

# McALESTEROK

Small Town. Big Frontier.



**City of McAlester Annual Comprehensive Financial Report  
and Accompanying Independent Auditor's Reports For The  
Year Ending June 30, 2021**

**THE CITY OF MCALESTER, OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

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



**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2021**

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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)

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December 21, 2021

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, 2020. This was the 7<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. The preparation of this award could not have been accomplished without the efficient and dedicated service of a highly qualified staff in the Finance Department.

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



The City's financial statements have been audited by Finley and Cook, a firm of licensed certified public accountants. The independent audit was conducted to provide reasonable assurance that the financial statements of the City are free of material misstatement. The independent auditor has issued an unmodified opinion on the City's financial statements for the year ended June 30, 2021. The independent auditor's report is presented as the first component of the financial section of this report.

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

### **Profile of the Government**

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

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

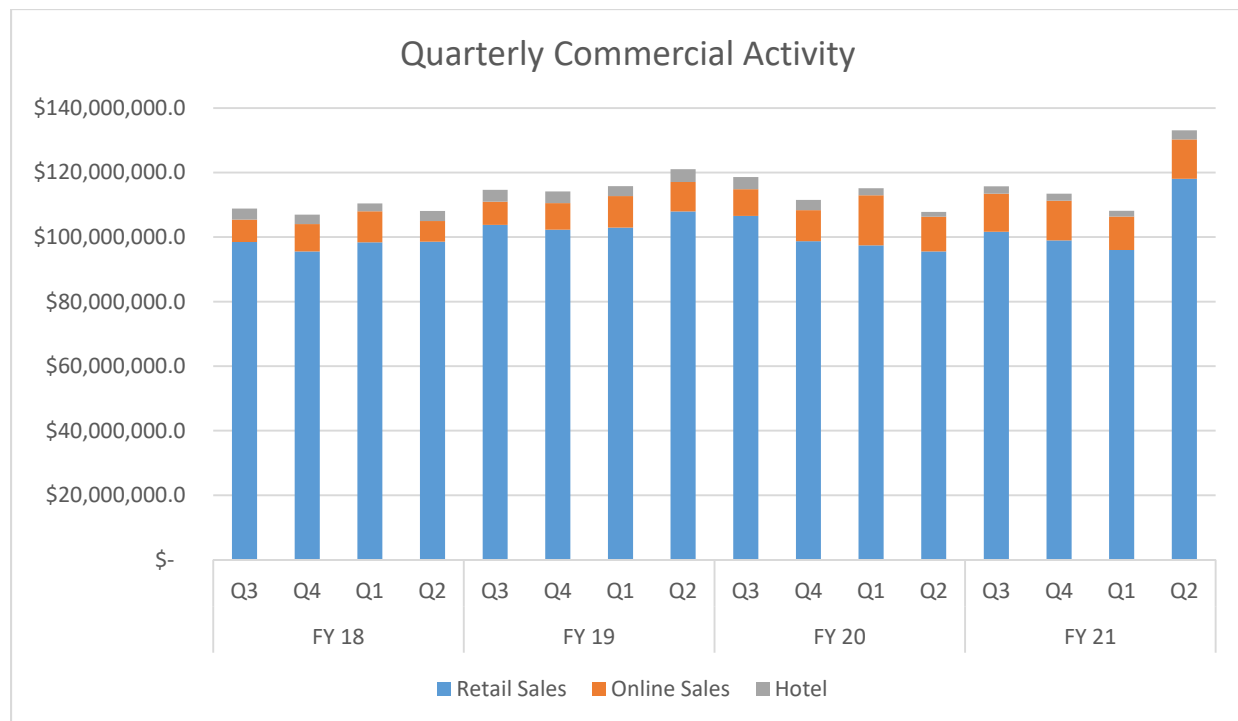
The City reports on a fiscal year basis, beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>. All funds of the City with revenues and expenditures are required to have annual budgets. The City Manager's proposed operating budget for the fiscal year commencing the following July 1 is submitted 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 remains a vital regional hub for southeast Oklahoma, covering a service area of more than 70,000 residents across 8 counties. These residents rely on McAlester for housing, employment opportunities, retail and dining options, recreation, and healthcare. For those products and services in limited supply in rural Oklahoma, McAlester has convenient access to the markets in Tulsa, Oklahoma City, and Dallas.

The McAlester economy has experienced several economic shocks. Like many communities across the nation, COVID-19 negatively impacted commercial activity, especially for retailers and restaurants. Additionally, Spirit AeroSystems and National Oilwell Varco, two major employers, closed their McAlester facilities and laid off over 450 employees.

These setbacks are reflected in the City's commercial activity, which includes retail sales, use deliveries, and lodging services. From the final quarter in FY 19 to the final quarter in FY 20, there was a \$13,245,000 reduction in commercial activity, reducing the City's total tax collections. Despite these setbacks, the McAlester economy remained resilient and benefited from a national resurgence in economic activity. From the final quarter of FY 20 to the final quarter of FY 21, there was a \$25,288,677 increase in commercial activity, increasing tax collections and surpassing the activity before the economic downturn.

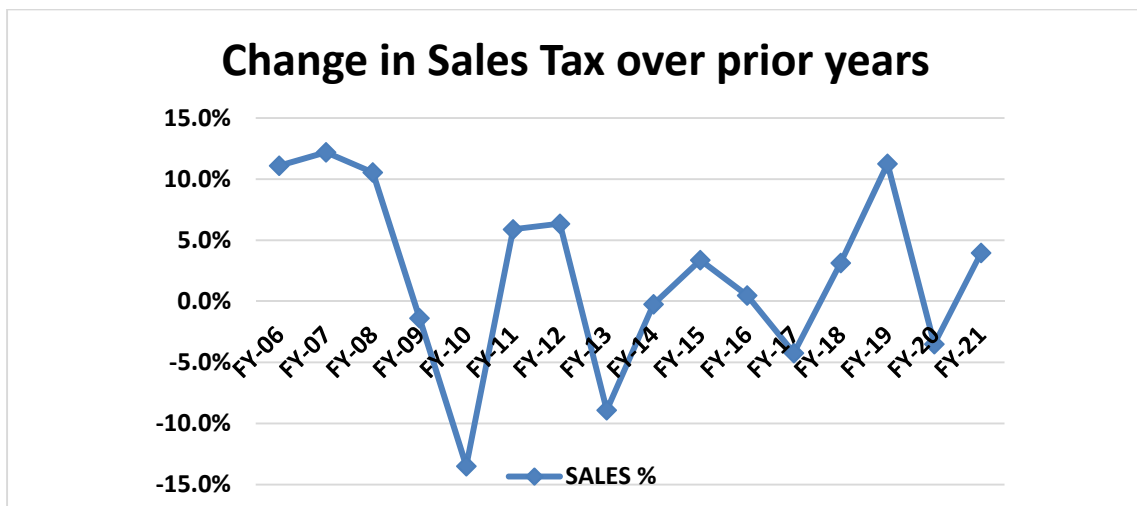


There are several explanations for the surge in economic activity. First, the federal government provided stimulus payments to help offset the losses residents and governments suffered because of COVID-19. Next, as the pandemic slowed, many residents began spending an increased amount after months of saving, particularly within the tourism industry, such as Lake Eufaula near McAlester. Also, the oil and gas industry in Oklahoma became active again, resulting in additional employment opportunities. Lastly, two major construction projects are currently underway in McAlester, bringing in additional workers and interest in the community. The Shops at McAlester and the U.S. Highway 69 reconstruction project are underway and nearing completion.

Looking forward, several upcoming investments and expansions will further stimulate and reinvigorate the local economy. Industrial clients have invested or intend to purchase property within the City limits. Collectively, these projects will create approximately 800 jobs within the next two years.

The City of McAlester, like most cities in the State of Oklahoma, rely on sales tax. The strongest indicator of increased economic activity is sales and use tax. Consequently, the City's finances are directly impacted by economic conditions. Sales tax represents more than 50% of the City's total General Fund Revenue, which exceeded our annual budget. The city shows to be steadily recovering from the coronavirus pandemic, while remaining cautiously optimistic of global conditions.

As the worldwide economic effects of the COVID-19 pandemic took hold in the Spring of 2020, the City of McAlester directly and indirectly benefitted from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The economic stimulus provisions providing direct payments, temporary student loan payment relief, and additional unemployment benefits allowed citizens to continue a relatively stable standard of living. The payroll protection program aided small businesses to continue offering services to citizens and further stabilizing the local economy. In addition, we received a \$1,000,000.00 Community Development Block Grant for Utility and Housing assistance for low to moderate income citizens within city limits.



## Major Initiatives

The City continued to focus on capital needs and infrastructure projects during Fiscal Year 2020-2021. Our comprehensive Storm Water Study is completed 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. We are systematically replacing our aging water and waste-water infrastructure. It will mirror what we have accomplished in our streets department panel replacement and asphalt overlay programs. With the streets study that was accomplished a few years ago that identified the conditions and needs of our streets, we have been able to systematically repair and replace major thoroughfares.

List of 2020-2021 initiatives:

- Canal bank stabilization on Saunier Way
- Roll-Off vehicle for Landfill
- Gradall for Street Dept
- UPS Lift Station replacement
- East Plant Chlorine System
- Rehabilitation on West Sewer Plant
- Kiamichi Drive Water Main Replacement
- Clear well improvements
- Asphalt Overlay Project
- 2<sup>nd</sup> Phase - Sewer upgrades in Connally Addition
- Leadership Park Splash Pad
- Getac Bodycams and Servers for Police Dept
- Continued progress on Shops at McAlester

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, 2021**

**City Council**

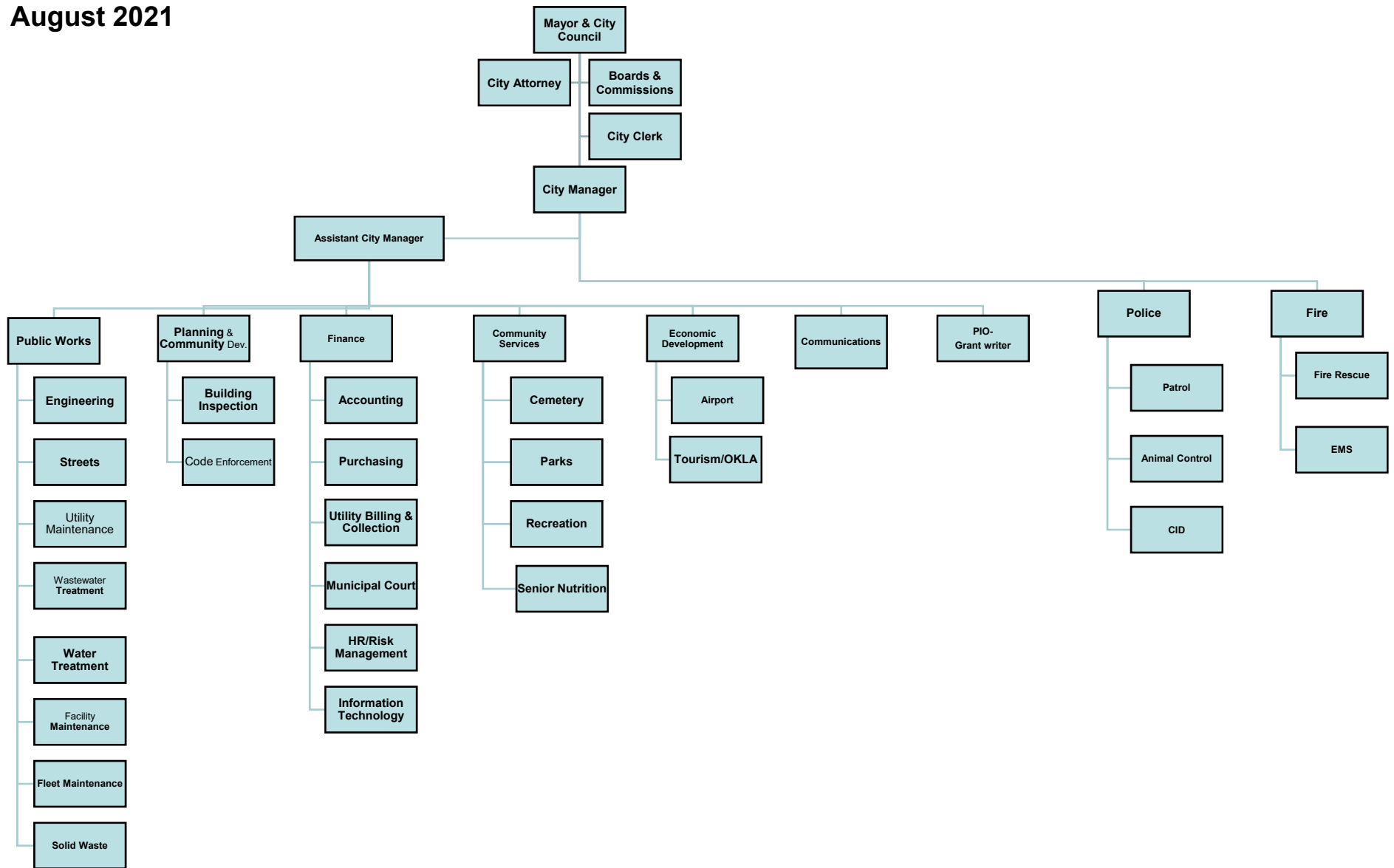
John Browne, Mayor  
Weldon Smith, Member Ward 1  
Cully Stevens, Member Ward 2  
Steve Cox, Member Ward 3  
Vacant, Member Ward 4  
Billy Jack Boatright, Member Ward 5  
Zach Prichard, Member Ward 6

**Administration**

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

# City of McAlester Organizational Chart

## August 2021





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, 2020

*Christopher P. Morill*

Executive Director/CEO



## **INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Council  
City of McAlester, Oklahoma

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of McAlester, Oklahoma (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

(Continued)



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

### **Opinions**

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, 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 other supplementary information, as listed in the table of contents, 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. 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, the other supplementary information is 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 21, 2021, 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.

*Finlay + Cook, PLLC*

Shawnee, Oklahoma  
December 21, 2021

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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, 2021. 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, 2021. Total net position increased by \$1,103,329 with the City's total government-wide assets and deferred outflows continuing to exceed its total liabilities and deferred inflows at June 30, 2021, by \$38,664,366 which represents its total government-wide net position.
- The City's governmental activities experienced a current year increase in net position of \$353,740, while business-type activities experienced a current year increase in net position of \$749,589. 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 \$38,664,366, it is segregated by \$34,659,493 in a net investment in capital assets and \$6,842,952 of net position restricted for various purposes, thus leaving the City with (\$2,838,079) in a total unrestricted net position (deficit), with (\$4,965,538) of the unrestricted net position (deficit) located in the City's governmental activities and \$2,127,459 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 \$13,633,826 for governmental activities and \$666,261 for business-type activities.
  - At June 30, 2021, the City's governmental funds reported combined ending fund balances of \$18,713,332. That net amount is the result of \$12,771,216 of restricted fund balance, \$4,609,423 of assigned fund balance, and \$1,332,693 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 (closed to new entrants), the City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance operations.

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

For the year ended June 30, 2021, net position for the governmental activities and business-type activities totaled \$38,664,366, which was an increase of \$1,103,329. The results indicate the City, as a whole, improved its financial position from the prior year.

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

	Governmental Activities	Business-type Activities	Total
Beginning net position	\$ 5,630,300	\$ 31,930,737	\$ 37,561,037
Increase in net position	353,740	749,589	1,103,329
<b>Ending net position</b>	<b>\$ 5,984,040</b>	<b>\$ 32,680,326</b>	<b>\$ 38,664,366</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	
	2021	2020	2021	2020	2021	2020
<b>Assets:</b>						
Current and other assets	\$ 22,268,973	\$ 20,896,278	\$ 8,671,987	\$ 7,925,366	\$ 30,940,960	\$ 28,821,644
Capital assets	40,269,030	41,517,518	31,760,521	31,080,715	72,029,551	72,598,233
<b>Total assets</b>	<b>62,538,003</b>	<b>62,413,796</b>	<b>40,432,508</b>	<b>39,006,081</b>	<b>102,970,511</b>	<b>101,419,877</b>
<b>Deferred Outflows of Resources:</b>						
Deferred amounts related to pensions	4,152,795	3,463,795	157,945	112,372	4,310,740	3,576,167
Deferred amounts on refunding	567,621	661,702	-	-	567,621	661,702
<b>Liabilities:</b>						
Long-term liabilities	58,273,777	57,698,327	7,363,659	6,385,553	65,637,436	64,083,880
Other liabilities	2,204,719	1,742,601	504,079	624,656	2,708,798	2,367,257
<b>Total liabilities</b>	<b>60,478,496</b>	<b>59,440,928</b>	<b>7,867,738</b>	<b>7,010,209</b>	<b>68,346,234</b>	<b>66,451,137</b>
<b>Deferred Inflows of Resources:</b>						
Deferred amounts related to pensions	795,883	1,468,065	42,389	177,507	838,272	1,645,572
<b>Net position:</b>						
Net investment in capital assets	4,106,626	2,920,919	30,552,867	30,438,867	34,659,493	33,359,786
Restricted	6,842,952	7,177,876	-	-	6,842,952	7,177,876
Unrestricted (deficit)	(4,965,538)	(4,468,495)	2,127,459	1,491,870	(2,838,079)	(2,976,625)
<b>Total net position</b>	<b>\$ 5,984,040</b>	<b>\$ 5,630,300</b>	<b>\$ 32,680,326</b>	<b>\$ 31,930,737</b>	<b>\$ 38,664,366</b>	<b>\$ 37,561,037</b>

The increase in the amount of long-term liabilities of the governmental activities is mainly related to the increase in net pension liability in the amount of \$2,651,096 netted with payment of principal on the revenue bonds of \$3,305,000 during the current year. In addition, capital lease obligations, revenue bond payables from accreted interest, accrued compensated absences and claims liability all increased in the current year. The increase in the amount of long-term liabilities of the business-type activities is mainly related to the increase in notes payable of \$565,806 and landfill closure and post-closure liability of \$322,922.

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 \$34.7 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 \$6.8 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 \$2,838,079 deficit. The governmental activities unrestricted net position deficit balance of \$4,965,538 is primarily the

**MANAGEMENT'S DISCUSSION & ANALYSIS  
CITY OF MCALESTER, OKLAHOMA  
JUNE 30, 2021**

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	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Program revenues:						
Charges for Services	\$ 3,427,121	\$ 3,552,040	\$ 10,554,147	\$ 9,437,695	\$ 13,981,268	\$ 12,989,735
Grants & Contributions	1,840,528	3,128,282	40,682	35,761	1,881,210	3,164,043
Capital Grants & Contributions	444,487	203,784	-	137,902	444,487	341,686
General Revenues:						
Sales & Use Tax	17,272,107	16,651,644	-	-	17,272,107	16,651,644
Other Taxes	1,690,014	1,820,083	-	-	1,690,014	1,820,083
Other General Revenues	667,642	824,001	52,757	145,784	720,399	969,785
<b>Total Revenues</b>	<b>25,341,899</b>	<b>26,179,834</b>	<b>10,647,586</b>	<b>9,757,142</b>	<b>35,989,485</b>	<b>35,936,976</b>
<b>Program Expenses:</b>						
Legislature	90,348	120,592	-	-	90,348	120,592
Administration	4,218,989	4,236,927	-	-	4,218,989	4,236,927
Public safety	10,491,253	9,590,553	-	-	10,491,253	9,590,553
Community services	2,283,766	4,577,543	-	-	2,283,766	4,577,543
Administration services	1,027,855	1,194,570	-	-	1,027,855	1,194,570
Health and welfare	230,877	270,928	-	-	230,877	270,928
Public works	3,644,280	3,501,910	-	-	3,644,280	3,501,910
Economic development	331,447	356,645	-	-	331,447	356,645
Stormwater	4,049	14,017	-	-	4,049	14,017
Payment to component unit-Hospital	517,679	495,860	-	-	517,679	495,860
Interest on long-term debt	1,859,089	1,955,507	-	-	1,859,089	1,955,507
Water	-	-	4,487,288	4,388,784	4,487,288	4,388,784
Sewer	-	-	2,355,274	2,156,967	2,355,274	2,156,967
Sanitation	-	-	2,570,467	2,168,727	2,570,467	2,168,727
Airport	-	-	773,495	850,188	773,495	850,188
<b>Total Expenses</b>	<b>24,699,632</b>	<b>26,315,052</b>	<b>10,186,524</b>	<b>9,564,666</b>	<b>34,886,156</b>	<b>35,879,718</b>
Revenues over (under) expenses	642,267	(135,218)	461,062	192,476	1,103,329	57,258
Net Transfers	(288,527)	145,364	288,527	(145,364)	-	-
<b>Increase in Net Position</b>	<b>\$ 353,740</b>	<b>\$ 10,146</b>	<b>\$ 749,589</b>	<b>\$ 47,112</b>	<b>\$ 1,103,329</b>	<b>\$ 57,258</b>
<b>Net Position - beginning</b>	<b>5,630,300</b>	<b>5,620,154</b>	<b>31,930,737</b>	<b>31,883,625</b>	<b>37,561,037</b>	<b>37,503,779</b>
<b>Net Position - Ending</b>	<b>5,984,040</b>	<b>5,630,300</b>	<b>32,680,326</b>	<b>31,930,737</b>	<b>38,664,366</b>	<b>37,561,037</b>

For the year ended June 30, 2021, on a government-wide basis, the City experienced an improvement in its financial condition resulting in an increase in total net position of \$1,103,329. The increase in the size from the prior year change in net position can be attributable to a combination of a decrease in operating grants and contributions of \$1,282,833, an increase in charges for services of \$991,533, an increase in sales and use tax of \$620,463, and a decrease in expenses of \$993,562.

The City's current year governmental activities increase in net position of \$353,740 represents an increase from the increase in net position of \$10,146 experienced in the prior year. This year's increase in the change in net position from the prior year change can be attributable in large part to a decrease in grants and contributions of \$1,047,051 from prior year, a decrease in expenses of \$1,615,420 in the current year and a decrease in net transfers of \$433,891.

The business-type activities experienced a current year increase in net position of \$749,589, which represents a significant change from the increase in net position of \$47,112 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 charges for services of \$1,116,452, a decrease in capital grants and contributions of \$137,902, an increase in expenses of \$621,858 and an increase in net transfers of \$433,891.

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

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

As the City completed its 2021 fiscal year, the governmental funds reported a combined fund balance of \$18,713,332. However, that net amount is the result of \$12,771,216 of restricted fund balance, \$4,609,423 of assigned fund balance, and \$1,332,693 of unassigned fund balance.

