,820	\$ 16,928,645	\$ 17,747,300	\$ 16,394,394	\$ 17,493,541	\$ 16,999,507	\$ 17,449,599	\$ 17,180,612	\$ 17,682,141	\$ 19,761,626
<b>Change in Net Assets</b>										
Governmental activities	\$ 1,226,088	\$ (959,982)	\$ (2,213,525)	\$ (6,156,576)	\$ 3,485,084	\$ 2,988,050	\$ 5,050,197	\$ 6,595,895	\$ 501,114	\$ 2,701,996
Business-type activities	(1,206,073)	1,386,580	2,808,165	6,187,012	188,042	1,323,700	1,581,795	(2,388,887)	824,026	5,407,253
Total primary government	\$ 20,015	\$ 426,598	\$ 594,640	\$ 30,436	\$ 3,673,126	\$ 4,311,750	\$ 6,631,992	\$ 4,207,008	\$ 1,325,140	\$ 8,109,249

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



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

	Fiscal Year									
	2010	2011	2012	2013	(A) 2014	2015	2016	2017	2018	2019
General Fund										
Reserved for:										
Encumbrances	\$ 21,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	972,696	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	5,987	2,053	2,520	2,487	2,426	-
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	-	59,263	61,353	6,143	48,842	41,881	52,235	48,954	25,093	7,686
Unassigned	-	1,153,793	1,872,415	2,348,271	2,612,033	2,122,942	882,840	683,387	660,590	814,347
Total General Fund	<u>\$ 994,496</u>	<u>\$ 1,213,056</u>	<u>\$ 1,933,768</u>	<u>\$ 2,354,414</u>	<u>\$ 2,666,862</u>	<u>\$ 2,166,876</u>	<u>\$ 937,595</u>	<u>\$ 734,828</u>	<u>\$ 688,109</u>	<u>\$ 822,033</u>
All Other Governmental Funds										
Reserved for:										
Encumbrances	\$ 85,367	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	14,848,434	-	-	-	-	-	-	-	-	-
Restricted	-	15,583,329	12,528,800	9,774,023	28,542,781	24,305,808	18,544,395	18,110,700	17,799,126	16,800,962
Assigned	-	473,187	2,965,222	2,202,832	3,461,487	3,761,458	3,552,621	3,380,159	3,106,717	3,086,805
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 14,933,801</u>	<u>\$ 16,056,516</u>	<u>\$ 15,494,022</u>	<u>\$ 11,976,855</u>	<u>\$ 32,004,268</u>	<u>\$ 28,067,266</u>	<u>\$ 22,097,016</u>	<u>\$ 21,490,859</u>	<u>\$ 20,905,843</u>	<u>\$ 19,887,767</u>
<b>GRAND TOTAL</b>	<u>\$ 15,928,297</u>	<u>\$ 17,269,572</u>	<u>\$ 17,427,790</u>	<u>\$ 14,331,269</u>	<u>\$ 34,671,130</u>	<u>\$ 30,234,142</u>	<u>\$ 23,034,611</u>	<u>\$ 22,225,687</u>	<u>\$ 21,593,952</u>	<u>\$ 20,709,800</u>