For the reasons discussed previously in regards to business-type activities, the enterprise funds reported combined net position of approximately \$32.7 million.

The General Fund's total fund balance decreased by \$461,319, or 20.7%, which is a decline from the increase in total fund balance of the prior year. This is due in a large part to a decrease in intergovernmental revenues of \$1,446,644, a decrease in expenditures of \$872,369, and an increase in transfers out of \$1,373,649 from the prior year.

The McAlester Public Works Authority enterprise fund reported an increase in net position, after transfers and capital contributions of \$1,384,470 for the year.

### **General Fund Budgetary Highlights**

For the year ended June 30, 2021, the General Fund reported actual budgetary basis amounts available for appropriations above final estimates by \$709,466 or a 4.37% positive variance. General Fund actual expenditures were under final appropriations by \$712,597 or a 4.39% positive variance.

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

#### **Capital Assets**

At June 30, 2021, the City had approximately \$72.0 million invested in capital assets including land, buildings, machinery and equipment, park facilities, water, sewer and stormwater systems, roads and bridges. After the effect of accumulated depreciation, this represents a net decrease of \$568,682 from last year.

Below are details regarding the City's capital assets for the years ended June 30, 2021 and 2020.<sup>1</sup>

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<sup>1</sup> For more detailed information on capital asset activity please refer to page 45-46, Note 5. Capital Assets and Depreciation  
<sup>2</sup> For more detailed information on long-term debt activity please refer to page 47-53, Note 6. Long-Term Debt and Debt Service Requirements

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

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,803,086	\$ 1,803,086	\$ 212,571	\$ 212,571	\$ 2,015,657	\$ 2,015,657
Buildings and Improvements	19,102,753	18,976,347	10,754,114	10,215,543	29,856,867	29,191,890
Machinery and Equipment	12,754,951	12,151,332	4,841,622	4,299,372	17,596,573	16,450,704
Infrastructure	79,422,608	78,319,571	-	-	79,422,608	78,319,571
Utility Property	-	-	58,540,409	56,590,196	58,540,409	56,590,196
Water rights contracts	-	-	719,075	719,075	719,075	719,075
Construction-in-progress	353,997	158,388	602,371	324,461	956,368	482,849
Totals	113,437,395	111,408,724	75,670,162	72,361,218	189,107,557	183,769,942
Less Depreciation	(73,168,365)	(69,891,206)	(43,909,641)	(41,280,503)	(117,078,006)	(111,171,709)
<b>Totals, Net</b>	<b>\$ 40,269,030</b>	<b>\$ 41,517,518</b>	<b>\$ 31,760,521</b>	<b>\$ 31,080,715</b>	<b>\$ 72,029,551</b>	<b>\$ 72,598,233</b>

This year's more significant capital asset additions include \$168,690 for 2020 Roll-Off vehicle, \$398,367 for Canal Bank-102 Saunier Way project, \$199,034 for UPS Lift Station project, \$140,970 for East Plant Liquid Chlorine System, \$109,490 for 2019 CDBG Sewer project, \$130,792 for Rehab West Sewer Plant project, \$118,407 for 20/21 Meters and Transmitters Replacement project, \$132,168 for Kiamichi Drive Water Main Replacement project, \$179,734 for 20/21 Concrete Waterbreak Repair project, \$667,409 for Clearwell project, \$249,883 for 20/21 Water Line Repairs, \$123,938 for 46 Getac Bodycams and Servers, \$548,177 for 20/21 Asphalt Overlay project, \$130,118 for 20/21 Stormwater project, \$113,441 for 20/21 Street Repair project, and \$337,500 for a 2018 Gradall.

**Debt Administration**

At year-end, the City had \$51.3 million in long-term debt outstanding, which represents a \$1,156,653 decrease from the prior year.<sup>2</sup>

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

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Capital leases payable	\$ 883,025	\$ 570,410	\$ -	\$ -	\$ 883,025	\$ 570,410
Claims liability	198,800	40,884	-	-	198,800	40,884
Accrued compensation	2,482,234	2,228,051	212,742	200,884	2,694,976	2,428,935
Notes Payable	-	-	1,207,654	641,848	1,207,654	641,848
Revenue Bonds Payable	41,075,892	43,876,252	-	-	41,075,892	43,876,252
Landfill Closure and Post-Closure	-	-	4,702,547	4,379,625	4,702,547	4,379,625
Water contract obligations	-	-	-	-	-	-
Deposits subject to refund	-	-	574,455	556,048	574,455	556,048
<b>Totals</b>	<b>\$ 44,639,951</b>	<b>\$ 46,715,597</b>	<b>\$ 6,697,398</b>	<b>\$ 5,778,405</b>	<b>\$ 51,337,349</b>	<b>\$ 52,494,002</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 18,000 residents but serves a regional population of 90,000 residents in southeast Oklahoma. Locals and visitors rely on McAlester for shopping, healthcare, tourism, and employment opportunities.

Fiscal Year 2020 – 2021 witnessed a resurgence of the McAlester economy following the pandemic and the loss of two major employers and 450 jobs. Similar to the national economy, McAlester is experiencing an unrivaled amount of interest for industries, tech companies, retailers, and restaurants. This increased level of activity is expected to continue into the next Fiscal Year.

The McAlester Army Ammunition Plant continues to be the largest employer and growth engine for the region. The Plant's employment remains stable at 2,000 employees, which created stability for the local economy. The opportunity to capture additional workload and mission remains ever present, creating optimism about the growth and expansion of the Plant.

A new manufacturer, Regent Aerospace, has purchased a facility at the Steven Taylor Industrial Park. While the final job count is still being determined, several hundred jobs are expected to be created by the major employer, creating opportunities for residents and diversifying our economy.

A call center has secured a building in McAlester. This call center will serve as a training center for employees who will work from home and will be employed by a variety of large tech companies across the nation. This training center can process over 100 employees a year. Over time, it is expected for this training center to be responsible for helping to employ many hundreds across Pittsburg County.

The construction of the Shops at McAlester is nearing completion. Over 200,000 square feet of retailers and restaurants, including Hobby Lobby, TJ Maxx, Ross, Burkes Outlet, Ollies, Old Navy, Maurice's, ULTA, Starbucks, Chick-fil-A, Burger King, and others. Over 300 full and part time jobs are expected to be created.

### **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, 2021**

**Government-Wide Statement of Net Position– June 30, 2021**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>McAlester Regional Authority Center Authority</u>	<u>McAlester Parking Authority</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 16,925,074	\$ 4,531,781	\$ 21,456,855	\$ 36,643,958	\$ 72,267
Investments	650,163	392,684	1,042,847	9,307,831	-
Accounts receivable, net of allowance	273,423	1,589,655	1,863,078	10,331,146	-
Estimated amounts due from third-party payers	-	-	-	-	-
Franchise tax receivable	52,080	-	52,080	-	-
Ambulance receivable, net of allowance	91,688	-	91,688	-	-
Court fines receivable, net of allowance	1,629,643	-	1,629,643	-	-
Due from other governments	2,377,839	5,716	2,383,555	-	-
Prepaid items	-	-	-	1,877,099	-
Other receivables	166,383	-	166,383	-	-
Internal balances	81,919	(81,919)	-	-	-
Inventory	-	-	-	2,037,337	-
Investment in joint venture	-	2,234,070	2,234,070	5,595,029	-
Restitution receivable:					
Due within one year	10,995	-	10,995	-	-
Due in more than one year	9,766	-	9,766	-	-
Capital assets:					
Land, improvements, and construction in progress	2,157,083	1,534,017	3,691,100	1,270,263	-
Other capital assets, net of depreciation	38,111,947	30,226,504	68,338,451	41,673,541	-
Total assets	<u>62,538,003</u>	<u>40,432,508</u>	<u>102,970,511</u>	<u>108,736,204</u>	<u>72,267</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Deferred amounts related to pensions	4,152,795	157,945	4,310,740	-	-
Deferred amount on refunding	567,621	-	567,621	-	-
Total deferred outflows of resources	<u>4,720,416</u>	<u>157,945</u>	<u>4,878,361</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES:</b>					
Accounts payable	962,466	354,326	1,316,792	4,529,900	328
Accrued payroll liabilities	525,169	80,373	605,542	5,911,524	-
Accrued interest payable	699,479	58	699,537	-	-
Estimated amounts due to third-party payers	-	-	-	10,985,669	-
Due to bondholders	8,669	-	8,669	-	-
Unearned revenue	8,936	69,322	78,258	-	-
Long-term liabilities:					
Due within one year	4,510,219	301,257	4,811,476	9,320,072	-
Due in more than one year	53,763,558	7,062,402	60,825,960	2,290,795	-
Total liabilities	<u>60,478,496</u>	<u>7,867,738</u>	<u>68,346,234</u>	<u>33,037,960</u>	<u>328</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred amounts related to pensions	795,883	42,389	838,272	-	-
<b>NET POSITION:</b>					
Net investment in capital assets	4,106,626	30,552,867	34,659,493	32,410,901	-
Restricted for emergencies	3,133,620	-	3,133,620	-	-
Restricted for economic development-bonds	800,000	-	800,000	-	-
Restricted for economic development	236,652	-	236,652	-	-
Restricted for E911	45,729	-	45,729	-	-
Restricted for debt service	787,982	-	787,982	-	-
Restricted for stormwater	935,018	-	935,018	-	-
Restricted for other	903,951	-	903,951	1,467,716	-
Unrestricted (deficit)	(4,965,538)	2,127,459	(2,838,079)	41,819,627	71,939
Total net position	<u>\$ 5,984,040</u>	<u>\$ 32,680,326</u>	<u>\$ 38,664,366</u>	<u>\$ 75,698,244</u>	<u>\$ 71,939</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, 2021**

**Government-Wide Statement of Activities –Year Ended June 30, 2021**

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	\$ 90,348	\$ -	\$ -	\$ -	\$ (90,348)	\$ -	\$ (90,348)	\$ -	\$ -
Administration	4,218,989	352,955	4,162	-	(3,861,872)	-	(3,861,872)	-	-
Public safety	10,491,253	1,556,197	1,435,606	112,908	(7,386,542)	-	(7,386,542)	-	-
Community services	2,283,766	62,447	153,221	84,048	(1,984,050)	-	(1,984,050)	-	-
Administration services	1,027,855	277,050	-	-	(750,805)	-	(750,805)	-	-
Health and welfare	230,877	-	86,291	-	(144,586)	-	(144,586)	-	-
Public Works	3,644,280	1,631	161,248	-	(3,481,401)	-	(3,481,401)	-	-
Economic development	331,447	-	-	217,531	(113,916)	-	(113,916)	-	-
Stormwater	4,049	1,176,841	-	30,000	1,202,792	-	1,202,792	-	-
Hospital (payment to component unit)	517,679	-	-	-	(517,679)	-	(517,679)	-	-
Interest on long-term debt	1,859,089	-	-	-	(1,859,089)	-	(1,859,089)	-	-
Total governmental activities	24,699,632	3,427,121	1,840,528	444,487	(18,987,496)	-	(18,987,496)	-	-
Business-type activities:									
Water	4,487,288	5,472,276	-	-	-	984,988	984,988	-	-
Sewer	2,355,274	1,747,657	-	-	-	(607,617)	(607,617)	-	-
Sanitation	2,570,467	3,236,282	-	-	-	665,815	665,815	-	-
Airport	773,495	97,932	40,682	-	-	(634,881)	(634,881)	-	-
Total business-type activities	10,186,524	10,554,147	40,682	-	-	408,305	408,305	-	-
Total primary government	34,886,156	13,981,268	1,881,210	444,487	(18,987,496)	408,305	(18,579,191)	-	-
<b>Component Units:</b>									
Parking	\$ 1,450	\$ 3,100	-	-	-	-	-	\$ 1,650	-
Hospital	100,651,850	90,313,272	6,832,213	-	-	-	-	\$ (3,506,365)	-
Total component units	\$ 100,653,300	\$ 90,316,372	\$ 6,832,213	\$ -	-	-	-	\$ (3,506,365)	\$ 1,650
<b>General revenues:</b>									
Taxes:									
Sales and use taxes					\$ 17,272,107	\$ -	\$ 17,272,107	\$ -	\$ -
Franchise and public service taxes					555,910	-	555,910	-	-
Hotel/motel taxes					562,980	-	562,980	-	-
E-911 taxes					569,822	-	569,822	-	-
Property taxes					1,302	-	1,302	-	-
Invergovernmental revenue not restricted to specific programs					395,673	-	395,673	-	-
Investment income					43,339	21,732	65,071	865,125	-
Miscellaneous					228,630	31,025	259,655	-	-
Transfers - internal activity					(288,527)	288,527	-	-	-
Total general revenues and transfers					19,341,236	341,284	19,682,520	865,125	-
Change in net position					353,740	749,589	1,103,329	(2,641,240)	1,650
Net position - beginning					5,630,300	31,930,737	37,561,037	78,339,484	70,289
Net position - ending					\$ 5,984,040	\$ 32,680,326	\$ 38,664,366	\$ 75,698,244	\$ 71,939

See accompanying notes to the basic financial statements.

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

**Governmental Funds Balance Sheet - June 30, 2021**

	<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	\$ 1,401,721	\$ 3,133,620	\$ 1,973,171	\$ 178,123	\$ 5,928,264	\$ 4,175,841	\$ 16,790,740
Investments	392,684	-	257,479	-	-	-	650,163
Receivables:							
Accounts receivable, net of allowance	-	-	-	-	-	273,423	273,423
Due from other funds	10,065	-	-	-	-	800,000	810,065
Due from other governments	1,390,874	-	-	541,268	-	445,697	2,377,839
Franchise tax receivable	52,080	-	-	-	-	-	52,080
Court fines receivable, net of allowance	1,629,643	-	-	-	-	-	1,629,643
Ambulance receivable, net of allowance	91,688	-	-	-	-	-	91,688
Other receivables	23,687	-	5,000	-	-	137,696	166,383
Total assets	<u>\$ 4,992,442</u>	<u>\$ 3,133,620</u>	<u>\$ 2,235,650</u>	<u>\$ 719,391</u>	<u>\$ 5,928,264</u>	<u>\$ 5,832,657</u>	<u>\$ 22,842,024</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 210,686	\$ -	\$ 604	\$ 1,500	\$ -	\$ 686,521	\$ 899,311
Accrued payroll liabilities	482,603	-	3,933	-	-	27,381	513,917
Due to other funds	897,899	-	-	-	-	10,065	907,964
Unearned revenue	8,936	-	-	-	-	-	8,936
Due to bondholders	8,669	-	-	-	-	-	8,669
Total liabilities	<u>1,608,793</u>	<u>-</u>	<u>4,537</u>	<u>1,500</u>	<u>-</u>	<u>723,967</u>	<u>2,338,797</u>
<b>Deferred Inflows of Resources:</b>							
Unavailable revenue	<u>1,619,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,985</u>	<u>1,789,895</u>
<b>Fund balances:</b>							
Restricted	-	3,133,620	236,652	717,891	5,928,264	2,754,789	12,771,216
Assigned	431,046	-	1,994,461	-	-	2,183,916	4,609,423
Unassigned	1,332,693	-	-	-	-	-	1,332,693
Total fund balances	<u>1,763,739</u>	<u>3,133,620</u>	<u>2,231,113</u>	<u>717,891</u>	<u>5,928,264</u>	<u>4,938,705</u>	<u>18,713,332</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,992,442</u>	<u>\$ 3,133,620</u>	<u>\$ 2,235,650</u>	<u>\$ 719,391</u>	<u>\$ 5,928,264</u>	<u>\$ 5,832,657</u>	<u>\$ 22,842,024</u>

See accompanying notes to the basic financial statements.

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

Total fund balance, governmental funds	\$	18,713,332
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 \$73,168,365		40,269,030
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		2,477
Court fines receivable, net of allow ance for doubtful accounts \$1,629,644		1,573,548
Ambulance receivable, net of allow ance for doubtful accounts \$2,972,748		44,040
Other receivable, net of allow ance for doubtful accounts \$323,775		169,830
Pension related deferred outflow s		4,152,795
Deferred outflow on refunding		567,621
		6,510,311
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		20,761
		20,761
Certain long-term liabilities and related accounts, are not due and payable from current financial resources and therefore, they, along w ith deferred inflow s, are not reported in the funds:		
Accrued interest payable		(699,479)
Capital lease obligations payable		(883,025)
Revenue bonds payable		(41,075,892)
Accrued compensated absences		(2,441,289)
Net pension liability		(13,633,826)
Pension related deferred inflow s		(795,883)
		(59,529,394)
Net Position of Governmental Activities in the Statement of Net Position	\$	5,984,040

See accompanying notes to the basic financial statements.



**CITY OF MCALESTER, OKLAHOMA**  
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**Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2021**

	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	\$ 10,584,614	\$ -	\$ -	\$ 4,139,087	\$ -	\$ 4,196,672	\$ 18,920,373
Intergovernmental	1,770,327	-	217,531	-	-	124,403	2,112,261
Charges for services	1,345,696	-	60,000	-	-	1,351,655	2,757,351
Fines and forfeitures	565,820	-	-	-	-	-	565,820
Licenses and permits	177,206	-	-	-	-	-	177,206
Investment earnings	18,092	12,308	8,285	812	796	3,046	43,339
Miscellaneous	123,161	-	1,000	-	-	295,287	419,448
<b>Total revenues</b>	<b>14,584,916</b>	<b>12,308</b>	<b>286,816</b>	<b>4,139,899</b>	<b>796</b>	<b>5,971,063</b>	<b>24,995,798</b>
<b>EXPENDITURES</b>							
Current:							
Legislature	89,311	-	-	-	-	-	89,311
Administration	3,228,966	-	-	4,500	-	41,645	3,275,111
Public safety	7,783,770	-	-	-	-	747,559	8,531,329
Community services	1,220,507	-	-	-	-	517,679	1,738,186
Administrative services	566,082	-	-	-	-	445,155	1,011,237
Health and welfare	232,965	-	-	-	-	-	232,965
Public works	882,920	-	-	-	-	-	882,920
Economic development	-	-	305,118	-	-	-	305,118
Payment to MRHC-Cancer Center	-	-	-	-	-	517,679	517,679
Capital Outlay	231,289	-	-	-	-	4,938,361	5,169,650
Debt Service:							
Principal	-	-	-	-	3,305,000	122,123	3,427,123
Interest and other charges	-	-	-	-	1,284,106	16,271	1,300,377
<b>Total expenditures</b>	<b>14,235,810</b>	<b>-</b>	<b>305,118</b>	<b>4,500</b>	<b>4,589,106</b>	<b>7,346,472</b>	<b>26,481,006</b>
Excess (deficiency) of revenues over (under) expenditures	349,106	12,308	(18,302)	4,135,399	(4,588,310)	(1,375,409)	(1,485,208)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	1,400,876	500,000	-	489,389	4,590,477	2,929,368	9,910,110
Transfers out	(2,211,301)	(750,000)	(3,390)	(4,590,477)	-	(543,003)	(8,098,171)
Issuance of long-term debt	-	-	-	-	-	434,738	434,738
<b>Total other financing sources and uses</b>	<b>(810,425)</b>	<b>(250,000)</b>	<b>(3,390)</b>	<b>(4,101,088)</b>	<b>4,590,477</b>	<b>2,821,103</b>	<b>2,246,677</b>
Net change in fund balances	(461,319)	(237,692)	(21,692)	34,311	2,167	1,445,694	761,469
Fund balances - beginning	2,225,058	3,371,312	2,252,805	683,580	5,926,097	3,493,011	17,951,863
Fund balances - ending	<b>\$ 1,763,739</b>	<b>\$ 3,133,620</b>	<b>\$ 2,231,113</b>	<b>\$ 717,891</b>	<b>\$ 5,928,264</b>	<b>\$ 4,938,705</b>	<b>\$ 18,713,332</b>

See accompanying notes to the basic financial statements.

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

Net change in fund balances - total governmental funds: \$ 761,469

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	4,747,216
Capital assets purchased for business-type activities	(2,110,397)
Capital assets contributed	53,562
Depreciation expense	(3,938,869)
	(1,248,488)

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	(10,995)
Change in unavailable revenue	4,929
	(6,066)

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.

(1,337,377)

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:

Proceeds from issuance of debt	(434,738)
Revenue bond principal payments	3,305,000
Accretion of capital appreciation revenue bonds	(504,640)
Capital lease obligation principal payments	122,123
	2,487,745

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

Change in accrued interest expense	40,009
Amortization of deferred outflow on refunding	(94,081)
Change in accrued compensated absences expenses	(249,471)
	(303,543)

Change in net position of governmental activities \$ 353,740

See accompanying notes to the basic financial statements.

**CITY OF MCALESTER, OKLAHOMA**  
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**Proprietary Funds Statement of Net Position - June 30, 2021**

	<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	\$ 3,846,488	\$ 110,838	\$ 3,957,326	\$ 134,334
Restricted cash and cash equivalents	574,455	-	574,455	-
Investments	392,684	-	392,684	-
Due from other funds	-	-	-	179,818
Accounts receivable, net	1,580,291	9,364	1,589,655	-
Due from other governments	3,549	2,167	5,716	-
<b>Total current assets</b>	<u>6,397,467</u>	<u>122,369</u>	<u>6,519,836</u>	<u>314,152</u>
<b>Noncurrent assets:</b>				
Investment in joint venture	2,234,070	-	2,234,070	-
Capital assets:				
Land and other non-depreciable assets	1,491,394	42,623	1,534,017	-
Other capital assets, net of depreciation	23,546,778	6,679,726	30,226,504	-
<b>Total noncurrent assets</b>	<u>27,272,242</u>	<u>6,722,349</u>	<u>33,994,591</u>	<u>-</u>
<b>Total assets</b>	<u>33,669,709</u>	<u>6,844,718</u>	<u>40,514,427</u>	<u>314,152</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	148,405	9,540	157,945	-
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	353,794	532	354,326	63,155
Accrued payroll liabilities	76,188	4,185	80,373	11,252
Due to other funds	81,919	-	81,919	-
Interest payable	58	-	58	-
Unearned revenue	69,322	-	69,322	-
Claims liability	-	-	-	19,880
Due to depositors	114,891	-	114,891	-
Notes payable	165,091	-	165,091	-
Accrued compensated absences	21,051	224	21,275	4,095
<b>Total current liabilities</b>	<u>882,314</u>	<u>4,941</u>	<u>887,255</u>	<u>98,382</u>
<b>Noncurrent liabilities:</b>				
Claims liability	-	-	-	178,920
Landfill closure and postclosure liability	4,702,547	-	4,702,547	-
Due to depositors	459,564	-	459,564	-
Notes payable	1,042,563	-	1,042,563	-
Accrued compensated absences	189,455	2,012	191,467	36,850
Net pension liability	626,016	40,245	666,261	-
<b>Total non-current liabilities</b>	<u>7,020,145</u>	<u>42,257</u>	<u>7,062,402</u>	<u>215,770</u>
<b>Total liabilities</b>	<u>7,902,459</u>	<u>47,198</u>	<u>7,949,657</u>	<u>314,152</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	39,088	3,301	42,389	-
<b>NET POSITION</b>				
Net investment in capital assets	23,830,518	6,722,349	30,552,867	-
Unrestricted	2,046,049	81,410	2,127,459	-
<b>Total net position</b>	<u>\$ 25,876,567</u>	<u>\$ 6,803,759</u>	<u>\$ 32,680,326</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, 2021**

**Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2021**

	Enterprise Funds			Internal Service Funds
	McAlester Public Works Authority	McAlester Airport Authority	Total	
<b>OPERATING REVENUES</b>				
Charges for services:				
Water	\$ 3,247,941	\$ -	\$ 3,247,941	\$ -
Sewer	1,709,829	-	1,709,829	-
Sanitation	2,829,354	-	2,829,354	-
Water taps	20,300	-	20,300	-
Sewer taps	7,000	-	7,000	-
Water districts	2,145,480	-	2,145,480	-
Landfill	1,065	-	1,065	-
Penalties	51,743	-	51,743	-
Recycle fees	37,640	-	37,640	-
Subtitle "D" fees	405,863	-	405,863	-
Airport rents and fees	-	97,932	97,932	-
Self insurance charges	-	-	-	866,355
Miscellaneous	-	-	-	4,053
<b>Total operating revenues</b>	<u>10,456,215</u>	<u>97,932</u>	<u>10,554,147</u>	<u>870,408</u>
<b>OPERATING EXPENSES</b>				
Utility office	405,560	-	405,560	-
Interdepartmental	649,586	-	649,586	-
Sanitation	2,095,344	-	2,095,344	-
Engineering	322,353	-	322,353	-
Sewer	813,720	-	813,720	-
Water	1,465,438	-	1,465,438	-
Utility maintenance	1,037,685	-	1,037,685	-
Landfill	502,121	-	502,121	-
Airport	-	79,048	79,048	-
Fleet maintenance	-	-	-	559,473
Claims expense	-	-	-	310,935
Depreciation expense	1,818,933	694,447	2,513,380	-
<b>Total operating expenses</b>	<u>9,110,740</u>	<u>773,495</u>	<u>9,884,235</u>	<u>870,408</u>
<b>Operating income (loss)</b>	1,345,475	(675,563)	669,912	-
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	21,732	-	21,732	-
Interest expense and fiscal charges	(24,334)	-	(24,334)	-
Miscellaneous revenue	31,025	-	31,025	-
Operating grant revenue	-	40,682	40,682	-
Gain on sale of assets	21,133	-	21,133	-
Gain on joint venture	48,275	-	48,275	-
<b>Total non-operating revenue (expenses)</b>	<u>97,831</u>	<u>40,682</u>	<u>138,513</u>	<u>-</u>
<b>Income (loss) before contributions and transfers</b>	1,443,306	(634,881)	808,425	-
Capital contributions	2,110,397	-	2,110,397	-
Transfers in	546,393	-	546,393	-
Transfers out	(2,715,626)	-	(2,715,626)	-
<b>Change in net position</b>	1,384,470	(634,881)	749,589	-
<b>Total net position - beginning</b>	24,492,097	7,438,640	31,930,737	-
<b>Total net position - ending</b>	<u>\$ 25,876,567</u>	<u>\$ 6,803,759</u>	<u>\$ 32,680,326</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

**CITY OF MCALESTER, OKLAHOMA**  
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**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2021**

	Enterprise Funds			Internal Service Funds
	McAlester Public Works Authority	McAlester Airport Authority	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 10,248,229	\$ 93,697	\$ 10,341,926	\$ -
Payments to suppliers	(5,083,869)	(34,713)	(5,118,582)	(359,956)
Payments to employees	(2,136,651)	(56,769)	(2,193,420)	(292,392)
Receipts of customer meter deposits	99,517	-	99,517	-
Refund of customer meter deposits	(81,110)	-	(81,110)	-
Other receipts	160,425	-	160,425	712,492
Other payments	-	49,433	49,433	-
Net Cash Provided by Operating Activities	<u>3,206,541</u>	<u>51,648</u>	<u>3,258,189</u>	<u>60,144</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	546,393	-	546,393	-
Transfers to other funds	(2,715,626)	-	(2,715,626)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(2,169,233)</u>	<u>-</u>	<u>(2,169,233)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(1,066,360)	(16,429)	(1,082,789)	-
Proceeds from sale of capital assets	21,133	-	21,133	-
Proceeds from issuance of debt	1,100,874	-	1,100,874	-
Principal payment of capital debt	(535,068)	-	(535,068)	-
Interest and fiscal charges paid on capital debt	(25,075)	-	(25,075)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(504,496)</u>	<u>(16,429)</u>	<u>(520,925)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	21,732	-	21,732	-
Purchase of investments	(5,184)	-	(5,184)	-
Net Cash Provided by Investing Activities	<u>16,548</u>	<u>-</u>	<u>16,548</u>	<u>-</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>549,360</b>	<b>35,219</b>	<b>584,579</b>	<b>60,144</b>
<b>Balances - beginning of the year</b>	<b>3,871,583</b>	<b>75,619</b>	<b>3,947,202</b>	<b>74,190</b>
<b>Balances - end of the year</b>	<b><u>\$ 4,420,943</u></b>	<b><u>\$ 110,838</u></b>	<b><u>\$ 4,531,781</u></b>	<b><u>\$ 134,334</u></b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 1,345,475	\$ (675,563)	\$ 669,912	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	1,818,933	694,447	2,513,380	-
Operating grant	-	49,433	49,433	-
Other non-operating revenues (expenses)	79,300	-	79,300	-
Change in assets and liabilities:				
Receivables, net	(193,224)	(4,235)	(197,459)	-
Due from other funds	-	-	-	(157,916)
Investment in joint venture	(49,275)	-	(49,275)	-
Deferred amounts related to pensions	(166,145)	(14,546)	(180,691)	-
Accounts payable	(117,674)	(531)	(118,205)	51,191
Accrued payroll liabilities	14,896	(1,765)	13,131	4,241
Due to other funds	81,125	-	81,125	-
Claims liability	-	-	-	157,916
Unearned revenue	(14,762)	-	(14,762)	-
Due to depositors	18,407	-	18,407	-
Landfill closure liability	322,922	-	322,922	-
Net pension liability	55,542	3,571	59,113	-
Accrued compensated absences	11,021	837	11,858	4,712
Net Cash Provided by Operating Activities	<u>\$ 3,206,541</u>	<u>\$ 51,648</u>	<u>\$ 3,258,189</u>	<u>\$ 60,144</u>
<b>Noncash capital and related financing activities:</b>				
Capital assets contributed from governmental funds	<u>\$ 2,110,397</u>	<u>\$ -</u>	<u>\$ 2,110,397</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

**CITY OF MCALESTER, OKLAHOMA**  
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**Statement of Fiduciary Net Position – Pension Trust Fund - June 30, 2021**

	<b><u>Defined Benefit Retirement Plan and Trust Fund</u></b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,506,277
Investments:	
Corporate bonds	496,461
Exchange-traded closed-end funds	849,206
Mortgage and asset backed securities	201,499
Government treasury securities	745,908
Mutual funds	1,648,642
Common stocks	9,969,145
Interest receivable	8,538
Total assets	<u>15,425,676</u>
 <b>NET POSITION</b>	
Net position restricted for pensions	<u>\$ 15,425,676</u>

**Statement of Changes in Fiduciary Net Position – Pension Trust Fund - Year Ended June 30, 2021**

	<b><u>Defined Benefit Retirement Plan and Trust Fund</u></b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 453,602
Total contributions	<u>453,602</u>
Investment income:	
Interest income	436,326
Realized and unrealized net gain on investments	3,130,571
Net investment income	<u>3,566,897</u>
Total additions	<u>4,020,499</u>
 <b>DEDUCTIONS</b>	
Benefits paid to participants or beneficiaries	1,379,356
Administrative expenses	123,489
Total deductions	<u>1,502,845</u>
Change in net position held in trust for employees' pension benefits	2,517,654
Net position - beginning	12,908,022
Net position - ending	<u>\$ 15,425,676</u>

See accompanying notes to the basic financial statements.

**CITY OF MCALESTER, OKLAHOMA**  
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**CITY OF MCALESTER, OKLAHOMA  
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As of and for the Year Ended June 30, 2021**

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**Footnotes to the Basic Financial Statements:**

**1. Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

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

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

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

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

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

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

**Component Units:**

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

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

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



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

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

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

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

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

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

**Joint Venture:**

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

**B. Basis of Presentation and Accounting**

*Government-Wide Financial Statements:*

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

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

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

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

*Governmental Funds:*

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

**Major Funds:**

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

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

**Special Revenue Funds:**

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

**Capital Project Funds:**

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

**Debt Service Fund:**

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

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

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

*Proprietary Funds:*

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-type activities provided within the government. Proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability.

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

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

The City's internal service funds include the following:

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

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

*Fiduciary Fund:*

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

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

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

**D. Inventories**

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

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

**E. Capital Assets and Depreciation**

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

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

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

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

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**F. Long-Term Debt**

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

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

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

**G. Compensated Absences**

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

**H. Fund Balances and Net Position**

*Net Position:*

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

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

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

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*Fund Statements:*

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

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

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

**I. Interfund Activities and Balances**

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

**J. Use of Estimates**

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

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## 2. Deposits and Investments

### Primary Government Deposits and Investments:

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

At June 30, 2021, 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	15,523,481	15,523,481	-	-	-	-
Demand deposits - pension trust funds	1,506,277	1,506,277	-	-	-	-
Time deposits	1,042,847	-	-	1,042,847	-	-
	<u>18,077,715</u>	<u>17,034,868</u>	<u>-</u>	<u>1,042,847</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	1,100,515	1,100,515	-	-
Federated Government Obligations Tax Managed Svc	N/A	N/A	1,184,389	1,184,389	-	-
Goldman Sachs Financial Square Federal Fund Admin Shares #521	AAA	N/A	3,643,349	3,643,349	-	-
<b>Pension Trust Fund:</b>						
Western Asset Smash: Series EC (LMECX) - Money Market	N/A	N/A	683,823	683,823	-	-
Western Asset Smash: Series C (LMLCX) - Money Market	N/A	N/A	282,157	282,157	-	-
Western Asset Smash: Series M (LMSMX) - Money Market	N/A	N/A	464,565	464,565	-	-
Invesco Premier Ptf Instl (IPXX) - Money Market	N/A	N/A	218,097	218,097	-	-
Corporate Bonds	A+	Level II	45,380	-	-	45,380
Corporate Bonds	A-	Level II	149,114	-	-	149,114
Corporate Bonds	BBB+	Level II	253,676	-	-	87,116
Corporate Bonds	BBB	Level II	48,291	-	-	48,291
Vanguard Short Term Bond	N/A	Level I	849,206	849,206	-	-
United States Treasury Bonds/Notes	AAA	Level I	745,908	-	311,472	176,646
Mortgage and asset backed securities	N/A	Level II	201,499	-	-	201,499
Common Stocks	N/A	Level I	9,969,145	9,969,145	-	-
			<u>19,839,125</u>	<u>18,395,257</u>	<u>-</u>	<u>311,472</u>
						<u>309,142</u>
						<u>823,254</u>
<b>Total Deposits and Investments</b>			<u>\$ 37,916,840</u>	<u>\$ 35,430,125</u>	<u>\$ -</u>	<u>\$ 1,354,319</u>
						<u>\$ 309,142</u>
						<u>\$ 823,254</u>
<b>Reconciliation to Statement of Net Position:</b>						
Cash and cash equivalents	\$ 21,456,855					
Investments	1,042,847					
Add: Fiduciary Fund cash and cash equivalents	1,506,277					
Add: Fiduciary Fund investments	13,910,861					
	<u>\$ 37,916,840</u>					

### Deposit and Investment Risks

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



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

At June 30, 2021, the City was not exposed to custodial credit risk as defined above.

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

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

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

**Retirement Plan Investments:**

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

<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

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

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

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

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

	Current Cash and cash Equivalents
Utility Deposits	\$ 574,455
Total Restricted Assets	\$ 574,455

**Component Units Deposits and Investments:**

McAlester Regional Health Center Authority

*Deposits*

At June 30, 2021, approximately \$909,000 of the Authority’s bank balances of approximately \$35,577,000 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 \$1,117,000.

As nongovernmental entities, the blended component units are not subject to collateralization requirements. At June 30, 2021, the blended component units’ cash accounts exceeded federally insured limits by approximately \$279,000.

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	\$ 1,428,065	\$ 185,349	\$ 902,554	\$ 340,162	\$ -
United States Treasury Bonds/Notes	1,309,672	-	780,392	529,280	-
Money market mutual funds	3,536,970	3,536,970	-	-	-
	6,274,707	3,722,319	1,682,946	869,442	-
Exchange-traded funds	2,999,822				
Corporate stocks	1,467,900				
Accrued interest	31,987				
	\$ 10,774,416				

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**3. Investment in Joint Venture**

As discussed in Note 1A, the City participates (with equity interest) in the Association for Landfill Financial Assurance (ALFA). ALFA has been approved by the ODEQ as an allowable financial assurance mechanism under existing federal and state laws and regulations. As a member of ALFA, the City is required to deposit certain amounts on an annual basis into an escrow fund to be pooled with other ALFA members. The annual amount due from each member is based on the members' total estimated current cost of closure and post-closure care of the landfill, including adjustments due to inflation or resulting from any changes in the closure or the required 30 year post-closure care plan, plus any additional amount for contingencies as determined by ALFA. For the year ended June 30, 2021, the "Investment in joint venture" balance changed as follows:

Beginning Investment in Joint Venture	\$ 2,184,795
Current Year Contributions	1,000
Gain from Joint Venture	48,275
Ending Investment in Joint Venture	<u>\$ 2,234,070</u>

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, 2021, is as follows:

	General Fund		Stormwater Fund	Technology Fund	Infrastructure Fund	MPWA	Airport
	Ambulance	Court					
Accounts receivable	\$ 3,064,436	\$ 3,259,287	\$ 303,250	\$ 146,974	\$ 146,974	\$ 4,148,373	\$ 10,354
Allowance for doubtful accounts	<u>(2,972,748)</u>	<u>(1,629,644)</u>	<u>(176,801)</u>	<u>(73,487)</u>	<u>(73,487)</u>	<u>(2,568,082)</u>	<u>(990)</u>
Accounts receivable, net	<u>\$ 91,688</u>	<u>\$ 1,629,643</u>	<u>\$ 126,449</u>	<u>\$ 73,487</u>	<u>\$ 73,487</u>	<u>\$ 1,580,291</u>	<u>\$ 9,364</u>

*Component Units:*

McAlester Regional Health Center Authority

Patient receivable balances at June 30, 2021 were as follows:

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	<u>MRHCA</u>
Medicare	\$ 7,932,829
Medicaid	3,097,470
Other third-party payers	14,960,957
Patients	12,808,588
Allowance for doubtful accounts	<u>(28,468,698)</u>
Accounts receivable, net	<u>\$ 10,331,146</u>

## 5. Capital Assets and Depreciation

For the year ended June 30, 2021, capital assets balances changed as follows:

	<u>Balance at June 30, 2020</u>	<u>Additions</u>	<u>Disposals and Transfers</u>	<u>Balance at June 30, 2021</u>
<b>Governmental activities:</b>				
<b>Non-depreciable:</b>				
Land	\$ 1,803,086	\$ -	\$ -	\$ 1,803,086
Construction-in-progress	158,388	1,876,115	(1,680,506)	353,997
Total non-depreciable assets at historical cost	<u>1,961,474</u>	<u>1,876,115</u>	<u>(1,680,506)</u>	<u>2,157,083</u>
<b>Depreciable:</b>				
Buildings	12,477,175	-	-	12,477,175
Other improvements	6,499,172	126,406	-	6,625,578
Machinery and equipment	12,151,332	1,245,533	(641,914)	12,754,951
Infrastructure	78,319,571	1,103,037	-	79,422,608
Total depreciable assets at historical cost	<u>109,447,250</u>	<u>2,474,976</u>	<u>(641,914)</u>	<u>111,280,312</u>
<b>Less accumulated depreciation</b>				
Buildings	(4,731,529)	(303,768)	-	(5,035,297)
Other improvements	(2,835,930)	(449,437)	-	(3,285,367)
Machinery and equipment	(9,741,669)	(841,539)	661,710	(9,921,498)
Infrastructure	(52,582,078)	(2,344,125)	-	(54,926,203)
Total accumulated depreciation	<u>(69,891,206)</u>	<u>(3,938,869)</u>	<u>661,710</u>	<u>(73,168,365)</u>
<b>Net depreciable assets</b>	<u>39,556,044</u>	<u>(1,463,893)</u>	<u>19,796</u>	<u>38,111,947</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 41,517,518</u>	<u>\$ 412,222</u>	<u>\$ (1,660,710)</u>	<u>\$ 40,269,030</u>
<b>Business-type activities</b>				
<b>Non-depreciable:</b>				
Land	\$ 212,571	\$ -	\$ -	\$ 212,571
Water rights contracts	719,075	-	-	719,075
Construction-in-progress	324,461	2,336,213	(2,058,303)	602,371
Total non-depreciable assets at historical cost	<u>1,256,107</u>	<u>2,336,213</u>	<u>(2,058,303)</u>	<u>1,534,017</u>
<b>Depreciable:</b>				
Buildings	2,773,061	-	-	2,773,061
Other improvements	7,442,482	538,571	-	7,981,053
Machinery and equipment	4,299,372	446,284	95,966	4,841,622
Utility property	56,590,196	1,950,213	-	58,540,409
Total depreciable assets at historical cost	<u>71,105,111</u>	<u>2,935,068</u>	<u>95,966</u>	<u>74,136,145</u>
<b>Less accumulated depreciation</b>				
Buildings	(1,926,520)	(60,917)	-	(1,987,437)
Other improvements	(4,473,673)	(586,912)	-	(5,060,585)
Machinery and equipment	(3,417,954)	(286,902)	(115,758)	(3,820,614)
Utility property	(31,462,356)	(1,578,649)	-	(33,041,005)
Total accumulated depreciation	<u>(41,280,503)</u>	<u>(2,513,380)</u>	<u>(115,758)</u>	<u>(43,909,641)</u>
<b>Net depreciable assets</b>	<u>29,824,608</u>	<u>421,688</u>	<u>(19,792)</u>	<u>30,226,504</u>
<b>Business-type capital assets, net</b>	<u>\$ 31,080,715</u>	<u>\$ 2,757,901</u>	<u>\$ (2,078,095)</u>	<u>\$ 31,760,521</u>

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	Balance at June 30, 2020	Additions	Transfers	Disposals	Balance at June 30, 2021
Component Unit (MRHCA):					
Non-depreciable:					
Land	\$ 1,182,789	\$ -	\$ -	\$ -	\$ 1,182,789
Construction-in-progress	1,511,845	724,253	(2,148,624)	-	87,474
Total non-depreciable assets at historical cost	<u>2,694,634</u>	<u>724,253</u>	<u>(2,148,624)</u>	<u>-</u>	<u>1,270,263</u>
Depreciable:					
Land improvements	2,153,360	-	-	-	2,153,360
Buildings and improvements	67,655,807	466,172	2,098,921	-	70,220,900
Machinery and equipment	44,217,125	3,174,502	49,703	-	47,441,330
Total depreciable assets at historical cost	<u>114,026,292</u>	<u>3,640,674</u>	<u>2,148,624</u>	<u>-</u>	<u>119,815,590</u>
Less accumulated depreciation					
Land improvements	(1,426,767)	(65,344)	-	-	(1,492,111)
Buildings and improvements	(39,537,457)	(2,319,361)	-	-	(41,856,818)
Machinery and equipment	(31,758,493)	(3,034,627)	-	-	(34,793,120)
Total accumulated depreciation	<u>(72,722,717)</u>	<u>(5,419,332)</u>	<u>-</u>	<u>-</u>	<u>(78,142,049)</u>
Net depreciable assets	<u>41,303,575</u>	<u>(1,778,658)</u>	<u>2,148,624</u>	<u>-</u>	<u>41,673,541</u>
Component Unit (MRHCA) capital assets, net	<u>\$ 43,998,209</u>	<u>\$ (1,054,405)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,943,804</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	\$ 342,053
Public safety	435,607
Community services	536,044
Public works	2,625,165
Total governmental activities depreciation expense	<u>\$ 3,938,869</u>

Depreciation expense charged to business-type activities:

Water	\$ 1,250,552
Sewer	547,104
Sanitation	21,277
Airport	694,447
Total business-type activities depreciation expense	<u>\$ 2,513,380</u>

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

For the year ended June 30, 2021, the reporting entity's long-term debt changed as follows:

	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Capital Lease Obligations	\$ 570,410	\$ 434,738	\$ 122,123	\$ 883,025	\$ 762,115
Revenue Bonds Payable-direct placement	35,445,000	-	3,305,000	32,140,000	3,480,000
Revenue Bonds Payable	8,431,252	504,640	-	8,935,892	-
Accrued Compensated Absences	2,228,051	636,541	382,358	2,482,234	248,224
Claims Liability	40,884	435,536	277,620	198,800	19,880
<b>Total Governmental Long-Term Debt</b>	<b><u>\$ 46,715,597</u></b>	<b><u>\$ 2,011,455</u></b>	<b><u>\$ 4,087,101</u></b>	<b>\$ 44,639,951</b>	<b><u>\$ 4,510,219</u></b>
				Net pension liability	13,633,826
				<b><u>\$ 58,273,777</u></b>	
<b>Business-type Activities:</b>					
Landfill Closure and Post-closure Liability	\$ 4,379,625	\$ 322,922	\$ -	\$ 4,702,547	\$ -
Due to Depositors	556,048	99,517	81,110	574,455	114,891
Notes Payable-direct borrowing	641,848	1,100,874	535,068	1,207,654	165,091
Accrued Compensated Absences	200,884	48,476	36,618	212,742	21,275
<b>Total Business-type Long-Term Debt</b>	<b><u>\$ 5,778,405</u></b>	<b><u>\$ 1,571,789</u></b>	<b><u>\$ 652,796</u></b>	<b>\$ 6,697,398</b>	<b><u>\$ 301,257</u></b>
				Net pension liability	666,261
				<b><u>\$ 7,363,659</u></b>	