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

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

	Fiscal Year									
	2010	2011	2012	2013	(A) 2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Sales and use taxes	\$ 13,701,860	\$ 14,342,476	\$ 15,256,164	\$ 14,056,846	\$ 13,950,434	\$ 14,416,789	\$ 14,601,333	\$ 14,689,957	\$ 14,800,284	\$ 16,658,759
Franchise and public service taxes	567,852	687,905	584,264	552,713	607,578	577,352	552,316	544,954	603,833	677,819
E-911 taxes	653,841	677,966	650,409	668,209	630,849	600,114	584,718	576,406	652,139	541,612
Hotel/motel taxes	426,662	507,415	549,088	471,081	447,768	652,340	759,410	655,558	722,313	868,071
Intergovernmental	1,316,273	1,707,380	1,676,580	2,300,455	1,833,809	2,234,251	2,246,760	3,186,856	2,146,002	2,171,746
Charges for services	1,398,636	1,784,835	2,150,778	2,131,082	2,695,476	2,414,327	2,426,459	2,564,778	2,670,365	2,515,456
Fines and forfeitures	845,289	757,186	634,183	610,803	787,160	899,885	895,397	807,538	733,907	674,705
Licenses and permits	101,359	159,227	92,307	111,896	141,489	102,207	128,069	87,507	80,810	96,088
Investment income	186,899	178,656	139,075	90,143	69,007	64,026	71,856	118,910	288,517	295,970
Miscellaneous	341,266	260,565	272,927	228,241	133,871	381,449	1,052,725	489,979	241,348	474,063
<b>Total Revenues</b>	<b>19,539,937</b>	<b>21,063,611</b>	<b>22,005,775</b>	<b>21,221,469</b>	<b>21,297,441</b>	<b>22,342,740</b>	<b>23,319,043</b>	<b>23,722,443</b>	<b>22,939,518</b>	<b>24,974,289</b>
<b>Expenditures:</b>										
Legislature	125,066	95,728	118,071	117,769	92,698	118,144	128,178	109,580	114,976	107,346
Administration	2,599,423	2,403,037	2,378,667	2,355,933	2,475,490	2,693,127	2,941,113	3,169,857	3,076,689	3,113,548
Public safety	7,024,496	7,994,007	7,598,168	7,789,438	7,861,764	8,042,126	8,424,576	8,495,607	8,670,354	8,817,054
Community services	1,769,825	1,931,979	2,687,709	2,374,036	1,862,157	1,725,163	1,857,977	1,695,062	1,617,674	2,437,507
Administration services	879,398	1,092,842	1,041,293	1,097,904	1,010,714	1,301,925	1,183,280	1,178,194	1,204,963	1,398,863
Health and welfare	227,694	288,913	293,906	282,311	254,596	255,044	261,585	279,695	269,875	284,427
Public works	1,545,718	1,234,246	1,136,893	1,064,904	1,169,200	1,029,679	941,827	1,124,038	1,057,453	946,927
Economic Development	287,955	250,974	257,449	313,870	217,067	237,615	562,710	375,014	427,278	395,556
Capital outlay	1,689,725	1,301,384	4,489,791	1,929,581	2,508,114	7,725,006	9,724,557	5,241,133	2,650,404	3,440,082
Debt service:										
Principal retirement	162,286	343,619	109,304	201,674	3,207,664	3,754,875	3,702,267	4,007,685	4,343,371	4,884,159
Interest and fiscal charges	26,738	29,198	16,126	11,025	2,148,216	2,267,239	2,077,268	1,901,274	1,758,982	1,574,049
<b>Total Expenditures</b>	<b>16,338,324</b>	<b>16,965,927</b>	<b>20,127,377</b>	<b>17,538,445</b>	<b>22,807,680</b>	<b>29,149,943</b>	<b>31,805,338</b>	<b>27,577,139</b>	<b>25,192,019</b>	<b>27,399,518</b>
Excess of revenues over(under) expenditures	3,201,613	4,097,684	1,878,398	3,683,024	(1,510,239)	(6,807,203)	(8,486,295)	(3,854,696)	(2,252,501)	(2,425,229)
<b>Other financing sources(uses) and special item:</b>										
Transfers in	5,122,922	2,107,823	5,125,820	2,288,687	8,121,706	9,926,637	9,417,913	9,840,603	8,981,245	8,160,735
Debt Proceeds	-	180,987	-	-	4,910,000	658,805	12,752,951	238,734	-	126,734
Bond issue costs	-	-	-	-	(83,603)	-	(363,725)	-	-	-
Proceeds from sales of capital assets	-	-	-	-	1,350,000	-	-	-	-	-
Payment to escrow-refunding	-	-	-	-	-	-	(12,581,463)	-	-	-
Transfers out	(5,810,078)	(5,045,219)	(6,846,000)	(9,068,232)	(6,709,096)	(8,215,227)	(7,938,912)	(7,033,565)	(7,360,479)	(6,419,167)
Transferout- McAlester Regional Health Center Authority	444,741	-	-	-	-	-	-	-	-	(327,225)
<b>Total other financing sources(uses) and special item</b>	<b>(242,415)</b>	<b>(2,756,409)</b>	<b>(1,720,180)</b>	<b>(6,779,545)</b>	<b>7,589,007</b>	<b>2,370,215</b>	<b>1,286,764</b>	<b>3,045,772</b>	<b>1,620,766</b>	<b>1,541,077</b>
<b>Net change in fund balances</b>	<b>\$ 2,959,198</b>	<b>\$ 1,341,275</b>	<b>\$ 158,218</b>	<b>\$ (3,096,521)</b>	<b>\$ 6,078,768</b>	<b>\$ (4,436,988)</b>	<b>\$ (7,199,531)</b>	<b>\$ (808,924)</b>	<b>\$ (631,735)</b>	<b>\$ (884,152)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	1.3%	2.4%	0.8%	1.4%	26.4%	28.1%	26.2%	26.5%	26.4%	26.6%

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

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

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<b>Fiscal Year</b>	<b>Sales Tax</b>	<b>Use Tax</b>	<b>Franchise Tax</b>	<b>Hotel/ Motel Tax</b>	<b>E-911 Tax</b>	<b>Totals</b>
2010	13,020,433	681,427	567,852	426,662	653,841	15,350,215
2011	13,787,766	554,710	687,905	507,415	677,966	16,215,762
2012	14,663,740	592,424	584,264	549,088	650,409	17,039,925
2013	13,357,829	699,017	552,713	471,081	668,209	15,748,849
2014	13,325,717	624,717	607,578	447,768	630,849	15,636,629
2015	13,775,363	641,426	577,352	652,340	600,114	16,246,595
2016	13,842,667	758,666	552,316	759,410	584,718	16,497,777
2017	13,256,719	1,433,238	544,954	655,558	576,406	16,466,875
2018	13,691,840	1,108,444	603,833	722,313	652,139	16,778,569
2019	15,394,077	1,264,682	677,819	868,071	541,612	18,746,261

## **REVENUE CAPACITY**

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City of McAlester	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%
Pittsburg County	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.50%	1.50%	1.50%	1.50%
State of Oklahoma	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Total	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.50%</u>	<u>9.50%</u>	<u>9.50%</u>	<u>9.75%</u>