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	\$59,085
\$763,736 capital lease with Bancfirst for city vehicles, payable in monthly interest installments and one balloon principal payment due January 25, 2022, with interest at 0.65%, paid from the Capital Improvement Plan Fund	701,044

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\$26,601 capital lease with First National Bank for one vehicle, payable in monthly installments of \$489, final payment due March 1, 2024, with interest at 3.90%, paid from the Capital Improvement Plan Fund 14,851

\$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 108,045

\$ 883,025

Capital Lease Obligations:

Current portion \$ 762,115

Noncurrent portion 120,910

Total Capital Lease Obligations \$ 883,025

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 (8,624,108)

Principal outstanding at year end \$8,935,892

Revenue Bonds Payable (Direct Placements):

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

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

\$13,435,000

2013 Series Utility System & Sales Tax Revenue Notes:

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

6,400,000

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Revenue Bonds Payable (Direct Placements), continued:

2014 Series Utility System & Sales Tax Revenue Notes:

Serial Bonds in the amount of \$4,910,000 dated May 20, 2014, issued by McAlester Public Works Authority and used for streets, secured by utility revenues and pledged sales tax, principal maturing semi-annually ranging from \$95,000 to \$435,000, interest rate at 3.40%, final maturity February 1, 2029, paid from Bond Trustee Fund. In the event of default, the lender may: 1) accelerate maturity; 2) gain control of operations through temporary trustees; 3) file suit for specific performance of covenants; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement. 3,580,000

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. 8,725,000

Total Revenue Bonds Payable (Direct Placements)	<u>\$ 32,140,000</u>
Current portion	\$ 3,480,000
Noncurrent portion	<u>28,660,000</u>
Total Revenue Bonds Payable (Direct Placements)	<u>\$ 32,140,000</u>

Accrued Compensated Absences:

Current portion	\$ 248,224
Noncurrent portion	<u>2,234,010</u>
Total Accrued Compensated Absences	<u>\$ 2,482,234</u>

Claims Liability:

Current portion	\$ 19,880
Non-current portion	<u>178,920</u>
Total Claims Liability	<u>\$ 198,800</u>

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

Notes Payable (Direct Borrowings):

1999 CDBG-EDIF Promissory Note with Oklahoma Department of Commerce dated September 19, 2000, original amount of \$275,000 with an annual interest rate of 0.00%, due in monthly installments of \$1,146, final installment November 1, 2021. Secured by water revenues. In the event of default, the lender may: 1) accelerate maturity; 2) increase interest rate 6% from date of default until date of payment; 3) cease extending credit to borrower; 4) exercise any and all rights and remedies possessed by lender. \$ 5,729



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<p>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.</p>	19,210
<p>MPWA Note Payable with First National Bank and used for clear well liner project, dated March 4, 2021, original line of credit amount of \$641,160, with an annual interest rate of 2.73%, due in 12 monthly interest payments followed by monthly installments of \$6,704, final installment March 4, 2031. Drawdowns to date \$594,524. Secured by equipment purchased. In the event of default, the lender may: 1) accelerate maturity; 2) assemble and sell collateral; 3) appoint receiver; 4) collect revenues, apply accounts; 5) obtain deficiency (judgment).</p>	594,524
<p>MPWA Note Payable with First National Bank and used for roll off vehicle, dated September 30, 2020, original amount of \$168,850, with an annual interest rate of 2.73%, due in monthly installments of \$3,013, final installment September 25, 2025. Secured by equipment purchased. In the event of default, the lender may: 1) accelerate maturity; 2) assemble and sell collateral; 3) appoint receiver; 4) collect revenues, apply accounts; 5) obtain deficiency (judgment).</p>	144,890
<p>MPWA Note Payable with Arvest Bank and used for 2018 Gradall, dated March 29, 2021, original amount of \$337,500, with an annual interest rate of 2.955%, due in monthly installments of \$4,456, final installment April 15, 2028. Secured by equipment. In the event of default, the lender may: 1) accelerate maturity; 2) repossess and sell collateral; 3) charge all fees associated with repossession; 4) set off amounts owed with deposits; 5) charge interest on monies due at a rate of 18% per annum or the highest rate permitted by law until paid.</p>	330,534
<p>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).</p>	31,955
<p>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).</p>	78,166
<p>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.</p>	<u>2,646</u>
<p>Total Notes Payable (Direct Borrowings)</p>	<u>\$ 1,207,654</u>
<p>Current portion</p>	\$ 165,091
<p>Non-current portion</p>	<u>1,042,563</u>
<p>Total Notes Payable (Direct Borrowings)</p>	<u>\$ 1,207,654</u>

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Landfill Closure and Post-Closure Liability:

A \$4,702,547 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 72.26% of the estimated capacity of the landfill. It is estimated that an additional \$1,805,268 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 31 years.

Current portion	\$ -
Noncurrent portion	<u>4,702,547</u>
Total Landfill Closure and Postclosure Liability	<u>\$ 4,702,547</u>

Accrued Compensated Absences:

Current portion	\$ 21,275
Noncurrent portion	<u>191,467</u>
Total Accrued Compensated Absences	<u>\$ 212,742</u>

Deposits Subject to Refund:

Current portion	\$ 114,891
Noncurrent portion	<u>459,564</u>
Total Deposits Subject to Refund	<u>\$ 574,455</u>

Debt Service Requirements to Maturity

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

Year Ended June 30,	Governmental Activity Debt				Direct Placement	
	Capital Lease Obligations Payable		Revenue Bonds Payable		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 762,115	\$ 8,796	\$ -	\$ -	\$ 3,480,000	\$ 1,151,876
2023	63,605	3,749	-	-	3,660,000	1,020,254
2024	57,305	1,221	-	-	3,845,000	882,306
2025	-	-	-	-	4,040,000	737,103
2026	-	-	-	-	4,245,000	584,530
2027-2031	-	-	3,930,000	-	12,870,000	587,902
2032-2034	-	-	<u>13,630,000</u>	-	-	-
Total	<u>\$ 883,025</u>	<u>\$ 13,766</u>	17,560,000	-	32,140,000	4,963,971
Less: Unaccrued Portion of Debt			<u>(8,624,108)</u>	<u>8,624,108</u>	-	-
			<u>\$ 8,935,892</u>	<u>\$ 8,624,108</u>	<u>\$ 32,140,000</u>	<u>\$ 4,963,971</u>

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Year Ended June 30,	<u>Business-Type Activity Debt - Direct Borrowing</u>	
	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 165,091	\$ 32,485
2023	177,492	26,890
2024	172,389	21,670
2025	156,317	17,146
2026	133,280	13,068
2027-2030	<u>403,085</u>	<u>20,113</u>
Total	<u>\$ 1,207,654</u>	<u>\$ 131,372</u>

**Component Units** have the following long-term debt at June 30, 2021:

	Balance	Additions	Deductions	Balance	Amounts
	June 30, 2020			June 30, 2021	Due Within One Year
<b>Component Unit Activities (MRHCA):</b>					
Capital Lease Obligations	\$ 105,285	\$ -	\$ 55,216	\$ 50,069	\$ 50,069
Notes Payable to Banks	11,305,574	346,294	1,169,034	10,482,834	8,981,895
Other Long-Term Liability	<u>487,798</u>	<u>1,091,912</u>	<u>501,746</u>	<u>1,077,964</u>	<u>288,108</u>
Total Component Unit Debt	<u>\$ 11,898,657</u>	<u>\$ 1,438,206</u>	<u>\$ 1,725,996</u>	<u>\$ 11,610,867</u>	<u>\$ 9,320,072</u>

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. These notes require the Authority to comply with certain restrictive covenants, including maintaining a debt service coverage ratio of 1.20 to 1.00 and days cash on hand of 75 days, as defined. The indenture agreements for each note contain provisions that, in an event of default, allow the lender to accelerate payments of the entire principal amount to be immediately due and payable. At June 30, 2021, the Authority did not meet the debt service coverage ratio and a waiver was not obtained. As a result, the 2016 Note and 2017 Note are reflected as current in the accompanying balance sheets at June 30, 2021.

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>
2022	\$ 1,224,918	\$ 293,793
2023	1,254,788	251,164
2024	1,372,367	210,591
2025	862,088	166,350
2026	504,865	147,845
2027-2031	2,572,050	534,090
2032-2036	<u>2,691,758</u>	<u>174,017</u>
Total	<u>\$ 10,482,834</u>	<u>\$ 1,777,850</u>

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Capital Lease Obligations (MRHCA):

The McAlester Regional Health Center Authority is obligated under various leases for equipment that are accounted for as capital leases. The following is a schedule by year of future minimum lease payments under the capital leases, including interest at rates of 3.54%, with the present value of the future minimum lease payments as of June 30, 2021:

Year Ended June 30,	<u>Capital Lease Obligations Payable</u>
2022	\$ 50,484
Total minimum lease payments	50,484
Less amount representing interest	415
Present value of future minimum lease payments	<u>\$ 50,069</u>

**7. Fund Balances**

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

	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Economic Development Fund</u>	<u>Dedicated Sales Tax - MPWA</u>	<u>Bond Trustee Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund Balance:							
Restricted For:							
Grant purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,812	\$ 1,812
Juvenile programs	-	-	-	-	-	4,194	4,194
E911	-	-	-	-	-	45,729	45,729
Economic development	-	-	236,652	-	-	-	236,652
Tourism	-	-	-	-	-	61,108	61,108
Other	-	-	-	-	-	234,491	234,491
Stormwater	-	-	-	-	-	935,018	935,018
Health - cancer center	-	-	-	-	-	67,659	67,659
Police capital outlay	-	-	-	-	-	30,871	30,871
Cemetery	-	-	-	-	-	408,967	408,967
Infrastructure improvements	-	-	-	-	-	94,849	94,849
Emergencies	-	3,133,620	-	-	-	-	3,133,620
Capital improvements:							
Economic development-bond repayment	-	-	-	-	-	800,000	800,000
Debt Service	-	-	-	717,891	5,928,264	70,091	6,716,246
Sub-total Restricted	-	3,133,620	236,652	717,891	5,928,264	2,754,789	12,771,216
Assigned to:							
Tourism	-	-	-	-	-	573,171	573,171
Economic development	-	-	1,994,461	-	-	-	1,994,461
Other	-	-	-	-	-	32,744	32,744
Police capital outlay	-	-	-	-	-	517	517
Technology improvements	-	-	-	-	-	9,465	9,465
Infrastructure improvements	-	-	-	-	-	750,000	750,000
Capital improvements	-	-	-	-	-	818,019	818,019
Nutrition services	131,046	-	-	-	-	-	131,046
Budget balancing purposes	300,000	-	-	-	-	-	300,000
Sub-total Assigned	431,046	-	1,994,461	-	-	2,183,916	4,609,423
Unassigned	1,332,693	-	-	-	-	-	1,332,693
Total Fund Balance	<u>\$ 1,763,739</u>	<u>\$ 3,133,620</u>	<u>\$ 2,231,113</u>	<u>\$ 717,891</u>	<u>\$ 5,928,264</u>	<u>\$ 4,938,705</u>	<u>\$ 18,713,332</u>

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**Restricted Net Position – Governmental Activities**

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

Fund	Restricted By	Amount
Juvenile Fine Fund	State statutes and/or debt indentures	\$ 4,194
State Forfeiture Fund	State statutes and/or debt indentures	5,914
Cemetery Perpetual Care Fund	State statutes and/or debt indentures	408,967
Federal Forfeiture Fund	State statutes and/or debt indentures	20,593
Capital Improvement Plan Fund	State statutes and/or debt indentures	800,000
Sinking Fund	State statutes and/or debt indentures	2,165
		<u>\$ 1,241,833</u>
Dedicated Sales Tax - MPWA	External parties (voters)	\$ 717,891
E911 Fund	External parties (voters)	45,729
Reserve Fund	External parties (voters)	3,133,620
Economic Development Fund	External parties (voters)	236,652
Gifts & Contributions Fund	External parties (donors)	234,491
Stormwater Fund	External parties (voters)	935,018
MRHC-Cancer Center Fund	External parties (voters)	67,659
Infrastructure Fund	External parties (voters)	94,849
Sales Tax - Schools Fund	External parties (voters)	67,926
Fire Improvement Grant Fund	External parties (grantors)	260
Police Equipment Fund	External parties (grantors)	4,364
CDBG Fund	External parties (grantors)	1,552
Tourism/SE Expo Fund	External parties (voters)	61,108
		<u>\$ 5,601,119</u>

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

Sales and Use Tax

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

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

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**Pledge of Future Revenues**

*Sales Tax and Utility Net Revenues Pledge* - The City has pledged two cents (or 53.3%) of future sales tax revenues to repay \$41,075,892 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 \$54,663,971, which includes \$17,560,000 of accreted bonds. Pledged sales taxes transferred in the current year were \$4,590,477 and the net utility revenues were \$3,164,408. Debt service payments of \$4,590,106, excluding accreted interest, for the current fiscal year were 99.99% of the pledged and transferred sales taxes and 59.19% of both pledged and transferred sales taxes and net utility revenues.

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

*Transfers:*

Internal transfers between funds and activities for the year ended June 30, 2021, were as follows:

Transfer From	Transfer To	Amount	Nature of Transfer
General Fund	Capital Improvement Plan Fund	\$ 1,628,301	Transfer for capital improvements
General Fund	E-911 Fund	75,000	Operating transfer
General Fund	Technology Fund	8,000	Transfer of technology fees
General Fund	Reserve Fund	500,000	Emergency transfer-COVID issues not used in 1
Capital Improvement Plan Fund	MPWA	538,976	Debt service payments
Reserve Fund	Infrastructure Fund	750,000	Emergency transfer-COVID issues
Infrastructure Fund	MPWA	4,027	Debt service payments
Dedicated Sales Tax Fund	Bond Trustee Fund	4,590,477	Debt payments to trustee bank
Economic Development Fund	MPWA	3,390	Debt service payments
MPWA	General Fund	1,400,876	Transfer for operations
MPWA	Technology Fund	128,826	Transfer for technology improvements
MPWA	Capital Improvement Plan Fund	318,108	Transfer for capital improvements
MPWA	Dedicated Sales Tax Fund	489,389	Transfer for operations
MPWA	Capital Improvement Plan Fund	21,133	Transfer of proceeds from sale of capital asset
MPWA	Governmental Funds-GW	357,294	Transfer of capital assets
		<u>\$ 10,813,797</u>	
	Transfers	Transfers	Net Transfers/
	In	Out	Internal Activity
<hr/>			
Reconciliation to Fund			
Financial Statements:			
Governmental Funds	\$ 9,910,110	\$ (8,098,171)	\$ 1,811,939
Enterprise Funds	546,393	(2,715,626)	(2,169,233)
Total Transfers	<u>\$ 10,456,503</u>	<u>\$ (10,813,797)</u>	<u>\$ (357,294)</u>
<hr/>			
Reconciliation to statement of activities:		Governmental	Business-Type
Net transfers		\$ 1,811,939	\$ (2,169,233)
Reclassification of capital asset purchases and expense between activities		(2,100,466)	2,457,760
Total Transfers - Internal Activity		<u>\$ (288,527)</u>	<u>\$ 288,527</u>

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*Balances:*

Interfund receivables and payables at June 30, 2021, 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	97,899	GF share of claims liability	
Police Equipment Fund	General Fund	5,225	Negative share of cash	
E-911 Fund	General Fund	4,840	Negative share of cash	
MPWA	Workers Compensation Fund	81,919	GF share of claims liability	
		<u>\$ 989,883</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	\$ 810,065	\$ (907,964)	\$ 179,818	\$ 81,919
Enterprise Funds	-	(81,919)	-	(81,919)
Internal Service Funds	179,818	-	(179,818)	-
Total Interfund Balances	<u>\$ 989,883</u>	<u>\$ (989,883)</u>	<u>\$ -</u>	<u>\$ -</u>

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

## 10. Risk Management

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

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

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

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Claims Liability Analysis

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirements of Statement of Financial Accounting Standard No. 5, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. For workers' compensation, changes in the claims liability for the City from July 1, 2018 to June 30, 2021 are as follows:

	Total Claims Liability
Claims liability, June 30, 2018	\$ 125,414
Claims incurred	143,296
Claims paid	(151,786)
Claims liability, June 30, 2019	116,924
Claims incurred	284,882
Claims paid	(360,922)
Claims liability, June 30, 2020	40,884
Claims incurred	435,536
Claims paid	(277,620)
Claims liability, June 30, 2021	\$ 198,800

**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 2021, the City's involvement in federal and state award programs was not significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.



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*ODEQ Consent Orders:*

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.

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

*Asset Retirement Obligation:*

The City has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonably estimated as of June 30, 2021, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs and obtaining an estimate of those costs in the near future.

*Other Contingencies:*

The novel coronavirus ("COVID-19"), which was declared a global health emergency in January 2020 and a pandemic in March 2020, has caused significant changes in political and economic conditions around the world, including disruptions and volatility in the global capital markets. In response, the State of Oklahoma and local municipalities have taken various preventative or protective actions, such as imposing restrictions on business operations and advising or requiring individuals to limit or forgo their time outside of their homes. The City's management has considered the economic implications of the COVID-19 pandemic in making critical and significant accounting estimates included in the June 30, 2021, financial statements.

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

During the year ended June 30, 2021, the City expended approximately \$123,000 of Coronavirus Relief Funds received from the State of Oklahoma to help offset the impact of COVID-19.

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**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 Liability:		
Police Pension System	\$ 862,693	\$ -
Firefighter's Pension System	9,214,722	-
City Pension	3,556,411	666,261
Total Net Pension Liability	\$ 13,633,826	\$ 666,261
Deferred Outflows of Resources:		
Police Pension System	\$ 1,453,953	\$ -
Firefighter's Pension System	1,827,391	-
City Pension	871,451	157,945
Total Deferred Outflows of Resources	\$ 4,152,795	\$ 157,945
Deferred Inflows of Resources:		
Police Pension System	\$ 247,904	\$ -
Firefighter's Pension System	473,073	-
City Pension	74,906	42,389
Total Deferred Inflows of Resources	\$ 795,883	\$ 42,389
Pension Expense:		
Police Pension System	\$ 1,018,463	\$ -
Firefighter's Pension System	1,728,201	-
City Pension	527,867	98,891
Total Pension Expense	\$ 3,274,531	\$ 98,891

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

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

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

Year established and governing authority	1995 by City Council Ordinance
Determination of Contribution requirements	Actuarially determined
Employer	9.59% of Payroll (\$518,091 annual required contribution)
Plan members	None required
Funding of administrative costs	Investment earnings
Period required to vest	10 years

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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	37
Terminated Vested Employees	24
Retirees or Retiree Beneficiaries	<u>111</u>
Total	<u>172</u>

*C. Changes in Net Pension Liability*

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2020 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, 2020 and the City's report ending date of June 30, 2021, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

	Schedule of Changes in Net Pension Liability		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2019	\$ 17,381,764	\$ 13,533,739	\$ 3,848,025
Changes for the Year:			
Interest	1,202,785	-	1,202,785
Difference between expected and actual experience	(200,112)	-	(200,112)
Benefit payments, including refunds	(1,253,743)	(1,253,743)	-
Net investment income	-	291,619	(291,619)
City contributions	-	453,602	(453,602)
Plan administrative expenses	-	(117,195)	117,195
Net Changes	<u>(251,070)</u>	<u>(625,717)</u>	<u>374,647</u>
Balances at 6/30/20	<u>\$ 17,130,694</u>	<u>\$ 12,908,022</u>	<u>\$ 4,222,672</u>

The City reported \$626,758 in pension expense for the year ended June 30, 2021. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,659	\$ 88,939
Net difference between projected and actual earnings on pension plan investments	532,779	-
Changes in proportion and differences between City contributions and change in proportion share of contributions	28,356	28,356
City contributions subsequent to the measurement date	453,602	-
Total	\$ 1,029,396	\$ 117,295

\$453,602 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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:**

2022	\$	(46,310)
2023		178,458
2024		196,393
2025		129,958
	\$	458,499

**GASB 67 Pension Disclosures**

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

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

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

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

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

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return by the target asset allocation percentage and by adding expected inflation. Best estimate of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 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 1.47%.

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 - 2019	\$ 5,665,691	\$ 3,848,025	\$ 2,297,005
City's Net Pension Liability - 2020	\$ 6,217,306	\$ 4,222,672	\$ 2,520,643
City's Net Pension Liability - 2021	\$ 2,442,992	\$ 1,659,232	\$ 990,447

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

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

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***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 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.

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**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 \$315,929. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$582,690 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 \$774,867. 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, 2021, the City reported a net pension liability of \$9,214,722 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2020. Based upon this information, the City's proportion was 0.7480 percent.

For the year ended June 30, 2021, the City recognized pension expense of \$1,728,201. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,174,420	\$ 123,639
Changes of assumptions	-	156,153
Net difference between projected and actual earnings on pension plan investments	135,446	-
Changes in proportion	201,596	190,284
City contributions during measurement date	-	2,997
City contributions subsequent to the measurement date	315,929	-
<b>Total</b>	<b>\$ 1,827,391</b>	<b>\$ 473,073</b>

\$315,929 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, 2022. 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:

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Year ended June 30:		
	2022	\$ 179,095
	2023	360,244
	2024	300,320
	2025	198,730
	Total	<u>\$ 1,038,389</u>

**Actuarial Assumptions-** The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

Mortality rates were based on the following:

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

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the following table:

Asset	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	4.38%
Domestic equity	47%	7.41%
International equity	15%	9.82%
Real estate	10%	7.70%
Other assets	8%	5.67%

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



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of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability 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	\$ 11,967,021	\$ 9,214,722	\$ 6,911,996

**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.

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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 \$310,535. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$196,260 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 \$302,688. 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, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2021, the City reported a net pension liability of \$862,693 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2020. Based upon this information, the City's proportion was 0.7512 percent.