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

County - Jan 2006 .75% for remodel

County-Jan 2009 added .25% FireFighters

County-Oct 2015 decreased 0.50%

County-Jan 2016 added 1.0% for streets

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agriculture, forestry, and fishing	\$ -	\$ -	\$ -	\$ 191	\$ -	\$ 2	\$ 1,538	\$ 1,413	\$ 1,079	\$ 773
Mining Quarrying, and Oil and Gas Extraction	-	-	-	11,948	703	5,878	4,360	(1,378)	2,203	73,189
Utilities	-	-	-	476,905	785,842	800,800	775,938	722,816	784,018	1,031,403
Construction	-	-	-	15,998	34,043	37,205	79,462	75,693	112,475	126,480
Manufacturing	-	-	-	177,865	262,981	309,241	377,581	283,213	520,137	338,805
Transportation and Warehousing	-	-	-	7,011	12,982	17,130	9,746	7,960	9,718	16,281
Information	-	-	-	267,476	401,979	416,476	409,791	412,100	399,955	425,005
Wholesale trade	-	-	-	638,228	856,848	875,118	888,427	851,854	890,282	1,133,843
Retail trade	-	-	-	5,605,712	8,236,655	8,496,420	8,401,248	8,082,769	8,080,244	8,829,658
Finance, insurance,	-	-	-	11,473	27,697	3,574	3,065	4,422	5,901	10,505
Real Estate and Rental and Leasing	-	-	-	107,370	286,863	218,093	190,121	199,120	230,165	341,824
Professional, Scientific, and Technical Services	-	-	-	44,289	52,484	28,232	27,981	32,758	29,713	44,276
Administrative and Support and Waste Management and Remediation Services	-	-	-	4,785	3,996	2,720	2,302	11,473	7,384	4,536
Educational Services	-	-	-	1,559	1,365	115	14	7	747	1,518
Health Care and Social Assistance	-	-	-	176	1,227	2,159	828	2,014	1,283	404
Arts, Entertainment, and Recreation	-	-	-	31,980	46,204	59,278	50,014	47,620	48,669	49,538
Accommodation and Food Services	-	-	-	1,380,169	2,069,055	2,187,338	2,326,704	2,226,766	2,290,853	2,646,606
Other services (except Public Administration)	-	-	-	160,057	246,998	261,812	250,894	258,673	263,385	302,873
Public Administration	-	-	-	(194)	27	(328)	(96)	0	28	43
Nonclassifiable establishments	-	-	-	(17,661)	105,270	128,590	106,515	83,672	46,614	34,726
<b>Agriculture</b>	2,078	3,398	4,275	1,466	-	-	-	-	-	-
<b>Mining</b>	5,591	1,274	(239)	91	-	-	-	-	-	-
<b>Construction</b>	23,677	15,167	20,018	5,468	-	-	-	-	-	-
<b>Manufacturing</b>	267,462	630,929	895,821	196,585	-	-	-	-	-	-
<b>Transportation</b>	4,800	5,750	8,573	3,983	-	-	-	-	-	-
<b>Communications and utilities:</b>										
Communications	427,119	458,645	590,649	193,928	-	-	-	-	-	-
Electric, gas, and sanitary services	637,879	710,258	811,074	233,346	-	-	-	-	-	-
Wholesale trade	1,070,343	1,228,276	1,295,467	340,798	-	-	-	-	-	-
<b>Retail trade:</b>										
Building materials, hardware, garden supply and mobile home dealer	1,128,403	1,154,230	1,086,353	324,535	-	-	-	-	-	-
General merchandise stores	4,047,802	3,968,778	4,174,660	1,259,759	-	-	-	-	-	-
Food stores	616,485	665,075	650,225	221,670	-	-	-	-	-	-
Automotive dealers and gasoline service stations	551,224	571,892	629,373	219,764	-	-	-	-	-	-
Apparel and accessory stores	270,969	311,810	320,656	109,347	-	-	-	-	-	-
Furniture, home furnishings and equipment stores	588,948	545,530	447,391	142,865	-	-	-	-	-	-
Eating and drinking places	1,444,859	1,547,300	1,661,899	553,320	-	-	-	-	-	-
Miscellaneous retail	910,622	960,451	1,010,940	299,524	-	-	-	-	-	-
Finance, insurance, and real estate	1,624	2,278	1,986	2,028	-	-	-	-	-	-
<b>Services:</b>										
Hotels and motels	324,879	387,153	489,648	155,914	-	-	-	-	-	-
Personal services	69,019	72,171	75,481	23,034	-	-	-	-	-	-
Business services	214,812	156,993	249,457	61,222	-	-	-	-	-	-
Automotive repair services and garages	127,101	142,361	150,875	61,066	-	-	-	-	-	-
Miscellaneous repair services	20,149	15,658	25,366	8,775	-	-	-	-	-	-
Motion pictures	89,170	86,782	83,227	27,111	-	-	-	-	-	-
Other services	84,084	76,184	100,108	20,819	-	-	-	-	-	-
Nonclassifiable establishments	167,216	193,282	40,595	8,764	-	-	-	-	-	-
	\$ 13,096,315	\$ 13,911,625	\$ 14,823,878	\$ 13,400,519	\$ 13,433,218	\$ 13,849,853	\$ 13,906,433	\$ 13,302,965	\$ 13,724,853	\$ 15,412,286

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

Information obtained from the Oklahoma Tax Commission website.

## **DEBT CAPACITY**

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

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<b>Jurisdiction</b>	<b>Net (1) Debt Outstanding</b>	<b>Percentage (2) Applicable to City of McAlester</b>	<b>Amount Applicable to City of McAlester</b>
Direct - City of McAlester	\$ 46,981,985	100.00%	\$46,981,985
Overlapping: McAlester School District	\$ -	100.00% (3)	-
Pittsburg County	\$ -	44%	-
Total	\$46,981,985		\$46,981,985

Outstanding bond debt : 06-30-19

- (1) Gross general bonded debt outstanding less debt service reserves.
- (2) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in the City of McAlester.
- (3) Only 76% of City residents would be responsible for the debt.



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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 6,841,533	\$ 7,109,639	\$ 7,331,792	\$ 7,555,257	\$ 7,755,946	\$ 8,065,312	\$ 8,131,853	\$ 8,606,087	\$ 8,965,554	\$ 9,648,024
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 6,841,533</u>	<u>\$ 7,109,639</u>	<u>\$ 7,331,792</u>	<u>\$ 7,555,257</u>	<u>\$ 7,755,946</u>	<u>\$ 8,065,312</u>	<u>\$ 8,131,853</u>	<u>\$ 8,606,087</u>	<u>\$ 8,965,554</u>	<u>\$ 9,648,024</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Legal Debt Margin Calculation for Fiscal Year 2019**

Net assessed valuation	\$ 96,480,239
Debt limit (10% of total assessed value)	9,648,024
Debt applicable to limit:	
General obligation bonds	-
Less: Street or utility bonds outstanding	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 9,648,024</u>