For the year ended June 30, 2021, the City recognized pension expense of \$1,018,463. At June 30, 2021, 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	\$ 22,318	\$ 234,285
Changes of assumptions	88,624	-
Net difference between projected and actual earnings on pension plan investments	1,017,843	-
Changes in proportion	14,043	5,754
City contributions during measurement date	590	7,865
City contributions subsequent to the measurement date	310,535	-
Total	<u>\$ 1,453,953</u>	<u>\$ 247,904</u>

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\$310,535 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2022. 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:			
2022	\$	124,841	
2023		258,859	
2024		334,458	
2025		194,741	
2026		(17,385)	
Total	\$	<u>895,514</u>	

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.5% to 12% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
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, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the following table:

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<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	5.11%
Domestic equity	6.80%
International equity	11.45%
Real estate	8.60%
Private Equity	11.58%
Commodities	0.00%

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

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

**Sensitivity of the Net Pension Liability (Asset) 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 (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension liability (asset)	\$ 3,047,545	\$862,693	\$(985,233)

**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>
2019	316,849	100%	2019	314,299	100%
2020	335,651	100%	2020	327,058	100%
2021	315,929	100%	2021	310,535	100%

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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 5 years of service. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting shall reduce the Employer contribution. The authority to establish and amend the provisions of the plan rests with the City Council.

For the year ended June 30, 2021, the City contributed \$136,092 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2021**

	GENERAL FUND (BUDGETARY BASIS)			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ -	\$ 817,413	\$ 613,410	\$ (204,003)
<b>Resources (Inflows):</b>				
<b>TAXES:</b>				
Sales tax	6,780,435	6,780,435	8,282,870	1,502,435
Use tax	2,379,654	2,379,654	1,765,942	(613,712)
Franchise tax	633,490	633,490	552,422	(81,068)
<b>Total Taxes</b>	<u>9,793,579</u>	<u>9,793,579</u>	<u>10,601,234</u>	<u>807,655</u>
<b>INTERGOVERNMENTAL:</b>				
Alcoholic beverage tax	227,754	227,754	254,375	26,621
Tobacco/cigarette tax	141,798	141,798	143,589	1,791
Gas excise tax	33,303	33,303	30,333	(2,970)
Vehicle tax	127,421	127,421	128,223	802
Grant revenue	61,607	61,607	1,425,135	1,363,528
Healthcare reimbursement by state	137,768	137,768	134,933	(2,835)
BCBS Wellness Credit	-	50,000	-	(50,000)
<b>Total Intergovernmental</b>	<u>729,651</u>	<u>779,651</u>	<u>2,116,588</u>	<u>1,336,937</u>
<b>CHARGES FOR SERVICES:</b>				
Court costs	242,744	242,744	211,005	(31,739)
Cemetery opening/closing	19,425	19,425	27,891	8,466
Incarceration fee	17,151	17,151	8,381	(8,770)
Cemetery fees	3,514	3,514	7,850	4,336
Swimming pool revenue	11,464	11,464	7,571	(3,893)
Ambulance revenue	542,177	542,177	803,374	261,197
False alarms	-	-	635	635
Street cuts	2,897	2,897	1,631	(1,266)
Recreation fees	1,110	1,110	5,749	4,639
Oil and gas leases	217,750	217,750	182,445	(35,305)
Abatements	42,187	42,187	52,377	10,190
Rental property	3,000	3,000	13,500	10,500
Rental rooms	4,796	4,796	50	(4,746)
Burgular alarms	15,375	15,375	11,950	(3,425)
Complex concessions	4,732	4,732	4,890	158
Complex rental	3,100	3,100	2,100	(1,000)
<b>Total Charges for Services</b>	<u>1,131,422</u>	<u>1,131,422</u>	<u>1,341,399</u>	<u>209,977</u>
<b>FINES AND FORFEITURES</b>	<u>598,489</u>	<u>598,489</u>	<u>554,545</u>	<u>(43,944)</u>
<b>LICENSES AND PERMITS</b>	<u>107,279</u>	<u>107,279</u>	<u>177,206</u>	<u>69,927</u>
<b>INVESTMENT INCOME</b>	<u>25,035</u>	<u>25,035</u>	<u>18,092</u>	<u>(6,943)</u>
<b>MISCELLANEOUS:</b>				
Auctions	15,000	15,000	599	(14,401)
Hay sales	-	-	1,108	1,108
Vendors	-	-	270	270
Cemetery lots	12,000	12,000	16,888	4,888
Demolitions	1,200	1,200	3,250	2,050
Court admin fee	4,095	4,095	3,621	(474)
Miscellaneous	5,539	5,539	6,939	1,400
Credit card payment fees	10,796	10,796	-	(10,796)
Education & training revenue	1,000	1,000	-	(1,000)
Restitution reimbursements	8,114	8,114	10,995	2,881
Reimbursements	56,521	1,521,954	75,888	(1,446,066)
<b>Total Miscellaneous</b>	<u>114,265</u>	<u>1,579,698</u>	<u>119,558</u>	<u>(1,460,140)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers from other funds	1,400,876	1,400,876	1,400,876	-
<b>Total Other Financing Sources</b>	<u>1,400,876</u>	<u>1,400,876</u>	<u>1,400,876</u>	<u>-</u>
<b>Amounts available for appropriation</b>	<u>13,900,596</u>	<u>16,233,442</u>	<u>16,942,908</u>	<u>709,466</u>

(Continued)

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	<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>Charges to Appropriations (Outflows):</b>				
<b>LEGISLATURE:</b>				
Mayor and Council:				
Personal services	4,889	4,889	3,983	906
Materials and supplies	800	800	525	275
Other services and charges	103,270	99,240	84,911	14,329
<b>TOTAL LEGISLATURE</b>	<b>108,959</b>	<b>104,929</b>	<b>89,419</b>	<b>15,510</b>
<b>ADMINISTRATION:</b>				
City Manager:				
Personal services	416,353	456,430	453,846	2,584
Materials and supplies	2,492	3,005	1,385	1,620
Other services and charges	35,982	35,400	7,182	28,218
Capital outlay	44,138	38,958	37,163	1,795
<b>Total City Manager</b>	<b>498,965</b>	<b>533,793</b>	<b>499,576</b>	<b>34,217</b>
Finance:				
Personal services	273,219	342,329	341,834	495
Materials and supplies	2,125	2,723	2,723	-
Other services and charges	1,508	1,577	1,564	13
<b>Total Finance</b>	<b>276,852</b>	<b>346,629</b>	<b>346,121</b>	<b>508</b>
City Clerk:				
Personal services	72,695	115,045	110,161	4,884
Materials and supplies	585	1,073	828	245
Other services and charges	8,456	16,179	14,516	1,663
Capital outlay	-	14	14	-
<b>Total City Clerk</b>	<b>81,736</b>	<b>132,311</b>	<b>125,519</b>	<b>6,792</b>
City Attorney:				
Personal services	101,706	103,719	74,516	29,203
Materials and supplies	900	1,063	101	962
Other services and charges	61,250	61,250	47,809	13,441
<b>Total City Attorney</b>	<b>163,856</b>	<b>166,032</b>	<b>122,426</b>	<b>43,606</b>
Court:				
Personal services	58,202	106,986	106,863	123
Materials and supplies	1,350	865	744	121
Other services and charges	27,906	32,599	28,913	3,686
<b>Total Court</b>	<b>87,458</b>	<b>140,450</b>	<b>136,520</b>	<b>3,930</b>
Interdepartmental:				
Personal services	1,959,626	522,628	421,718	100,910
Materials and supplies	150,000	65,744	57,596	8,148
Other services and charges	896,757	866,465	775,640	90,825
Capital outlay	-	11,788	11,788	-
<b>Total Interdepartmental</b>	<b>3,006,383</b>	<b>1,466,625</b>	<b>1,266,742</b>	<b>199,883</b>
Information Services:				
Personal services	78,373	106,827	102,132	4,695
Materials and supplies	1,028	1,579	1,478	101
Other services and charges	161,808	185,954	185,938	16
<b>Total Information Services</b>	<b>241,209</b>	<b>294,360</b>	<b>289,548</b>	<b>4,812</b>

(Continued)



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	GENERAL FUND (BUDGETARY BASIS)			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
ADMINISTRATION, (Continued):				
CID:				
Personal services	482,894	484,787	455,596	29,191
Materials and supplies	2,061	3,265	3,137	128
Other services and charges	3,694	3,694	390	3,304
Total CID	<u>488,649</u>	<u>491,746</u>	<u>459,123</u>	<u>32,623</u>
TOTAL ADMINISTRATION	<u>4,845,108</u>	<u>3,571,946</u>	<u>3,245,575</u>	<u>326,371</u>
PUBLIC SAFETY:				
Patrol:				
Personal services	2,632,524	2,953,191	2,942,998	10,193
Materials and supplies	61,420	130,813	130,811	2
Other services and charges	97,763	138,716	139,504	(788)
Total Patrol	<u>2,791,707</u>	<u>3,222,720</u>	<u>3,213,313</u>	<u>9,407</u>
Animal Control:				
Personal services	-	32,352	32,255	97
Materials and supplies	1,350	3,313	2,392	921
Other services and charges	1,800	855	869	(14)
Total Animal Control	<u>3,150</u>	<u>36,520</u>	<u>35,516</u>	<u>1,004</u>
Communications:				
Personal services	181,911	186,949	184,375	2,574
Materials and supplies	855	1,086	695	391
Total Communications	<u>182,766</u>	<u>188,035</u>	<u>185,070</u>	<u>2,965</u>
Fire:				
Personal services	2,924,916	3,161,071	3,160,632	439
Materials and supplies	26,460	52,159	51,740	419
Other services and charges	96,647	132,984	132,875	109
Capital outlay	-	536	536	-
Total Fire	<u>3,048,023</u>	<u>3,346,750</u>	<u>3,345,783</u>	<u>967</u>
EMS:				
Materials and supplies	43,075	33,373	33,237	136
Other services and charges	65,690	112,576	110,522	2,054
Capital outlay	-	3,999	3,999	-
Total EMS	<u>108,765</u>	<u>149,948</u>	<u>147,758</u>	<u>2,190</u>
TOTAL PUBLIC SAFETY	<u>6,134,411</u>	<u>6,943,973</u>	<u>6,927,440</u>	<u>16,533</u>
COMMUNITY SERVICES:				
Parks:				
Personal services	250,023	541,850	523,775	18,075
Materials and supplies	72,373	56,197	48,623	7,574
Other services and charges	68,993	125,310	105,429	19,881
Capital outlay	-	12,989	12,989	-
Total Parks	<u>391,389</u>	<u>736,346</u>	<u>690,816</u>	<u>45,530</u>
Swimming Pools:				
Personal services	74,406	74,406	12,380	62,026
Materials and supplies	14,338	20,838	10,802	10,036
Other services and charges	4,050	9,050	2,550	6,500
Capital outlay	-	4,500	4,500	-
Total Swimming Pools	<u>92,794</u>	<u>108,794</u>	<u>30,232</u>	<u>78,562</u>

(Continued)

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(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	98,941	152,210	81,659	70,551
Materials and supplies	24,540	20,378	17,359	3,019
Other services and charges	12,910	18,377	11,828	6,549
Capital outlay	-	5,330	5,330	-
<b>Total Recreation</b>	<b>136,391</b>	<b>196,295</b>	<b>116,176</b>	<b>80,119</b>
<b>Cemetery:</b>				
Personal services	97,908	152,483	146,741	5,742
Materials and supplies	12,781	13,627	9,411	4,216
Other services and charges	12,755	49,534	48,666	868
<b>Total Cemetery</b>	<b>123,444</b>	<b>215,644</b>	<b>204,818</b>	<b>10,826</b>
<b>Facility Maintenance:</b>				
Personal services	44,614	115,710	68,113	47,597
Materials and supplies	36,270	31,698	30,505	1,193
Other services and charges	74,825	81,488	70,520	10,968
Capital outlay	-	8,522	8,522	-
<b>Total Facility Maintenance</b>	<b>155,709</b>	<b>237,418</b>	<b>177,660</b>	<b>59,758</b>
<b>Carl Albert Building:</b>				
Materials and supplies	1,620	3,120	-	3,120
Other services and charges	74,553	74,553	64,633	9,920
<b>Total Carl Albert Building</b>	<b>76,173</b>	<b>77,673</b>	<b>64,633</b>	<b>13,040</b>
<b>TOTAL COMMUNITY SERVICES</b>	<b>975,900</b>	<b>1,572,170</b>	<b>1,284,335</b>	<b>287,835</b>
<b>ADMINISTRATIVE SERVICES:</b>				
<b>Planning &amp; Community Development:</b>				
Personal services	144,579	344,302	334,581	9,721
Materials and supplies	2,195	4,225	3,118	1,107
Other services and charges	54,852	71,928	65,814	6,114
<b>Total Planning &amp; Community Development</b>	<b>201,626</b>	<b>420,455</b>	<b>403,513</b>	<b>16,942</b>
<b>Human Resources/Risk Management:</b>				
Personal services	106,870	116,096	114,139	1,957
Materials and supplies	30,026	31,778	24,123	7,655
Other services and charges	31,329	28,722	18,775	9,947
Capital outlay	-	88	88	-
<b>Total Human Resources/Risk Management</b>	<b>168,225</b>	<b>176,684</b>	<b>157,125</b>	<b>19,559</b>
<b>TOTAL ADMINISTRATIVE SERVICES</b>	<b>369,851</b>	<b>597,139</b>	<b>560,638</b>	<b>36,501</b>
<b>PUBLIC WORKS:</b>				
<b>Streets:</b>				
Personal services	504,864	658,070	635,053	23,017
Materials and supplies	124,712	140,983	133,249	7,734
Other services and charges	84,782	97,110	98,014	(904)
Capital outlay	-	146,360	146,360	-
<b>Total Streets</b>	<b>714,358</b>	<b>1,042,523</b>	<b>1,012,676</b>	<b>29,847</b>
<b>TOTAL PUBLIC WORKS</b>	<b>714,358</b>	<b>1,042,523</b>	<b>1,012,676</b>	<b>29,847</b>
<b>OTHER FINANCING USES:</b>				
Transfers to other funds	752,009	2,400,762	2,400,762	-
<b>Total Charges to Appropriations</b>	<b>13,900,596</b>	<b>16,233,442</b>	<b>15,520,845</b>	<b>712,597</b>
<b>Ending Budgetary Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,422,063</b>	<b>\$ 1,422,063</b>

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**Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2021, (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	\$ -	\$ 750,000	\$ 3,371,312	\$ 2,621,312
Resources (Inflows):				
Investment income	35,000	35,000	12,308	(22,692)
Transfers in	-	500,000	500,000	-
Amounts available for appropriation	<u>35,000</u>	<u>1,285,000</u>	<u>3,883,620</u>	<u>2,598,620</u>
Charges to appropriations (outflows):				
Transfers out	-	750,000	750,000	-
Total Charges to Appropriations	<u>-</u>	<u>750,000</u>	<u>750,000</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>\$ 35,000</u>	<u>\$ 535,000</u>	<u>\$ 3,133,620</u>	<u>\$ 2,598,620</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	\$ 1,636,901	\$ 1,649,141	\$ 2,256,557	\$ 607,416
Resources (Inflows):				
Intergovernmental	-	-	217,531	217,531
Charges for services	60,000	60,000	60,000	-
Investment income	20,000	20,000	8,285	(11,715)
Miscellaneous	-	-	1,000	1,000
Amounts available for appropriation	<u>1,716,901</u>	<u>1,729,141</u>	<u>2,543,373</u>	<u>814,232</u>
Charges to appropriations (outflows):				
Finance	114,390	114,390	66,901	47,489
Planning and community development	1,570,718	1,579,568	238,036	1,341,532
Transfers out	-	3,390	3,390	-
Total Charges to Appropriations	<u>1,685,108</u>	<u>1,697,348</u>	<u>308,327</u>	<u>1,389,021</u>
Ending Budgetary Fund Balance	<u>\$ 31,793</u>	<u>\$ 31,793</u>	<u>\$ 2,235,046</u>	<u>\$ 2,203,253</u>

**Footnotes to Budgetary Comparison Schedules:**

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

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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	\$16,942,908
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.	(613,410)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(1,400,876)
The City reports on-behalf payments made by state in the General Fund in the fund financial statements, but are not budgeted.	778,950
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.	106,009
The City budgets for revenues on the modified cash basis of accounting, rather than on the modified accrual basis.	<u>(1,228,665)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$14,584,916</u>
<b>Uses/Outflows of resources</b>	
Actual amounts (budgetary basis) “total charges to appropriations” from the budgetary comparison schedule	\$15,520,845
Differences – budget to GAAP:	
The City budgets for payroll and miscellaneous accrued liabilities on the modified cash basis, rather than on the modified accrual basis.	103,812
The City reports on-behalf payments made by state in the General Fund in the fund financial statements, but are not budgeted.	778,950
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.	232,965
Transfers to other funds and component units are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(2,400,762)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$14,235,810</u>

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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	\$3,883,620
Differences – budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(500,000)
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(3,371,312)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$12,308</u>
<b>Uses/Outflows of resources</b>	
Actual amounts (budgetary basis) “total charges to appropriations” from the budgetary comparison schedule	\$750,000
Differences – budget to GAAP:	
Transfers to other funds and component units are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(750,000)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$ -</u>
	<b>Economic Development Fund</b>
<b>Sources/Inflows of resources</b>	
Actual amounts (budgetary basis) “available appropriation” from the budgetary comparison schedule	\$2,543,373
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.	(2,256,557)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$286,816</u>
<b>Uses/Outflows of resources</b>	
Actual amounts (budgetary basis) “total charges to appropriations” from the budgetary comparison schedule	\$308,327
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.	181
The City reports transfers of debt payments in the fund financial statements, but are reported as expenditures in the budget to actual.	(3,390)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$305,118</u>

4. For the year ended June 30, 2021, the City complied, in all material respects, with the applicable budget laws.

**CITY OF MCALESTER, OKLAHOMA**  
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**As of and for the Year Ended June 30, 2021**

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

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

**Last 10 Fiscal Years\***

	2014	2015	2016	2017	2018	2019	2020	2021
<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	1,202,785	1,181,301
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	354,880	4,086	25,240	103,095	68,272	161,251	(200,112)	152,269
Changes of assumptions	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(992,995)	(992,553)	(1,024,826)	(1,094,405)	(1,164,396)	(1,213,398)	(1,253,743)	(1,379,356)
<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>	<u>(251,070)</u>	<u>(45,786)</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>	<u>17,381,764</u>	<u>17,130,694</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>	<u>\$ 17,130,694</u>	<u>\$ 17,084,908</u>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 580,226	\$ 495,901	\$ 618,056	\$ 600,552	\$ 450,504	\$ 427,843	\$ 453,602	\$ 453,602
Contributions - member	-	-	-	-	-	-	-	-
Net investment income	2,444,464	132,780	(240,387)	1,691,613	1,039,420	629,480	291,619	3,566,897
Benefit payments, including refunds of member contributions	(992,995)	(992,553)	(1,024,826)	(1,094,405)	(1,164,396)	(1,213,398)	(1,253,743)	(1,379,356)
Administrative expense	(148,960)	(127,870)	(124,062)	(132,257)	(129,577)	(118,720)	(117,195)	(123,489)
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>	<u>(625,717)</u>	<u>2,517,654</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>	<u>13,533,739</u>	<u>12,908,022</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>	<u>\$ 12,908,022</u>	<u>\$ 15,425,676</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>	<u>\$ 4,222,672</u>	<u>\$ 1,659,232</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%	75.4%	90.3%
<b>Covered payroll</b>	\$ 4,097,667	\$ 3,714,076	N/A	N/A	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	N/A	N/A

**Notes to Schedule:**

\*Only eight 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, 2021**

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

<b>Schedule of Employer Contributions</b>		<b>Last 10 Fiscal Years*</b>					
	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 489,408	\$ 458,246	\$ 478,557	\$ 427,842	\$ 453,602	\$ 503,352	\$ 518,091
Contributions in relation to the actuarially determined contribution	495,901	593,512	600,552	450,504	427,843	453,602	453,602
Contribution deficiency (excess)	<u>\$ (6,493)</u>	<u>\$ (135,266)</u>	<u>\$ (121,995)</u>	<u>\$ (22,662)</u>	<u>\$ 25,759</u>	<u>\$ 49,750</u>	<u>\$ 64,489</u>
Covered payroll	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)
Contributions as a percentage of covered payroll	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)

**Notes to Schedule:**

1. \*Only seven years are presented because 10-year data is not yet available; plan frozen on July 1, 2013.
2. Latest Valuation Date: July 1, 2020
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 = 6 years  
 Asset valuation method - Actuarial:  
 Smoothing period - 5 years  
 Salary increases - Frozen at this time  
 Investment rate of return - 7.2%, net of pension plan investment expense
4. Since the plan's benefits were frozen as of July 1, 2013, payroll information is no longer being collected because it is no longer needed to perform the actuarial valuation.

**Required Supplementary Information**

<b>Schedule of Investment Returns</b>		<b>Last Ten Fiscal Years*</b>					
	2015	2016	2017	2018	2019	2020	2021
Annual money-weighted rate of return, net of investment expense	0.2%	0.24%	-2.57%	12.81%	7.00%	4.00%	1.47%

**Note to Schedule:**

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City's proportion of the net pension liability	0.774228%	0.747576%	0.761806%	0.750071%	0.724812%	0.732668%	0.748001%
City's proportionate share of the net pension liability	\$ 7,961,756	\$ 7,934,836	\$ 9,307,102	\$ 9,433,823	\$ 8,158,806	\$ 7,741,853	\$ 9,214,722
City's covered payroll	\$ 2,067,321	\$ 2,042,764	2,128,125	2,134,671	2,145,115	2,263,201	2,394,465
City's proportionate share of the net pension liability as a percentage of its covered payroll	385%	388%	437%	442%	380%	342%	385%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%

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

**Notes to Schedule:**

\*Only seven years are presented because 10-year data is not yet available.  
Current year measurement date is June 30, 2020

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Statutorially required contribution	\$ 285,987	\$ 297,937	\$ 298,853	\$ 300,317	\$ 316,849	\$ 335,651	\$ 315,929
Contributions in relation to the statutorially required contribution	<u>285,987</u>	<u>297,937</u>	<u>298,853</u>	<u>300,317</u>	<u>316,849</u>	<u>335,651</u>	<u>315,929</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,042,764	2,128,125	2,134,671	2,145,115	2,263,201	2,394,465	2,256,630
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.02%	14.00%

**Notes to Schedule:**

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



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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City's proportion of the net pension liability (asset)	0.7942%	0.8215%	0.8551%	0.8220%	0.7797%	0.7435%	0.7512%
City's proportionate share of the net pension liability (asset)	\$ (267,389)	\$ 33,497	\$ 1,309,556	\$ 63,229	\$ (371,422)	\$ (47,463)	\$ 862,693
City's covered payroll	\$ 2,217,808	\$ 2,401,492	\$ 2,435,869	\$ 2,451,108	\$ 2,378,392	\$ 2,417,685	\$ 2,516,794
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(12.06)%	1.39%	53.76%	2.58%	(15.62)%	(1.96)%	34.28%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%

**Notes to Schedule:**

\*Only seven years are presented because 10-year data is not yet available.  
Current year measurement date is June 30, 2020.