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

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

		<u>Eligible Revenues</u>	<u>Eligible Expenses (1)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Average Annual/ Annual Debt Service</u>	<u>Revenue Bond Coverage</u>
2010	Series 1999 and 2002 Utility System Revenue Bonds, 1999 CDBG Loan	11,497,861	5,788,341	5,709,520	3,968,564	1.44
2011	Series 1999 and 2002 Utility System Revenue Bonds, 1999 CDBG Loan	12,910,132	6,753,690	6,156,442	3,968,564	1.55
2012	Series 1999 and 2002 Utility System Revenue Bonds, 1999 CDBG Loan	13,573,172	7,533,575	6,039,597	3,968,564	1.52
2013	Series 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	13,065,325	6,879,431	6,185,894	4,099,959	1.51
2014	Series 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	12,503,686	6,117,823	6,385,863	4,537,442	1.41
2015	Series 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	13,147,686	6,724,078	6,423,608	4,537,442	1.42
2016	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	14,753,173	5,470,231	9,282,942	5,866,670	1.58
2017	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	14,745,719	6,620,406	8,125,313	5,866,670	1.38
2018	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	15,531,372	6,969,950	8,561,422	5,924,056	1.45
2019	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	14,407,592	6,959,691	7,447,901	5,988,615	1.24

(1) Excludes depreciation and amortization expense

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

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	% of Total Debt to Personal Income	Per Capita
	Revenue Bonds Payable	Notes Payable	Capital Leases Payable	Revenue Bonds Payable	Notes Payable	Water Contract Obligations	Settlement/ Contract Obligation			
2010	-	-	554,053	60,037,888	1,201,574	277,525	125,001	62,196,041	10.18%	3,383
2011	-	-	391,421	58,586,519	1,000,251	252,857	-	60,231,048	9.34%	3,252
2012	-	-	282,117	55,895,942	810,602	227,550	1,131,249	58,347,460	8.80%	3,188
2013	-	-	80,443	62,046,923	613,683	201,587	942,707	63,885,343	9.63%	3,490
Note 2014	64,122,887	-	42,779	-	450,905	174,951	754,165	65,545,687	9.88%	3,581
2015	60,798,769	-	626,709	-	332,987	147,625	565,623	62,471,713	9.42%	3,413
2016	57,945,932	-	632,393	-	263,441	119,591	377,081	59,338,438	7.95%	3,241
2017	54,476,132	-	733,442	-	1,248,086	90,830	188,539	56,737,029	7.51%	3,086
2018	50,755,339	-	535,071	-	1,137,305	61,324	-	52,489,039	6.94%	2,855
2019	46,544,339	-	437,646	-	953,229	31,054	-	47,966,268	5.87%	2,636

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

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

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

Employer	Product/Business	2009		2019	
		Employees	% of Total City Employment	Employees	% of Total City Employment
McAlester Army Ammunition Plant	Ammunition	1,821	14.6%	2,500	16.1%
McAlester Regional Health Center	Health Care	919	7.4%	800	5.2%
McAlester Public Schools	Education	390	3.1%	350	2.3%
Wal Mart	Retail Sales	389	3.1%	300	1.9%
Oklahoma State Penitentiary	Corrections	283	2.3%	300	1.9%
Spirit Aerospace, Inc.	Manufacturing/Assembling	234	1.9%	350	2.3%
City of McAlester (full time only)	Municipality	198	1.6%	214	1.4%
Choctaw Casino	Gaming	98	0.8%	150	1.0%
Berry Plastics	Manufacturing	175	1.4%	200	1.3%
Lowe's	Retail Sales	100	0.8%	140	0.9%
<b>Totals</b>		<b>4,607</b>	<b>36.9%</b>	<b>5,304</b>	<b>34.2%</b>

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

Total Employed in McAlester	12,500	15,500
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**CITY OF MCALESTER, OKLAHOMA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
Last Ten Calendar Years  
TABLE 13**

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age of Population (3)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
2010	18,384	610,753	33,222	37.1	3,737	6.6%
2011	18,522	644,714	34,808	39.0	3,547	5.8%
2012	18,303	663,228	36,236	39.0	3,484	5.4%
2013	18,303	663,228	36,236	39.0	3,148	5.7%
2014	18,303	663,228	36,236	39.0	3,111	4.7%
2015	18,303	663,228	36,236	39.0	3,128	5.4%
2016	18,310	746,773	40,785	37.5	3,097	6.7%
2017	18,383	755,817	41,115	37.0	3,060	6.7%
2018	18,383	797,491	43,382	36.2	3,126	6.5%
2019	18,198	817,836	44,941	37.1	2,295	4.1%