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

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

**Notes to Schedule:**

\*Only seven 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, 2021**

**Combining Balance Sheet, General Fund Accounts – June 30, 2021**

	<u>General Fund</u>	<u>Nutrition Account</u>	<u>Total General Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,273,446	\$ 128,275	\$ 1,401,721
Investments	392,684	-	392,684
Receivables:			
Due from other governments	1,377,028	13,846	1,390,874
Franchise tax receivable	52,080	-	52,080
Due from other funds	10,065	-	10,065
Court fines receivable, net of allowance	1,629,643	-	1,629,643
Ambulance receivable, net of allowance	91,688	-	91,688
Other receivables, net of allowance	23,687	-	23,687
Total assets	<u>\$ 4,850,321</u>	<u>\$ 142,121</u>	<u>\$ 4,992,442</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 207,488	\$ 3,198	\$ 210,686
Accrued payroll liabilities	474,726	7,877	482,603
Due to other funds	897,899	-	897,899
Unearned revenue	8,936	-	8,936
Due to bondholders	8,669	-	8,669
Total liabilities	<u>1,597,718</u>	<u>11,075</u>	<u>1,608,793</u>
Deferred inflows of resources:			
Unavailable revenue	<u>1,619,910</u>	<u>-</u>	<u>1,619,910</u>
Fund balances:			
Assigned	300,000	131,046	431,046
Unassigned	<u>1,332,693</u>	<u>-</u>	<u>1,332,693</u>
Total fund balances	<u>1,632,693</u>	<u>131,046</u>	<u>1,763,739</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,850,321</u>	<u>\$ 142,121</u>	<u>\$ 4,992,442</u>

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances, General Fund**  
**Accounts – Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Nutrition Account</u>	<u>Total General Fund</u>
<b>REVENUES</b>			
Taxes	\$ 10,584,614	\$ -	\$ 10,584,614
Intergovernmental	1,667,921	102,406	1,770,327
Charges for services	1,345,696	-	1,345,696
Fines and forfeitures	565,820	-	565,820
Licenses and permits	177,206	-	177,206
Investment earnings	18,092	-	18,092
Miscellaneous	119,558	3,603	123,161
	<u>14,478,907</u>	<u>106,009</u>	<u>14,584,916</u>
<b>Total revenues</b>			
<b>EXPENDITURES</b>			
Current:			
Legislative	89,311	-	89,311
Administration	3,228,966	-	3,228,966
Public safety	7,783,770	-	7,783,770
Community services	1,220,507	-	1,220,507
Administrative services	566,082	-	566,082
Health and welfare	-	232,965	232,965
Public works	882,920	-	882,920
Capital Outlay	231,289	-	231,289
	<u>14,002,845</u>	<u>232,965</u>	<u>14,235,810</u>
<b>Total expenditures</b>			
<b>Excess (deficiency) of revenues over expenditures</b>	<u>476,062</u>	<u>(126,956)</u>	<u>349,106</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,400,876	-	1,400,876
Transfers out	(2,211,301)	-	(2,211,301)
Interaccount transfers	(189,461)	189,461	-
	<u>(999,886)</u>	<u>189,461</u>	<u>(810,425)</u>
<b>Total other financing sources and uses</b>			
<b>Net change in fund balances</b>	(523,824)	62,505	(461,319)
<b>Fund balances - beginning</b>	2,156,517	68,541	2,225,058
<b>Fund balances - ending</b>	<u>\$ 1,632,693</u>	<u>\$ 131,046</u>	<u>\$ 1,763,739</u>

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
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**Combining Balance Sheet, Nonmajor Governmental Funds – June 30, 2021**

	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	\$ 4,194	\$ 586,753	\$ 41,841	\$ 282,427	\$ 886,406	\$ -
Accounts receivable, net of allowance	-	-	-	-	126,449	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	155	-	-	30,000	67,659
Other receivables	-	57,335	80,361	-	-	-
Total assets	<u>\$ 4,194</u>	<u>\$ 644,243</u>	<u>\$ 122,202</u>	<u>\$ 282,427</u>	<u>\$ 1,042,855</u>	<u>\$ 67,659</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 5,343	\$ 6,970	\$ 15,192	\$ 107,837	\$ -
Accrued payroll liabilities	-	4,466	22,915	-	-	-
Due to other funds	-	-	4,840	-	-	-
Total liabilities	<u>-</u>	<u>9,809</u>	<u>34,725</u>	<u>15,192</u>	<u>107,837</u>	<u>-</u>
Deferred Inflows of Resources:						
Unavailable revenue	-	155	41,748	-	-	-
Fund Balances:						
Restricted	4,194	61,108	45,729	234,491	935,018	67,659
Assigned	-	573,171	-	32,744	-	-
Total fund balances	<u>4,194</u>	<u>634,279</u>	<u>45,729</u>	<u>267,235</u>	<u>935,018</u>	<u>67,659</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,194</u>	<u>\$ 644,243</u>	<u>\$ 122,202</u>	<u>\$ 282,427</u>	<u>\$ 1,042,855</u>	<u>\$ 67,659</u>

(Continued)

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2021**

**Combining Balance Sheet, Nonmajor Governmental Funds – June 30, 2021, Continued**

	CAPITAL PROJECT FUNDS					
	Police Equipment Fund	State Forfeiture Fund	Cemetery Perpetual Care Fund	CDBG Grants Fund	Federal Forfeiture Fund	Fire Improvement Grant Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 6,108	\$ 408,967	\$ 1,552	\$ 20,916	\$ 260
Accounts receivable, net of allowance	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	9,589	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total assets	<u>\$ 9,589</u>	<u>\$ 6,108</u>	<u>\$ 408,967</u>	<u>\$ 1,552</u>	<u>\$ 20,916</u>	<u>\$ 260</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	-	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-	-	-
Due to other funds	5,225	-	-	-	-	-
Total liabilities	<u>5,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:						
Unavailable revenue	-	-	-	-	-	-
Fund Balances:						
Restricted	4,364	5,914	408,967	1,552	20,593	260
Assigned	-	194	-	-	323	-
Total fund balances	<u>4,364</u>	<u>6,108</u>	<u>408,967</u>	<u>1,552</u>	<u>20,916</u>	<u>260</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 9,589</u>	<u>\$ 6,108</u>	<u>\$ 408,967</u>	<u>\$ 1,552</u>	<u>\$ 20,916</u>	<u>\$ 260</u>

(Continued)

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
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**Combining Balance Sheet, Nonmajor Governmental Funds – June 30, 2021, Continued**

	CAPITAL PROJECT FUNDS			DEBT SERVICE FUNDS		Total Nonmajor Governmental Funds
	Capital Improvement Plan Fund	Technology Fund	Infrastructure Fund	Sales Tax - Schools Fund	Sinking Fund	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,092,700	\$ -	\$ 841,286	\$ 266	\$ 2,165	\$ 4,175,841
Accounts receivable, net of allowance	-	73,487	73,487	-	-	273,423
Due from other funds	800,000	-	-	-	-	800,000
Due from other governments	-	-	270,634	67,660	-	445,697
Other receivables	-	-	-	-	-	137,696
Total assets	<u>\$ 1,892,700</u>	<u>\$ 73,487</u>	<u>\$ 1,185,407</u>	<u>\$ 67,926</u>	<u>\$ 2,165</u>	<u>\$ 5,832,657</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 274,681	\$ 6	\$ 276,492	\$ -	\$ -	\$ 686,521
Accrued payroll liabilities	-	-	-	-	-	27,381
Due to other funds	-	-	-	-	-	10,065
Total liabilities	<u>274,681</u>	<u>6</u>	<u>276,492</u>	<u>-</u>	<u>-</u>	<u>723,967</u>
Deferred Inflows of Resources:						
Unavailable revenue	-	64,016	64,066	-	-	169,985
Fund Balances:						
Restricted	800,000	-	94,849	67,926	2,165	2,754,789
Assigned	818,019	9,465	750,000	-	-	2,183,916
Total fund balances	<u>1,618,019</u>	<u>9,465</u>	<u>844,849</u>	<u>67,926</u>	<u>2,165</u>	<u>4,938,705</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,892,700</u>	<u>\$ 73,487</u>	<u>\$ 1,185,407</u>	<u>\$ 67,926</u>	<u>\$ 2,165</u>	<u>\$ 5,832,657</u>

**CITY OF MCALESTER, OKLAHOMA**  
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**Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Nonmajor Governmental Funds – Year Ended June 30, 2021**

	SPECIAL REVENUE FUNDS					
	Juvenile Fine Fund	Tourism/SE Expo Fund	E-911 Fund	Gifts & Contributions Fund	Stormwater Fund	MRHC-Cancer Center Fund
<b>REVENUES</b>						
Taxes	\$ -	\$ 562,980	\$ 528,074	\$ -	\$ -	\$ 517,386
Intergovernmental	-	2,493	-	20,000	30,000	-
Charges for services	5,239	43,467	-	-	1,176,841	-
Investment earnings	-	-	206	-	-	-
Miscellaneous	-	6,471	-	180,520	-	-
Total revenues	<u>5,239</u>	<u>615,411</u>	<u>528,280</u>	<u>200,520</u>	<u>1,206,841</u>	<u>517,386</u>
<b>EXPENDITURES</b>						
Current:						
Administration	-	-	-	41,645	-	-
Public safety	1,903	-	745,656	-	-	-
Community services	-	-	-	-	-	-
Administrative services	-	445,155	-	-	-	-
Economic development	-	-	-	-	-	-
Payment to MRHC-Cancer Center	-	-	-	-	-	517,679
Capital Outlay	-	59,210	-	128,245	932,396	-
Debt Service:						
Principal	-	-	-	-	34,103	-
Interest and other charges	-	-	-	-	5,307	-
Total expenditures	<u>1,903</u>	<u>504,365</u>	<u>745,656</u>	<u>169,890</u>	<u>971,806</u>	<u>517,679</u>
Excess (deficiency) of revenues over expenditures	3,336	111,046	(217,376)	30,630	235,035	(293)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	75,000	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from long-term debt	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,336	111,046	(142,376)	30,630	235,035	(293)
Fund balances - beginning	858	523,233	188,105	236,605	699,983	67,952
Fund balances - ending	<u>\$ 4,194</u>	<u>\$ 634,279</u>	<u>\$ 45,729</u>	<u>\$ 267,235</u>	<u>\$ 935,018</u>	<u>\$ 67,659</u>

(Continued)



**CITY OF MCALESTER, OKLAHOMA**  
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**Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Nonmajor Governmental Funds – Year Ended June 30, 2021 (Continued)**

	CAPITAL PROJECT FUNDS					
	Police Equipment Fund	State Forfeiture Fund	Cemetery Perpetual Care Fund	CDBG Grants Fund	Federal Forfeiture Fund	Fire Improvement Grant Fund
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	11,054	1,559	-	-	-	-
Charges for services	-	-	6,396	-	-	-
Investment earnings	-	194	1,504	-	78	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>11,054</u>	<u>1,753</u>	<u>7,900</u>	<u>-</u>	<u>78</u>	<u>-</u>
<b>EXPENDITURES</b>						
Current:						
Administration	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Administrative services	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Payment to MRHC-Cancer Center	-	-	-	-	-	-
Capital Outlay	9,589	-	3,513	109,490	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Total expenditures	<u>9,589</u>	<u>-</u>	<u>3,513</u>	<u>109,490</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	1,465	1,753	4,387	(109,490)	78	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from long-term debt	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,465	1,753	4,387	(109,490)	78	-
Fund balances - beginning	2,899	4,355	404,580	111,042	20,838	260
Fund balances - ending	<u>\$ 4,364</u>	<u>\$ 6,108</u>	<u>\$ 408,967</u>	<u>\$ 1,552</u>	<u>\$ 20,916</u>	<u>\$ 260</u>

(Continued)

**CITY OF MCALESTER, OKLAHOMA**  
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**Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Nonmajor Governmental Funds – Year Ended June 30, 2021 (Continued)**

	CAPITAL PROJECT FUNDS			DEBT SERVICE FUNDS		Total Nonmajor Governmental Funds
	Capital Improvement Plan Fund	Technology Fund	Infrastructure Fund	Sales Tax - Schools Fund	Sinking Fund	
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ 2,069,544	\$ 517,386	\$ 1,302	\$ 4,196,672
Intergovernmental	12,564	46,733	-	-	-	124,403
Charges for services	-	59,989	59,723	-	-	1,351,655
Investment earnings	-	-	1,064	-	-	3,046
Miscellaneous	108,296	-	-	-	-	295,287
Total revenues	<u>120,860</u>	<u>106,722</u>	<u>2,130,331</u>	<u>517,386</u>	<u>1,302</u>	<u>5,971,063</u>
<b>EXPENDITURES</b>						
Current:						
Administration	-	-	-	-	-	41,645
Public safety	-	-	-	-	-	747,559
Community services	-	-	-	517,679	-	517,679
Administrative services	-	-	-	-	-	445,155
Economic development	-	-	-	-	-	-
Payment to MRHC-Cancer Center	-	-	-	-	-	517,679
Capital Outlay	1,139,310	261,083	2,295,525	-	-	4,938,361
Debt Service:						
Principal	88,020	-	-	-	-	122,123
Interest and other charges	10,964	-	-	-	-	16,271
Total expenditures	<u>1,238,294</u>	<u>261,083</u>	<u>2,295,525</u>	<u>517,679</u>	<u>-</u>	<u>7,346,472</u>
Excess (deficiency) of revenues over expenditures	(1,117,434)	(154,361)	(165,194)	(293)	1,302	(1,375,409)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,967,542	136,826	750,000	-	-	2,929,368
Transfers out	(538,976)	-	(4,027)	-	-	(543,003)
Proceeds from long-term debt	434,738	-	-	-	-	434,738
Total other financing sources and uses	<u>1,863,304</u>	<u>136,826</u>	<u>745,973</u>	<u>-</u>	<u>-</u>	<u>2,821,103</u>
Net change in fund balances	745,870	(17,535)	580,779	(293)	1,302	1,445,694
Fund balances - beginning	872,149	27,000	264,070	68,219	863	3,493,011
Fund balances - ending	<u>\$ 1,618,019</u>	<u>\$ 9,465</u>	<u>\$ 844,849</u>	<u>\$ 67,926</u>	<u>\$ 2,165</u>	<u>\$ 4,938,705</u>

**CITY OF MCALESTER, OKLAHOMA**  
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**Combining Schedule of Net Position, MPWA Accounts – June 30, 2021**

	<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	\$ 193,589	\$ 3,652,899	\$ 3,846,488
Restricted cash and cash equivalents	574,455	-	574,455
Investments	392,684	-	392,684
Accounts receivable, net of allowance	1,543,507	36,784	1,580,291
Receivables from other governments	3,549	-	3,549
	<u>2,707,784</u>	<u>3,689,683</u>	<u>6,397,467</u>
Non-current assets:			
Investment in joint venture	2,234,070	-	2,234,070
Capital Assets:			
Land and improvements	1,491,394	-	1,491,394
Other capital assets, net of depreciation	23,546,778	-	23,546,778
	<u>27,272,242</u>	<u>-</u>	<u>27,272,242</u>
	<u>29,980,026</u>	<u>3,689,683</u>	<u>33,669,709</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred amounts related to pensions	148,405	-	148,405
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	346,520	7,274	353,794
Accrued payroll liabilities	76,188	-	76,188
Due to other funds	81,919	-	81,919
Accrued interest payable	58	-	58
Unearned revenue	69,322	-	69,322
Due to depositors	114,891	-	114,891
Notes payable	165,091	-	165,091
Accrued compensated absences	21,051	-	21,051
	<u>875,040</u>	<u>7,274</u>	<u>882,314</u>
Non-current liabilities:			
Landfill closure and postclosure liability	4,702,547	-	4,702,547
Due to depositors	459,564	-	459,564
Notes payable	1,042,563	-	1,042,563
Accrued compensated absences	189,455	-	189,455
Net pension liability	626,016	-	626,016
	<u>7,020,145</u>	<u>-</u>	<u>7,020,145</u>
	<u>7,895,185</u>	<u>7,274</u>	<u>7,902,459</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred amounts related to pensions	39,088	-	39,088
<b>NET POSITION</b>			
Net investment in capital assets	23,830,518	-	23,830,518
Unrestricted (deficit)	(1,636,360)	3,682,409	2,046,049
Total net position	<u>\$ 22,194,158</u>	<u>\$ 3,682,409</u>	<u>\$ 25,876,567</u>

**CITY OF MCALESTER, OKLAHOMA**  
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**Combining Schedule of Revenues, Expenses, and Changes in Net Position, MPWA Accounts – Year Ended June 30, 2021**

	<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	\$ 3,247,941	\$ -	\$ 3,247,941
Sewer	1,709,829	-	1,709,829
Sanitation	2,829,354	-	2,829,354
Water taps	20,300	-	20,300
Sewer taps	7,000	-	7,000
Water districts	2,145,480	-	2,145,480
Landfill	1,065	-	1,065
Penalties	50,678	1,065	51,743
Recycle fees	37,640	-	37,640
Subtitle "D" fees	-	405,863	405,863
Total operating revenues	<u>10,049,287</u>	<u>406,928</u>	<u>10,456,215</u>
<b>OPERATING EXPENSES</b>			
Utility office	405,560	-	405,560
Interdepartmental	649,586	-	649,586
Sanitation	2,095,344	-	2,095,344
Engineering	322,353	-	322,353
Sewer	813,720	-	813,720
Water	1,465,438	-	1,465,438
Utility maintenance	1,037,685	-	1,037,685
Landfill	465,517	36,604	502,121
Depreciation	1,818,933	-	1,818,933
Total Operating Expenses	<u>9,074,136</u>	<u>36,604</u>	<u>9,110,740</u>
Operating income	<u>975,151</u>	<u>370,324</u>	<u>1,345,475</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenue	8,888	12,844	21,732
Interest expense	(24,334)	-	(24,334)
Miscellaneous revenue	30,030	995	31,025
Gain on sale of assets	21,133	-	21,133
Gain on joint venture	48,275	-	48,275
Total non-operating revenue (expenses)	<u>83,992</u>	<u>13,839</u>	<u>97,831</u>
Income before contributions and transfers	1,059,143	384,163	1,443,306
Capital contributions	2,110,397	-	2,110,397
Transfers in	546,393	-	546,393
Transfers out	(2,715,626)	-	(2,715,626)
Interaccount transfers	18,880	(18,880)	-
Change in net position	1,019,187	365,283	1,384,470
Total net position - beginning	21,174,971	3,317,126	24,492,097
Total net position - ending	<u>\$ 22,194,158</u>	<u>\$ 3,682,409</u>	<u>\$ 25,876,567</u>

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**Combining Schedule of Net Position, MAA Accounts – June 30, 2021**

	<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	\$ 69,932	\$ 4,146	\$ 36,760	\$ 110,838
Accounts receivable, net of allowance	9,364	-	-	9,364
Due from other governments	2,167	-	-	2,167
Total current assets	<u>81,463</u>	<u>4,146</u>	<u>36,760</u>	<u>122,369</u>
Non-current assets:				
Capital Assets:				
Land and improvements	42,623	-	-	42,623
Other capital assets, net of depreciation	6,679,726	-	-	6,679,726
Total non-current assets	<u>6,722,349</u>	<u>-</u>	<u>-</u>	<u>6,722,349</u>
Total assets	<u>6,803,812</u>	<u>4,146</u>	<u>36,760</u>	<u>6,844,718</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	9,540	-	-	9,540
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	532	-	-	532
Accrued payroll liabilities	4,185	-	-	4,185
Accrued compensated absences	224	-	-	224
Total current liabilities	<u>4,941</u>	<u>-</u>	<u>-</u>	<u>4,941</u>
Non-current liabilities:				
Accrued compensated absences	2,012	-	-	2,012
Net pension liability	40,245	-	-	40,245
Total non-current liabilities	<u>42,257</u>	<u>-</u>	<u>-</u>	<u>42,257</u>
Total liabilities	<u>47,198</u>	<u>-</u>	<u>-</u>	<u>47,198</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	3,301	-	-	3,301
<b>NET POSITION</b>				
Net investment in capital assets	6,722,349	-	-	6,722,349
Unrestricted	40,504	4,146	36,760	81,410
Total net position	<u>\$ 6,762,853</u>	<u>\$ 4,146</u>	<u>\$ 36,760</u>	<u>\$ 6,803,759</u>

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**Combining Schedule of Revenues, Expenses, and Changes in Net Position, MAA Accounts – Year Ended June 30, 2021**

	<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	\$ 97,932	\$ -	\$ -	\$ 97,932
Total operating revenues	<u>97,932</u>	<u>-</u>	<u>-</u>	<u>97,932</u>
<b>OPERATING EXPENSES</b>				
Airport	79,048	-	-	79,048
Depreciation	694,447	-	-	694,447
Total Operating Expenses	<u>773,495</u>	<u>-</u>	<u>-</u>	<u>773,495</u>
Operating income (loss)	<u>(675,563)</u>	<u>-</u>	<u>-</u>	<u>(675,563)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Operating grant revenue	40,682	-	-	40,682
Total non-operating revenue (expenses)	<u>40,682</u>	<u>-</u>	<u>-</u>	<u>40,682</u>
Change in net position	(634,881)	-	-	(634,881)
Total net position - beginning	7,397,734	4,146	36,760	7,438,640
Total net position - ending	<u>\$ 6,762,853</u>	<u>\$ 4,146</u>	<u>\$ 36,760</u>	<u>\$ 6,803,759</u>

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**Combining Statement of Net Position, Internal Service Funds – June 30, 2021**

	Internal Service Funds		
	Worker's Compensation Fund	FLEET Maintenance Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 23,172	\$ 111,162	\$ 134,334
Due from other funds	179,818	-	179,818
Total assets	<u>202,990</u>	<u>111,162</u>	<u>314,152</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	4,190	58,965	63,155
Accrued payroll liabilities	-	11,252	11,252
Estimated liability for claims	19,880	-	19,880
Compensated absences	-	4,095	4,095
Total current liabilities	<u>24,070</u>	<u>74,312</u>	<u>98,382</u>
Non-current liabilities:			
Estimated liability for claims	178,920	-	178,920
Compensated absences	-	36,850	36,850
Total non-current liabilities	<u>178,920</u>	<u>36,850</u>	<u>215,770</u>
Total liabilities	<u>202,990</u>	<u>111,162</u>	<u>314,152</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, 2021**

	Internal Service Funds		
	Worker's Compensation Fund	FLEET Maintenance Fund	Total
<b>OPERATING REVENUES</b>			
Self insurance charges	\$ 306,882	\$ 559,473	\$ 866,355
Miscellaneous	4,053	-	4,053
Total operating revenues	<u>310,935</u>	<u>559,473</u>	<u>870,408</u>
<b>OPERATING EXPENSES</b>			
FLEET maintenance expense	-	559,473	559,473
Claims expense	310,935	-	310,935
Total operating expenses	<u>310,935</u>	<u>559,473</u>	<u>870,408</u>
Operating income	-	-	-
Total net position - beginning	-	-	-
Total net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**Combining Statement of Cash Flows, Internal Service Funds – Year Ended June 30, 2021**

	<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	\$ (149,830)	\$ (210,126)	\$ (359,956)
Payments to employees	-	(292,392)	(292,392)
Other receipts	153,019	559,473	712,492
Net Cash Provided by Operating Activities	<u>3,189</u>	<u>56,955</u>	<u>60,144</u>
<b>Net Increase in Cash and Cash Equivalents</b>	3,189	56,955	60,144
<b>Balances - beginning of the year</b>	<u>19,983</u>	<u>54,207</u>	<u>74,190</u>
<b>Balances - end of the year</b>	<u>\$ 23,172</u>	<u>\$ 111,162</u>	<u>\$ 134,334</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ -	\$ -	\$ -
Change in assets and liabilities:			
Due from other funds	(157,916)	-	(157,916)
Accounts payables	3,189	48,002	51,191
Accrued payroll liabilities	-	4,241	4,241
Claims liability	157,916	-	157,916
Accrued compensated absences	-	4,712	4,712
Net Cash Provided by Operating Activities	<u>\$ 3,189</u>	<u>\$ 56,955</u>	<u>\$ 60,144</u>



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**Budgetary Comparison Schedules – Major Debt Service Governmental Funds – Year Ended June 30, 2021**

**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	\$ 724,289	\$ 724,289	\$ 139,964	\$ (584,325)
Resources (Inflows):				
Taxes	3,390,217	3,390,217	4,141,435	751,218
Investment income	500	500	812	312
Transfers in	489,389	489,389	489,389	-
Amounts available for appropriation	<u>4,604,395</u>	<u>4,604,395</u>	<u>4,771,600</u>	<u>167,205</u>
Charges to appropriations (outflows):				
Administration	10,000	10,000	4,500	5,500
Transfers out	<u>4,594,395</u>	<u>4,594,395</u>	<u>4,590,477</u>	<u>3,918</u>
Total Charges to Appropriations	<u>4,604,395</u>	<u>4,604,395</u>	<u>4,594,977</u>	<u>9,418</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,623</u>	<u>\$ 176,623</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	\$ -	\$ -	\$ 5,926,097	\$ 5,926,097
Resources (Inflows):				
Investment income	-	-	796	796
Transfers in	4,594,395	4,594,395	4,590,477	(3,918)
Amounts available for appropriation	<u>4,594,395</u>	<u>4,594,395</u>	<u>10,517,370</u>	<u>5,922,975</u>
Charges to appropriations (outflows):				
Finance	<u>4,594,395</u>	<u>4,594,395</u>	<u>4,589,106</u>	<u>5,289</u>
Total Charges to Appropriations	<u>4,594,395</u>	<u>4,594,395</u>	<u>4,589,106</u>	<u>5,289</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,928,264</u>	<u>\$ 5,928,264</u>

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**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2021**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 858	\$ 858
Resources (Inflows):				
Charges for services	18,167	18,167	5,239	(12,928)
Amounts available for appropriation	<u>18,167</u>	<u>18,167</u>	<u>6,097</u>	<u>(12,070)</u>
Charges to appropriations (outflows):				
Public safety	18,167	18,167	1,903	16,264
Total Charges to Appropriations	<u>18,167</u>	<u>18,167</u>	<u>1,903</u>	<u>16,264</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,194</u>	<u>\$ 4,194</u>

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance	\$ 85,756	\$ 114,495	\$ 484,906	\$ 370,411
Resources (Inflows):				
Taxes	682,057	682,057	548,818	(133,239)
Intergovernmental	-	-	2,493	2,493
Charges for services	70,000	70,000	43,467	(26,533)
Miscellaneous	200	200	6,471	6,271
Amounts available for appropriation	<u>838,013</u>	<u>866,752</u>	<u>1,086,155</u>	<u>219,403</u>
Charges to appropriations (outflows):				
Administrative services	838,013	866,752	504,745	362,007
Total Charges to Appropriations	<u>838,013</u>	<u>866,752</u>	<u>504,745</u>	<u>362,007</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 581,410</u>	<u>\$ 581,410</u>

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance	\$ 29,347	\$ 99,128	\$ 127,564	\$ 28,436
Resources (Inflows):				
Taxes	645,839	570,839	573,249	2,410
Investment income	10,000	10,000	206	(9,794)
Transfers in	-	75,000	75,000	-
Amounts available for appropriation	<u>685,186</u>	<u>754,967</u>	<u>776,019</u>	<u>21,052</u>
Charges to appropriations (outflows):				
Public safety	685,186	754,967	745,988	8,979
Total Charges to Appropriations	<u>685,186</u>	<u>754,967</u>	<u>745,988</u>	<u>8,979</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,031</u>	<u>\$ 30,031</u>

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(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	\$ -	\$ -	\$ 225,535	\$ 225,535
Resources (Inflows):				
Intergovernmental	-	-	31,070	31,070
Miscellaneous	-	169,895	180,520	10,625
Amounts available for appropriation	<u>-</u>	<u>169,895</u>	<u>437,125</u>	<u>267,230</u>
Charges to appropriations (outflows):				
Administration	-	169,895	169,890	5
Total Charges to Appropriations	<u>-</u>	<u>169,895</u>	<u>169,890</u>	<u>5</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,235</u>	<u>\$ 267,235</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	\$ -	\$ 800,000	\$ 699,983	\$ (100,017)
Resources (Inflows):				
Charges for services	1,051,675	1,051,675	1,176,841	125,166
Amounts available for appropriation	<u>1,051,675</u>	<u>1,851,675</u>	<u>1,876,824</u>	<u>25,149</u>
Charges to appropriations (outflows):				
Stormwater	1,051,675	1,851,675	971,806	879,869
Total Charges to Appropriations	<u>1,051,675</u>	<u>1,851,675</u>	<u>971,806</u>	<u>879,869</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 905,018</u>	<u>\$ 905,018</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	423,777	517,777	517,679	(98)
Amounts available for appropriation	<u>423,777</u>	<u>517,777</u>	<u>517,679</u>	<u>(98)</u>
Charges to appropriations (outflows):				
Payment to Cancer Center	423,777	517,777	517,679	98
Total Charges to Appropriations	<u>423,777</u>	<u>517,777</u>	<u>517,679</u>	<u>98</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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(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	\$ -	\$ -	\$ 720	\$ 720
Resources (Inflows):				
Intergovernmental	-	9,600	3,644	(5,956)
Amounts available for appropriation	<u>-</u>	<u>9,600</u>	<u>4,364</u>	<u>(5,236)</u>
Charges to appropriations (outflows):				
Public safety	<u>-</u>	<u>9,600</u>	<u>9,589</u>	<u>11</u>
Total Charges to Appropriations	<u>-</u>	<u>9,600</u>	<u>9,589</u>	<u>11</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,225)</u>	<u>\$ (5,225)</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	\$ -	\$ -	\$ 4,355	\$ 4,355
Resources (Inflows):				
Intergovernmental	-	-	1,559	1,559
Investment income	-	-	194	194
Amounts available for appropriation	<u>-</u>	<u>-</u>	<u>6,108</u>	<u>6,108</u>
Charges to appropriations (outflows):				
Public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,108</u>	<u>\$ 6,108</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	\$ -	\$ -	\$ 404,580	\$ 404,580
Resources (Inflows):				
Charges for services	4,302	4,302	6,396	2,094
Investment income	5,400	5,400	1,504	(3,896)
Amounts available for appropriation	<u>9,702</u>	<u>9,702</u>	<u>412,480</u>	<u>402,778</u>
Charges to appropriations (outflows):				
Community services	<u>5,400</u>	<u>5,400</u>	<u>3,513</u>	<u>1,887</u>
Total Charges to Appropriations	<u>5,400</u>	<u>5,400</u>	<u>3,513</u>	<u>1,887</u>
Ending Budgetary Fund Balance	<u>\$ 4,302</u>	<u>\$ 4,302</u>	<u>\$ 408,967</u>	<u>\$ 404,665</u>

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**(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	\$ -	\$ -	\$ (26,860)	\$ (26,860)
Resources (Inflows):				
Intergovernmental	-	137,902	137,902	-
Amounts available for appropriation	<u>-</u>	<u>137,902</u>	<u>111,042</u>	<u>(26,860)</u>
Charges to appropriations (outflows):				
Engineering	-	137,902	109,490	28,412
Total Charges to Appropriations	<u>-</u>	<u>137,902</u>	<u>109,490</u>	<u>28,412</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,552</u>	<u>\$ 1,552</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	\$ -	\$ -	\$ 20,838	\$ 20,838
Resources (Inflows):				
Investment income	-	-	78	78
Amounts available for appropriation	<u>-</u>	<u>-</u>	<u>20,916</u>	<u>20,916</u>
Charges to appropriations (outflows):				
Public safety	-	-	-	-
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,916</u>	<u>\$ 20,916</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  
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As of and for the Year Ended June 30, 2021**

**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2021  
(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	\$ -	\$ 139,512	\$ 7,920	\$ (131,592)
Resources (Inflows):				
Intergovernmental	-	46,733	46,733	-
Charges for services	78,600	78,600	69,598	(9,002)
Transfers in	8,000	8,000	136,826	128,826
Amounts available for appropriation	<u>86,600</u>	<u>272,845</u>	<u>261,077</u>	<u>(11,768)</u>
Charges to appropriations (outflows):				
Administration	<u>86,600</u>	<u>272,845</u>	<u>261,083</u>	<u>11,762</u>
Total Charges to Appropriations	<u>86,600</u>	<u>272,845</u>	<u>261,083</u>	<u>11,762</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6)</u>	<u>\$ (6)</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	\$ -	\$ -	\$ 872,149	\$ 872,149
Resources (Inflows):				
Intergovernmental	-	64,650	12,564	(52,086)
Charges for services	182,164	182,164	50,678	(131,486)
Miscellaneous	50,000	67,941	129,429	61,488
Transfers in	557,018	1,895,731	1,895,731	-
Amounts available for appropriation	<u>789,182</u>	<u>2,210,486</u>	<u>2,960,551</u>	<u>750,065</u>
Charges to appropriations (outflows):				
City manager	135,000	272,844	154,294	118,550
Patrol	22,076	138,038	138,038	-
Fire	-	186,355	36,355	150,000
Parks	-	64,650	21,015	43,635
Facility Maintenance	-	108,800	102,849	5,951
Planning & Comm Dev	-	500,000	109,643	390,357
Fleet Maintenance	152,410	152,410	76,981	75,429
Landfill	-	80,230	27,114	53,116
Streets	15,918	38,201	24,830	13,371
Water Treatment	56,513	56,513	56,512	1
Utility maintenance	<u>407,265</u>	<u>612,445</u>	<u>594,901</u>	<u>17,544</u>
Total Charges to Appropriations	<u>789,182</u>	<u>2,210,486</u>	<u>1,342,532</u>	<u>867,954</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,618,019</u>	<u>\$ 1,618,019</u>

**CITY OF MCALESTER, OKLAHOMA  
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As of and for the Year Ended June 30, 2021**

**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2021  
(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	\$ -	\$ 75,000	\$ (26,818)	\$ (101,818)
Resources (Inflows):				
Taxes	1,695,109	1,795,109	2,070,718	275,609
Charges for services	78,600	78,600	69,382	(9,218)
Investment income	3,000	3,000	1,064	(1,936)
Transfers in	-	1,105,470	750,000	(355,470)
Amounts available for appropriation	<u>1,776,709</u>	<u>3,057,179</u>	<u>2,864,346</u>	<u>(192,833)</u>
Charges to appropriations (outflows):				
City manager	50,000	643,488	468,832	174,656
Facility maintenance	35,000	-	-	-
Streets	650,000	818,735	689,609	129,126
Wastewater treatment	350,000	497,449	497,449	-
Water treatment	-	119,710	94,480	25,230
Utility maintenance	691,709	977,797	549,182	428,615
Total Charges to Appropriations	<u>1,776,709</u>	<u>3,057,179</u>	<u>2,299,552</u>	<u>757,627</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 564,794</u>	<u>\$ 564,794</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	\$ -	\$ -	\$ 266	\$ 266
Resources (Inflows):				
Taxes	423,777	517,777	517,679	(98)
Amounts available for appropriation	<u>423,777</u>	<u>517,777</u>	<u>517,945</u>	<u>168</u>
Charges to appropriations (outflows):				
Community services	423,777	517,777	517,679	98
Total Charges to Appropriations	<u>423,777</u>	<u>517,777</u>	<u>517,679</u>	<u>98</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 266</u>	<u>\$ 266</u>

**DEBT SERVICE - SINKING 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	\$ -	\$ -	\$ 863	\$ 863
Resources (Inflows):				
Taxes	1,000	1,000	1,302	302
Amounts available for appropriation	<u>1,000</u>	<u>1,000</u>	<u>2,165</u>	<u>1,165</u>
Charges to appropriations (outflows):				
Administration	1,000	1,000	-	1,000
Total Charges to Appropriations	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,165</u>	<u>\$ 2,165</u>

**CITY OF MCALESTER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2021**

**Schedule of Federal Awards Expended – Year Ended June 30, 2021**

CITY OF MCALESTER, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the fiscal year ended June 30, 2021

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal AL Number	Grant #	Award Amount	Federal Expenditures
<b>FEDERAL AWARDS:</b>				
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Passed through Oklahoma District Attorney's Council: Justice Assistance Grant	16.738	JAG-LLE-2020 CI-00067	\$ 9,595	\$ 9,589
Bulletproof Vest Partnership Program	16.607	2019BUBX	8,886	1,465
Office of Justice Programs: Body-Worn Camera Policy and Impl. Program	16.835	2019-BC-BX-0025	46,733	46,733
Total U.S. Department of Justice			<u>65,214</u>	<u>57,787</u>
<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	82,689	82,689
Total U.S. Department of Health and Human Services			<u>82,689</u>	<u>82,689</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Federal Aviation Administration: Airport Improvement Grant-CARES Act	20.106	AIP 3-40-0057-017-2020	69,000	40,682
Passed through Oklahoma Tourism and Recreation Department: Recreational Trails Program Grant	20.219	RTP 20-06	64,000	2,649
Passed through Oklahoma Highway Safety Office: State and Community Highway Safety	20.600	PT-21-03-16-12	43,270	28,122
State and Community Highway Safety	20.600	AL-20-03-04-11	44,000	17,768
Total State and Community Highway Safety Office			<u>87,270</u>	<u>45,890</u>
Total U.S. Department of Transportation			<u>220,270</u>	<u>89,221</u>
<u>U.S. DEPARTMENT OF THE TREASURY:</u>				
Passed through Oklahoma Office of Management and Enterprise Services: Coronavirus Relief Fund	21.019	FA-000223/FA-000262	1,373,107	122,693
Total U.S. Department of the Treasury			<u>1,373,107</u>	<u>122,693</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Passed through Oklahoma Department of Emergency Management: Disaster Grant - Public Assistance (CARES PPE)	97.036	FEMA-2020S-EMPG-DR-OK	5,334	5,334
Disaster Grant - Public Assistance	97.036	FEMA-DR-4530	23,200	23,200
Total U.S. Department of Homeland Security			<u>28,534</u>	<u>28,534</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 1,769,814</u>	<u>\$ 380,924</u>

**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, 2021**

**Schedule of State Awards Expended – Year Ended June 30, 2021**

**CITY OF MCALESTER, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the fiscal year ended June 30, 2021**

<b>State Grantor/Pass through agency Grantor/Program Title</b>	<b>Grant #</b>	<b>Award Amount</b>	<b>State Expenditures</b>
<b>STATE AWARDS:</b>			
<u>DEPARTMENT OF AGRICULTURE:</u>			
Community Facilities Grants - Non-Utility Type Projects	N/A	\$ 9,700	\$ 9,700
<u>OKLAHOMA TOBACCO SETTLEMENT ENDOWMENT TRUST:</u>			
Healthy Incentive Program Grant for Communities	N/A	20,000	14,706
<u>OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY:</u>			
McAlester Recycling Center	N/A	\$ 30,000	\$ 30,000
Total Oklahoma Department of Environmental Quality		30,000	30,000
<b>TOTAL STATE AWARDS</b>		<b>\$ 59,700</b>	<b>\$ 54,406</b>