Sources:

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

## **OPERATING INFORMATION**

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

<u>Function/Program</u>	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
<b>General Government</b>										
City Manager	2	2	2	2	3	3	3	3	3	4
Finance	3	4	4	4	3	4	4	5	5	5
City Clerk	1	1	1	1	1	2	2	2	2	2
Legal	2	2	2	2	2	2	2	3	3	3
Planning	6	4	4	5	5	5	5	5	5	5
Economic Development	0	0	0	0	1	1	1	1	1	1
Tourism	0	0	0	0	1	1	1	1	1	1
Human Resources	2	3	3	3	2	2	2	2	2	4
Information Services	1	1	1	1	1	1	1	2	2	2
<b>Total General Government</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>21</b>	<b>21</b>	<b>24</b>	<b>24</b>	<b>27</b>
<b>Public Safety &amp; Judiciary</b>										
Police	37	37	38	37	36	39	39	39	39	40
CID (Detectives)	12	7	8	8	8	8	8	8	8	6
Animal Control	2	2	2	2	1	1	1	1	1	1
Communications	4	4	4	4	4	4	4	4	4	4
Communications E911	5	7	10	10	10	10	10	10	10	10
Fire	44	43	43	43	43	43	43	42	43	41
<b>Total Public Safety &amp; Judiciary</b>	<b>104</b>	<b>100</b>	<b>105</b>	<b>104</b>	<b>102</b>	<b>105</b>	<b>105</b>	<b>104</b>	<b>105</b>	<b>102</b>
<b>Transportation</b>										
Central Garage	8	7	6	6	5	5	5	5	5	5
Streets	14	14	14	14	13	13	14	13	14	13
Traffic Control	3	0	0	0	0	0	0	0	0	0
Airport	3	3	3	3	3	3	3	3	3	3
<b>Total Transportation</b>	<b>28</b>	<b>24</b>	<b>23</b>	<b>23</b>	<b>21</b>	<b>21</b>	<b>22</b>	<b>21</b>	<b>22</b>	<b>21</b>
<b>Cultural, Parks, &amp; Recreation</b>										
Parks & Recreation	13	15	15	15	13	14	14	14	15	15
Expo	6	5	5	5	3	4	4	3	4	4
Nutrition	5	5	5	5	5	4	4	4	4	4
Library	0	0	0	0	0	0	0	0	0	0
Cemetery	5	5	5	5	5	5	5	5	5	5
Building Maintenance	4	4	4	4	3	3	3	3	3	3
<b>Total Cultural, Parks, &amp; Recreation</b>	<b>33</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>29</b>	<b>30</b>	<b>30</b>	<b>29</b>	<b>31</b>	<b>31</b>
<b>Utilities</b>										
Utilities	2	2	2	2	0	0	0	0	0	0
Utility Office	6	7	7	8	7	8	8	8	8	8
Solid Waste	16	1	1	1	0	0	0	0	0	0
Landfill	4	4	4	2	2	2	2	1	2	1
Engineering	4	4	4	4	4	4	5	4	4	4
Waste Water	13	12	12	12	12	12	12	12	12	12
Water Treatment	8	8	8	8	7	0	0	0	0	0
Utility Maintenance	11	10	14	13	8	10	10	9	11	10
<b>Total Utilities</b>	<b>64</b>	<b>48</b>	<b>52</b>	<b>50</b>	<b>40</b>	<b>36</b>	<b>37</b>	<b>34</b>	<b>37</b>	<b>35</b>
<b>Total Full-Time Budgeted Employees by Function</b>	<b>246</b>	<b>223</b>	<b>231</b>	<b>229</b>	<b>211</b>	<b>213</b>	<b>215</b>	<b>212</b>	<b>219</b>	<b>216</b>



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

<u>Function/Program</u>	<u>Fiscal Year</u> <u>2010</u>	<u>Fiscal Year</u> <u>2011</u>	<u>Fiscal Year</u> <u>2012</u>	<u>Fiscal Year</u> <u>2013</u>	<u>Fiscal Year</u> <u>2014</u>	<u>Fiscal Year</u> <u>2015</u>	<u>Fiscal Year</u> <u>2016</u>	<u>Fiscal Year</u> <u>2017</u>	<u>Fiscal Year</u> <u>2018</u>	<u>Fiscal Year</u> <u>2019</u>
General Government										
Buildings	10	11	12	12	12	12	13	13	13	13
Police										
Stations	1	1	1	1	2	2	2	2	2	2
Patrol units	57	52	54	53	53	50	50	50	53	51
Fire										
Stations	4	4	4	4	4	4	4	4	4	4
Trucks	5	5	5	5	6	6	6	6	8	8
Vehicles	16	16	16	17	16	16	16	16	18	20
Streets										
Street miles	298	298	298	298	298	298	298	298	298	298
Traffic signals	22	22	23	23	23	23	23	23	20	20
Parks and recreation										
Acreage	103	103	103	103	103	103	103	103	135	135
Playgrounds	10	10	10	10	10	11	12	12	12	13
Baseball/softball diamonds	9	9	9	9	9	9	9	9	9	9
Soccer/football fields	2	2	2	2	2	2	2	2	2	2
Tennis Courts	6	6	6	6	6	6	6	6	6	6
Community Center	1	1	1	1	1	1	1	1	1	1
Pools	3	3	3	3	3	3	3	3	3	3
Wading Pools	5	5	5	5	5	5	5	5	5	5
Arboretum (Mike Deak) 1981	1	1	1	1	1	1	1	1	1	1
Skate Park 2010	1	1	1	1	1	1	1	1	1	1
Splash Pad 2008	1	1	1	1	1	1	1	1	1	1
Dog Park 2014	-	-	-	-	1	1	1	1	1	1
Frisbee Disk Golf Course 2014	-	-	-	-	1	1	1	1	1	1
Community Garden 2013	-	-	-	1	1	2	2	2	2	2
Amphitheater (Stipe Center)	1	1	1	1	1	1	1	1	1	1
Library										
Buildings	1	1	1	1	1	1	1	1	1	1
Cemetery										
Plots -Oakhill	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800
Total Plots (Maintained)	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,092	35,092
Vehicles & Machinery	12	10	11	11	11	16	14	14	14	14
Water										
Water mains (miles)	170	170	170	170	170	170	170	170	230	230
Fire hydrants	932	954	969	970	970	970	970	970	1,035	1,035
Storage capacity (thousands of gallons)	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
Wastewater										
Sanitary sewers (miles)	143	143	143	143	143	143	143	143	143	143
Daily Treatment Capacity	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000

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

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

\* Fire and Police Statistics are calendar year.

Source: Various City Departments

# **City of McAlester, Oklahoma**

## *Single Audit Report*

For the Year Ended June 30, 2019



**CITY OF McALESTER, OKLAHOMA**

**SINGLE AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2019**

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*Table of Contents*

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	<u>Page</u>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	1
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	3
Schedule of Expenditures of Federal Awards.....	6
Notes to Schedule of Expenditures of Federal Awards .....	9
Schedule of Findings and Questioned Costs.....	10
Schedule of Prior Audit Findings .....	12



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

Honorable Mayor and City Council  
City of McAlester, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of McAlester, Oklahoma (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 9, 2019. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information. Our report also includes a reference to other auditors who audited the financial statements of the McAlester Regional Health Center Authority (the "Authority"), a discretely presented component unit of the City as described in our report on the City's financial statements. This report does not include the results of the Authority's auditors' testing of internal control over financial reporting or on compliance or other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

(Continued)

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

**Internal Control Over Financial Reporting, Continued**

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

**Compliance and Other Matters**

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

**Purpose of This Report**

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

*Finley + Cook, PLLC*

Shawnee, Oklahoma  
December 9, 2019



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

Honorable Mayor and City Council  
City of McAlester, Oklahoma

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

We have audited the City of McAlester, Oklahoma's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

(Continued)

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

**Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

**Report on Internal Control Over Compliance**

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

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

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

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

(Continued)



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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 9, 2019, which contained unmodified opinions on those financial statements. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information. Our report also includes a reference to other auditors who audited the financial statements of the McAlester Regional Health Center Authority, a discretely presented component unit of the City as described in our report on the City's financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Finley + Cook, PLLC*

Shawnee, Oklahoma  
December 9, 2019

**CITY OF McALESTER, OKLAHOMA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*Year Ended June 30, 2019*

Federal/State Grantor/Pass-Through Agency Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Total Federal Expenditures
<b>Federal Awards:</b>				
<i>U.S. Department of Justice:</i>				
Bulletproof Vest Partnership Program	16.607	2018BUBX	\$ -	2,179
Bulletproof Vest Partnership Program	16.607	2019BUBX	-	357
<i>Total U.S. Department of Justice</i>			-	2,536
 <i>U.S. Department for Health and Human Services:</i>				
Passed Through to Oklahoma Department of Human Services and the Kiamichi Area Nutrition Project:				
Special Program for the Aging—Title III, Part C— Nutrition Services	93.045	-	-	57,700
<i>Total U.S. Department of Health and Human Services</i>			-	57,700

(Continued)

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

See accompanying notes to schedule of expenditures of federal awards.

**CITY OF McALESTER, OKLAHOMA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**

*Year Ended June 30, 2019*

Federal/State Grantor/Pass-Through Agency Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Total Federal Expenditures
<b>Federal Awards, Continued:</b>				
<i>U.S. Department of Housing and Urban Development:</i>				
Passed through Oklahoma Department of Commerce:				
Community Development Block Grant	14.228	17283CDBG18	-	112,869
Community Development Block Grant	14.228	17033CDBG17	-	<u>20,686</u>
<i>Total U.S. Department of Housing and Urban Development</i>			-	<u>133,555</u>
 <i>U.S. Department of Transportation:</i>				
Federal Aviation Administration:				
Airport Improvement Grant	20.106	AIP3-40-0057-016-2018	-	4,388,535
Airport Improvement Grant	20.106	AIP3-40-0057-015-2017	-	<u>28,071</u>
Total Federal Aviation Administration			-	<u>4,416,606</u>

(Continued)

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

See accompanying notes to schedule of expenditures of federal awards.

**CITY OF McALESTER, OKLAHOMA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**

*Year Ended June 30, 2019*

Federal/State Grantor/Pass-Through Agency Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Total Federal Expenditures
<b>Federal Awards, Continued:</b>				
<i>U.S. Department of Transportation, Continued:</i>				
Passed through Oklahoma Highway Safety Office:				
State and Community Highway Safety	20.616	FAST M50T-19-03-01-03	-	2,307
State and Community Highway Safety	20.616	FAST M50T-18-03-01-02	-	2,002
			-	4,309
State and Community Highway Safety	20.600	FAST SE-19-03-06-10	-	34,468
State and Community Highway Safety	20.600	FAST SE-18-03-03-09	-	10,454
			-	44,922
Total Oklahoma Highway Safety Office			-	49,231
<i>Total U.S. Department of Transportation</i>			-	4,465,837
<b>Total Federal Awards</b>			<b>\$ -</b>	<b>4,659,628</b>

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

See accompanying notes to schedule of expenditures of federal awards.

**CITY OF McALESTER, OKLAHOMA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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*Year Ended June 30, 2019*

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**(1) BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the City of McAlester, Oklahoma (the “City”) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the net position, changes in net position, or cash flows of the City.

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**(3) SUBRECIPIENTS**

During the year ended June 30, 2019, the City did not provide any federal awards to subrecipients.

**(4) INDIRECT COST RATE**

The City does not have an indirect cost rate and had no indirect costs charged to the federal grants during the year ended June 30, 2019.

**(5) MATCHING EXPENDITURES**

In connection with Community Development Block Grants #17283CDBG18 and #17033CDBG17, the City expended \$84,132 and \$61,914, respectively, of matching expenditures.

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

**CITY OF McALESTER, OKLAHOMA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*Year Ended June 30, 2019*

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**SECTION I—SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements**

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

**Unmodified**

Internal control over financial reporting:

Material weakness(es) identified?

Yes  No

Significant deficiency(ies) identified?

Yes  None Reported

Noncompliance material to financial statements noted?

Yes  No

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?

Yes  No

Significant deficiency(ies) identified?

Yes  None Reported

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

**Unmodified**

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

Yes  No

Identification of major federal programs:

<b><u>Federal CFDA Number</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
20.106	Airport Improvement Grant

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

Auditee qualified as low-risk auditee?

Yes  No

**CITY OF McALESTER, OKLAHOMA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**

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*Year Ended June 30, 2019*

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**SECTION II—FINANCIAL STATEMENT FINDINGS**

None.

**SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.

**CITY OF McALESTER, OKLAHOMA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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*Year Ended June 30, 2019*

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There were no prior year audit findings.