## 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									
	2012	2013	(A) 2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 32,432,860	\$ 30,765,320	\$ (9,351,998)	\$ (8,435,552)	\$ (5,145,885)	\$ 564,792	\$ 165,470	\$ (1,073,290)	\$ 2,920,919	\$ 4,106,626
Restricted	12,528,800	9,774,023	9,671,931	10,300,783	10,794,136	10,845,699	10,407,721	10,840,610	7,177,876	6,842,952
Unrestricted	<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>	<u>(4,468,495)</u>	<u>(4,965,538)</u>
Total governmental activities net position	<u>\$ 48,580,906</u>	<u>\$ 43,866,995</u>	<u>\$ (11,833)</u>	<u>\$ (9,229,048)</u>	<u>\$ (4,178,851)</u>	<u>\$ 2,417,044</u>	<u>\$ 2,918,158</u>	<u>\$ 5,620,154</u>	<u>\$ 5,630,300</u>	<u>\$ 5,984,040</u>
Business-type activities										
Net investment in capital assets	\$ 24,511,925	\$ 25,309,905	\$ 25,468,139	\$ 26,970,248	\$ 26,876,679	\$ 25,937,347	\$ 26,202,550	\$ 30,985,761	\$ 30,438,867	\$ 30,552,867
Restricted	185,867	7,907,391	-	-	-	-	-	-	-	-
Unrestricted	<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>	<u>1,491,870</u>	<u>2,127,459</u>
Total business-type activities net position	<u>\$(26,716,584)</u>	<u>\$(21,527,300)</u>	<u>\$ 26,024,654</u>	<u>\$ 26,459,438</u>	<u>\$ 28,041,233</u>	<u>\$ 25,652,346</u>	<u>\$ 26,476,372</u>	<u>\$ 31,883,625</u>	<u>\$ 31,930,737</u>	<u>\$ 32,680,326</u>
Primary government										
Net investment in capital assets	\$ 56,944,785	\$ 56,075,225	\$ 16,116,141	\$ 18,534,696	\$ 21,730,794	\$ 26,502,139	\$ 26,368,020	\$ 29,912,471	\$ 33,359,786	\$ 34,659,493
Restricted	12,714,667	17,681,414	9,671,931	10,300,783	10,794,136	10,845,699	10,407,721	10,840,610	7,177,876	6,842,952
Unrestricted	<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>	<u>(2,976,625)</u>	<u>(2,838,079)</u>
Total primary government net position	<u>\$ 21,864,322</u>	<u>\$ 22,339,695</u>	<u>\$ 26,012,821</u>	<u>\$ 17,230,390</u>	<u>\$ 23,862,382</u>	<u>\$ 28,069,390</u>	<u>\$ 29,394,530</u>	<u>\$ 37,503,779</u>	<u>\$ 37,561,037</u>	<u>\$ 38,664,366</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									
	2012	2013	(A) 2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
<b>Governmental activities:</b>										
Legislature	\$ 119,262	\$ 119,631	\$ 92,698	\$ 118,144	\$ 128,178	\$ 109,580	\$ 114,976	\$ 107,346	\$ 120,592	\$ 90,348
Administration	2,605,293	2,593,075	2,633,457	3,016,773	3,075,900	3,713,371	3,766,344	3,528,957	4,236,927	4,218,989
Public safety	8,346,194	8,398,927	8,269,035	7,742,108	8,002,184	8,658,637	8,723,246	7,706,769	9,590,553	10,491,253
Community service	2,965,005	2,692,851	2,176,495	1,964,414	2,162,321	2,120,523	2,077,211	2,913,948	4,577,543	2,283,766
Administration services	1,057,394	1,073,174	1,011,076	1,280,079	1,164,926	1,198,426	1,230,232	1,421,431	1,194,570	1,027,855
Health and welfare	290,065	277,730	256,902	245,481	255,471	282,159	273,749	285,692	270,928	230,877
Public works	2,635,362	2,641,505	2,764,212	2,640,537	3,347,597	3,547,407	3,573,130	3,366,650	3,501,910	3,644,280
Economic development	257,449	334,831	243,467	237,615	557,723	372,295	426,789	395,730	356,645	331,447
Stormwater	-	-	-	-	-	900	3,479	5,255	14,017	4,049
Payment to Health Center Authority	-	-	-	-	-	-	-	327,225	495,860	517,679
Interest on long-term debt	16,019	10,781	2,603,604	2,938,799	2,504,399	2,413,692	2,291,099	2,064,810	1,955,507	1,859,089
<b>Total governmental activities expenses</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>26,315,052</b>	<b>24,699,632</b>
<b>Business-type activities:</b>										
Water operations	2,826,263	2,699,541	2,504,280	3,636,153	3,835,928	4,001,912	4,267,855	4,550,644	4,388,784	4,487,288
Sewer operations	1,574,716	1,633,520	1,534,532	1,833,574	2,016,793	2,077,471	2,201,943	2,162,221	2,156,967	2,355,274
Sanitation operations	4,132,892	3,836,266	3,291,636	2,454,195	911,299	3,617,289	2,158,235	1,975,479	2,168,727	2,570,467
Airport	336,310	322,386	330,132	324,411	670,726	701,992	720,170	756,885	850,188	773,495
Governmental interest & amortization	3,153,918	2,354,536	-	-	-	-	-	-	-	-
<b>Total business-type activities expenses</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>9,564,666</b>	<b>10,186,524</b>
<b>Total primary government expenses</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>\$ 35,879,718</b>	<b>\$ 34,886,156</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Legislature	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administration	1,130,512	1,089,491	1,394,521	1,044,682	3,162,687	5,183,688	663,568	740,735	678,513	357,117
Public safety	1,305,145	1,429,987	2,741,229	2,894,702	2,998,352	2,614,253	2,972,190	2,956,083	4,689,135	3,104,711
Community service	121,072	113,606	143,735	295,130	426,315	393,039	236,638	258,336	169,884	299,716
Administration services	285,993	268,606	284,712	253,325	275,793	253,082	255,769	270,786	183,850	277,050
Health and welfare	-	-	61,870	60,942	61,160	55,533	54,051	87,701	97,746	86,291
Public works	3,794	3,797	185,838	173,759	168,011	160,059	161,128	165,246	157,817	162,879
Economic development	-	-	260,000	420,504	707,749	166,666	-	158,000	125,113	217,531
Stormwater	-	-	-	-	334,148	494,056	637,447	837,163	782,048	1,206,841
<b>Total governmental activities program revenues</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>	<b>6,884,106</b>	<b>5,712,136</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									
	2012	2013	(A) 2014	2015	2016	2017	2018	2019	2020	2021
<b>Business-type activities:</b>										
Water operations	5,171,920	4,592,465	4,174,878	4,144,455	4,354,864	5,527,918	5,189,144	4,922,016	4,487,239	5,472,276
Sewer operations	1,748,119	1,802,899	1,633,623	1,718,541	1,852,998	1,777,843	1,776,866	1,670,142	1,790,558	1,747,657
Sanitation operations	3,285,025	3,229,695	2,918,401	3,055,264	3,096,508	3,027,390	3,170,381	3,104,622	3,223,758	3,236,282
Airport	111,902	94,250	92,304	1,683,222	377,253	188,523	354,275	4,745,835	109,803	138,614
Total business-type activities program revenues	<u>10,316,966</u>	<u>9,719,309</u>	<u>8,819,206</u>	<u>10,601,482</u>	<u>9,681,623</u>	<u>10,521,674</u>	<u>10,490,666</u>	<u>14,442,615</u>	<u>9,611,358</u>	<u>10,594,829</u>
Total primary government program revenues	<u>\$ 13,163,482</u>	<u>\$ 12,624,796</u>	<u>\$ 13,891,111</u>	<u>\$ 15,744,526</u>	<u>\$ 17,815,839</u>	<u>\$ 19,842,050</u>	<u>\$ 15,471,457</u>	<u>\$ 19,916,665</u>	<u>\$ 16,495,464</u>	<u>\$ 16,306,965</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities:	\$ (15,445,527)	\$ (15,237,018)	\$ (14,979,041)	\$ (15,040,906)	\$ (13,064,484)	\$ (13,096,614)	\$ (17,499,464)	\$ (16,649,763)	\$ (19,430,946)	\$ (18,987,496)
Business-type activities:	(1,707,133)	(1,126,940)	1,158,626	2,353,149	2,246,877	123,010	1,142,463	4,997,386	46,692	408,305
Total primary government net expense	<u>\$ (17,152,660)</u>	<u>\$ (16,363,958)</u>	<u>\$ (13,820,415)</u>	<u>\$ (12,687,757)</u>	<u>\$ (10,817,607)</u>	<u>\$ (12,973,604)</u>	<u>\$ (16,357,001)</u>	<u>\$ (11,652,377)</u>	<u>\$ (19,384,254)</u>	<u>\$ (18,579,191)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Sales and use taxes	\$ 15,256,164	\$ 14,056,846	\$ 13,950,434	\$ 14,416,789	\$ 14,601,333	\$ 14,689,957	\$ 14,800,284	\$ 16,658,759	\$ 16,651,644	\$ 17,272,107
Franchise and public service taxes	584,264	552,713	607,578	577,352	552,316	544,954	603,833	677,819	600,048	555,910
Hotel/motel taxes	549,088	471,081	447,768	652,340	759,410	655,558	722,313	868,071	591,456	562,980
E-911 taxes	650,409	668,209	630,849	600,114	584,718	576,406	652,139	541,612	627,716	569,822
Property taxes	-	-	-	-	-	-	-	-	863	1,302
Intergovernmental revenue not restricted to specific programs	332,365	305,734	291,828	301,603	302,608	305,518	308,791	320,528	370,222	395,673
Investment income	139,075	90,143	69,007	64,026	71,856	118,910	288,517	295,970	206,780	43,339
Miscellaneous	198,423	116,579	1,436,459	341,415	446,824	211,918	188,983	265,710	246,999	228,630
Transfers-Internal activity	(4,477,786)	(7,180,863)	1,030,202	1,075,317	795,616	2,589,288	435,718	(276,710)	145,364	(288,527)
Total governmental activities	<u>13,232,002</u>	<u>9,080,442</u>	<u>18,464,125</u>	<u>18,028,956</u>	<u>18,114,681</u>	<u>19,692,509</u>	<u>18,000,578</u>	<u>19,351,759</u>	<u>19,441,092</u>	<u>19,341,236</u>
Business-type activities:										
Investment income	11,717	16,700	13,945	12,432	13,601	27,181	54,059	61,518	50,164	21,732
Miscellaneous	25,795	116,389	45,673	33,436	116,933	50,210	63,222	71,639	95,620	31,025
Transfers - Internal activity	4,477,786	7,180,863	(1,030,202)	(1,075,317)	(795,616)	(2,589,288)	(435,718)	276,710	(145,364)	288,527
Total business-type activities	<u>4,515,298</u>	<u>7,313,952</u>	<u>(970,584)</u>	<u>(1,029,449)</u>	<u>(665,082)</u>	<u>(2,511,897)</u>	<u>(318,437)</u>	<u>409,867</u>	<u>420</u>	<u>341,284</u>
Total primary government	<u>\$ 17,747,300</u>	<u>\$ 16,394,394</u>	<u>\$ 17,493,541</u>	<u>\$ 16,999,507</u>	<u>\$ 17,449,599</u>	<u>\$ 17,180,612</u>	<u>\$ 17,682,141</u>	<u>\$ 19,761,626</u>	<u>\$ 19,441,512</u>	<u>\$ 19,682,520</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (2,213,525)	\$ (6,156,576)	\$ 3,485,084	\$ 2,988,050	\$ 5,050,197	\$ 6,595,895	\$ 501,114	\$ 2,701,996	\$ 10,146	\$ 353,740
Business-type activities	2,808,165	6,187,012	188,042	1,323,700	1,581,795	(2,388,887)	824,026	5,407,253	47,112	749,589
Total primary government	<u>\$ 594,640</u>	<u>\$ 30,436</u>	<u>\$ 3,673,126</u>	<u>\$ 4,311,750</u>	<u>\$ 6,631,992</u>	<u>\$ 4,207,008</u>	<u>\$ 1,325,140</u>	<u>\$ 8,109,249</u>	<u>\$ 57,258</u>	<u>\$ 1,103,329</u>

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

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund			(A)							
Reserved for:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	5,987	2,053	2,520	2,487	2,426	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	61,353	6,143	48,842	41,881	52,235	48,954	25,093	7,686	68,541	431,046
Unassigned	1,872,415	2,348,271	2,612,033	2,122,942	882,840	683,387	660,590	814,347	2,156,517	1,332,693
Total General Fund	<u>\$ 1,933,768</u>	<u>\$ 2,354,414</u>	<u>\$ 2,666,862</u>	<u>\$ 2,166,876</u>	<u>\$ 937,595</u>	<u>\$ 734,828</u>	<u>\$ 688,109</u>	<u>\$ 822,033</u>	<u>\$ 2,225,058</u>	<u>\$ 1,763,739</u>
All Other Governmental Funds										
Reserved for:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Restricted	12,528,800	9,774,023	28,542,781	24,305,808	18,544,395	18,110,700	17,799,126	16,800,962	13,103,973	12,771,216
Assigned	2,965,222	2,202,832	3,461,487	3,761,458	3,552,621	3,380,159	3,106,717	3,086,805	2,622,832	4,178,377
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 15,494,022</u>	<u>\$ 11,976,855</u>	<u>\$ 32,004,268</u>	<u>\$ 28,067,266</u>	<u>\$ 22,097,016</u>	<u>\$ 21,490,859</u>	<u>\$ 20,905,843</u>	<u>\$ 19,887,767</u>	<u>\$ 15,726,805</u>	<u>\$ 16,949,593</u>
 GRAND TOTAL	 <u>\$ 17,427,790</u>	 <u>\$ 14,331,269</u>	 <u>\$ 34,671,130</u>	 <u>\$ 30,234,142</u>	 <u>\$ 23,034,611</u>	 <u>\$ 22,225,687</u>	 <u>\$ 21,593,952</u>	 <u>\$ 20,709,800</u>	 <u>\$ 17,951,863</u>	 <u>\$ 18,713,332</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									
	2012	2013	(A) 2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Sales and use taxes	\$ 15,256,164	\$ 14,056,846	\$ 13,950,434	\$ 14,416,789	\$ 14,601,333	\$ 14,689,957	\$ 14,800,284	\$ 16,658,759	\$ 16,651,644	\$ 17,272,107
Franchise and public service taxes	584,264	552,713	607,578	577,352	552,316	544,954	603,833	677,819	600,048	555,910
E-911 taxes	650,409	668,209	630,849	600,114	584,718	576,406	652,139	541,612	627,716	528,074
Hotel/motel taxes	549,088	471,081	447,768	652,340	759,410	655,558	722,313	868,071	591,456	562,980
Property taxes	-	-	-	-	-	-	-	-	863	1,302
Intergovernmental	1,676,580	2,300,455	1,833,809	2,234,251	2,246,760	3,186,856	2,146,002	2,171,746	3,495,564	2,112,261
Charges for services	2,150,778	2,131,082	2,695,476	2,414,327	2,426,459	2,564,778	2,670,365	2,515,456	2,344,706	2,757,351
Fines and forfeitures	634,183	610,803	787,160	899,885	895,397	807,538	733,907	674,705	623,606	565,820
Licenses and permits	92,307	111,896	141,489	102,207	128,069	87,507	80,810	96,088	89,906	177,206
Investment income	139,075	90,143	69,007	64,026	71,856	118,910	288,517	295,970	206,780	43,339
Miscellaneous	272,927	228,241	133,871	381,449	1,052,725	489,979	241,348	474,063	550,700	419,448
<b>Total Revenues</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>25,782,989</b>	<b>24,995,798</b>
<b>Expenditures:</b>										
Legislature	118,071	117,769	92,698	118,144	128,178	109,580	114,976	107,346	120,592	89,311
Administration	2,378,667	2,355,933	2,475,490	2,693,127	2,941,113	3,169,857	3,076,689	3,113,548	3,398,085	3,275,111
Public safety	7,598,168	7,789,438	7,861,764	8,042,126	8,424,576	8,495,607	8,670,354	8,817,054	9,158,995	8,531,329
Community services	2,687,709	2,374,036	1,862,157	1,725,163	1,857,977	1,695,062	1,617,674	2,437,507	4,096,764	1,738,186
Administration services	1,041,293	1,097,904	1,010,714	1,301,925	1,183,280	1,178,194	1,204,963	1,398,863	1,208,240	1,011,237
Health and welfare	293,906	282,311	254,596	255,044	261,585	279,695	269,875	284,427	264,565	232,965
Public works	1,136,893	1,064,904	1,169,200	1,029,679	941,827	1,124,038	1,057,453	946,927	895,955	882,920
Economic Development	257,449	313,870	217,067	237,615	562,710	375,014	427,278	395,556	352,093	305,118
Payment to McAlester Regional Health Center Authority	-	-	-	-	-	-	-	327,225	495,860	517,679
Capital outlay	4,489,791	1,929,581	2,508,114	7,725,006	9,724,557	5,241,133	2,650,404	3,440,082	5,699,104	5,169,650
Debt service:										
Principal retirement	109,304	201,674	3,207,664	3,754,875	3,702,267	4,007,685	4,343,371	4,884,159	3,342,080	3,427,123
Interest and fiscal charges	16,126	11,025	2,148,216	2,267,239	2,077,268	1,901,274	1,758,982	1,574,049	1,419,385	1,300,377
<b>Total Expenditures</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>27,726,743</b>	<b>30,451,718</b>	<b>26,481,006</b>
Excess of revenues over(under) expenditures	1,878,398	3,683,024	(1,510,239)	(6,807,203)	(8,486,295)	(3,854,696)	(2,252,501)	(2,752,454)	(4,668,729)	(1,485,208)
<b>Other financing sources(uses) and special item:</b>										
Transfers in	5,125,820	2,288,687	8,121,706	9,926,637	9,417,913	9,840,603	8,981,245	8,160,735	7,966,315	9,910,110
Issuance of long-term debt	-	-	4,910,000	658,805	12,752,951	238,734	-	126,734	329,843	434,738
Bond issue costs	-	-	(83,603)	-	(363,725)	-	-	-	-	-
Proceeds from sales of capital assets	-	-	1,350,000	-	-	-	-	-	-	-
Payment to escrow-refunding	-	-	-	-	(12,581,463)	-	-	-	-	-
Transfers out	(6,846,000)	(9,068,232)	(6,709,096)	(8,215,227)	(7,938,912)	(7,033,565)	(7,360,479)	(6,419,167)	(6,385,366)	(8,098,171)
<b>Total other financing sources(uses) and special item</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>1,868,302</b>	<b>1,910,792</b>	<b>2,246,677</b>
<b>Net change in fund balances</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>\$ (2,757,937)</b>	<b>\$ 761,469</b>
<b>Debt service as a percentage of noncapital expenditures</b>	0.8%	1.4%	26.4%	28.1%	26.2%	26.5%	26.4%	26.3%	18.9%	21.8%

(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>Property Tax</b>	<b>Totals</b>
2012	14,663,740	592,424	584,264	549,088	650,409	-	17,039,925
2013	13,357,829	699,017	552,713	471,081	668,209	-	15,748,849
2014	13,325,717	624,717	607,578	447,768	630,849	-	15,636,629
2015	13,775,363	641,426	577,352	652,340	600,114	-	16,246,595
2016	13,842,667	758,666	552,316	759,410	584,718	-	16,497,777
2017	13,256,719	1,433,238	544,954	655,558	576,406	-	16,466,875
2018	13,691,840	1,108,444	603,833	722,313	652,139	-	16,778,569
2019	15,394,077	1,264,682	677,819	868,071	541,612	-	18,746,261
2020	14,910,051	1,741,593	600,048	591,456	627,716	863	18,471,727
2021	15,521,577	1,750,530	555,910	562,980	528,074	1,302	18,962,121

## **REVENUE CAPACITY**

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City of McAlester	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%	3.75%
Pittsburg County	1.00%	1.00%	1.00%	1.00%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
State of Oklahoma	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Total	9.00%	9.00%	9.00%	9.00%	9.50%	9.50%	9.50%	9.75%	9.75%	9.75%

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

County - Jan 2006 .75% for remodel

County-Jan 2009 added .25% FireFighters

County-Oct 2015 decreased 0.50%

County-Jan 2016 added 1.0% for streets

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Agriculture, forestry, and fishing	\$ -	\$ 191	\$ -	\$ 2	\$ 1,538	\$ 1,413	\$ 1,079	\$ 773	\$ 497	\$ 465
Mining Quarrying, and Oil and Gas Extraction	-	11,948	703	5,878	4,360	(1,378)	2,203	73,189	49,315	26,694
Utilities	-	476,905	785,842	800,800	775,938	722,816	784,018	1,031,403	953,526	809,939
Construction	-	15,998	34,043	37,205	79,462	75,693	112,475	126,480	84,652	59,783
Manufacturing	-	177,865	262,981	309,241	377,581	283,213	520,137	338,805	232,862	200,348
Transportation and Warehousing	-	7,011	12,982	17,130	9,746	7,960	9,718	16,281	19,905	25,749
Information	-	267,476	401,979	416,476	409,791	412,100	399,955	425,005	395,536	352,908
Wholesale trade	-	638,228	856,848	875,118	888,427	851,854	890,282	1,133,843	1,064,274	1,131,804
Retail trade	-	5,605,712	8,236,655	8,496,420	8,401,248	8,082,769	8,080,244	8,829,658	8,987,567	9,743,757
Finance, insurance,	-	11,473	27,697	3,574	3,065	4,422	5,901	10,505	8,129	10,980
Real Estate and Rental and Leasing	-	107,370	286,863	218,093	190,121	199,120	230,165	341,824	285,601	216,226
Professional, Scientific, and Technical Services	-	44,289	52,484	28,232	27,981	32,758	29,713	44,276	37,417	47,906
Administrative and Support and Waste Management and Remediation Services	-	4,785	3,996	2,720	2,302	11,473	7,384	4,536	29,705	61,015
Educational Services	-	1,559	1,365	115	14	7	747	1,518	3,497	5,124
Health Care and Social Assistance	-	176	1,227	2,159	828	2,014	1,283	404	6,053	12,822
Arts, Entertainment, and Recreation	-	31,980	46,204	59,278	50,014	47,620	48,669	49,538	45,114	33,197
Accommodation and Food Services	-	1,380,169	2,069,055	2,187,338	2,326,704	2,226,766	2,290,853	2,646,606	2,410,226	2,476,243
Other services (except Public Administration)	-	160,057	246,998	261,812	250,894	258,673	263,385	302,873	301,550	306,777
Public Administration	-	(194)	27	(328)	(96)	-	28	43	-	-
Nonclassifiable establishments	-	(17,661)	105,270	128,590	106,515	83,672	46,614	34,726	33,279	29,775
<b>Agriculture</b>	4,275	1,466	-	-	-	-	-	-	-	-
<b>Mining</b>	(239)	91	-	-	-	-	-	-	-	-
<b>Construction</b>	20,018	5,468	-	-	-	-	-	-	-	-
<b>Manufacturing</b>	895,821	196,585	-	-	-	-	-	-	-	-
<b>Transportation</b>	8,573	3,983	-	-	-	-	-	-	-	-
<b>Communications and utilities:</b>										
Communications	590,649	193,928	-	-	-	-	-	-	-	-
Electric, gas, and sanitary services	811,074	233,346	-	-	-	-	-	-	-	-
Wholesale trade	1,295,467	340,798	-	-	-	-	-	-	-	-
<b>Retail trade:</b>										
Building materials, hardware, garden supply and mobile home dealer	1,086,353	324,535	-	-	-	-	-	-	-	-
General merchandise stores	4,174,660	1,259,759	-	-	-	-	-	-	-	-
Food stores	650,225	221,670	-	-	-	-	-	-	-	-
Automotive dealers and gasoline service stations	629,373	219,764	-	-	-	-	-	-	-	-
Apparel and accessory stores	320,656	109,347	-	-	-	-	-	-	-	-
Furniture, home furnishings and equipment stores	447,391	142,865	-	-	-	-	-	-	-	-
Eating and drinking places	1,661,899	553,320	-	-	-	-	-	-	-	-
Miscellaneous retail	1,010,940	299,524	-	-	-	-	-	-	-	-
Finance, insurance, and real estate	1,986	2,028	-	-	-	-	-	-	-	-
<b>Services:</b>										
Hotels and motels	489,648	155,914	-	-	-	-	-	-	-	-
Personal services	75,481	23,034	-	-	-	-	-	-	-	-
Business services	249,457	61,222	-	-	-	-	-	-	-	-
Automotive repair services and garages	150,875	61,066	-	-	-	-	-	-	-	-
Miscellaneous repair services	25,366	8,775	-	-	-	-	-	-	-	-
Motion pictures	83,227	27,111	-	-	-	-	-	-	-	-
Other services	100,108	20,819	-	-	-	-	-	-	-	-
Nonclassifiable establishments	40,595	8,764	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 14,823,878</b>	<b>\$ 13,400,519</b>	<b>\$ 13,433,218</b>	<b>\$ 13,849,853</b>	<b>\$ 13,906,433</b>	<b>\$ 13,302,965</b>	<b>\$ 13,724,853</b>	<b>\$ 15,412,286</b>	<b>\$ 14,948,705</b>	<b>\$ 15,551,512</b>

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**

<u>Jurisdiction</u>	<u>Net (1) Debt Outstanding</u>	<u>Percentage (2) Applicable to City of McAlester</u>	<u>Amount Applicable to City of McAlester</u>
Direct - City of McAlester	\$ 41,958,917	100.00%	\$41,958,917
Overlapping: McAlester School District	\$ 2,685,000	100.00% (3)	2,685,000.00
Pittsburg County	\$ -	44%	-
Total	<u>\$44,643,917</u>		<u>\$44,643,917</u>

Outstanding bond debt : 06-30-21

- (1) Gross general bonded debt outstanding less debt service reserves.
- (2) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in the City of McAlester.
- (3) Only 75% of City residents would be responsible for the debt.

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 7,331,792	\$ 7,555,257	\$ 7,755,946	\$ 8,065,312	\$ 8,131,853	\$ 8,606,087	\$ 8,965,554	\$ 9,648,024	\$ 9,488,171	\$ 10,517,320
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 7,331,792</u>	<u>\$ 7,555,257</u>	<u>\$ 7,755,946</u>	<u>\$ 8,065,312</u>	<u>\$ 8,131,853</u>	<u>\$ 8,606,087</u>	<u>\$ 8,965,554</u>	<u>\$ 9,648,024</u>	<u>\$ 9,488,171</u>	<u>\$ 10,517,320</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 2021**

Net assessed valuation	\$ 105,173,195
Debt limit (10% of total assessed value)	10,517,320
Debt applicable to limit:	
General obligation bonds	-
Less: Street or utility bonds outstanding	-
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 10,517,320</u>

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

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

		(A)	(B)	(C)	(A) / (B)	(A) / (C)		
	Eligible Revenues	Eligible Expenses (1)	Net Revenue Available for Debt Service	Average Annual Debt Service	Average Annual Debt Service Excluding Cap Appr Bonds	Revenue Bond Coverage-Excluding Cap Appr Bonds		
2012	Series 1999 and 2002 Utility System Revenue Bonds, 1999 CDBG Loan	13,573,172	7,533,575	6,039,597	3,968,564	3,028,121	1.52	1.99
2013	Series 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	13,065,325	6,879,431	6,185,894	4,099,959	3,159,516	1.51	1.96
2014	Series 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	12,503,686	6,117,823	6,385,863	4,537,442	3,596,999	1.41	1.78
2015	Series 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	13,147,686	6,724,078	6,423,608	4,537,442	3,596,999	1.42	1.79
2016	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	14,753,173	5,470,231	9,282,942	5,866,670	4,891,115	1.58	1.90
2017	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	14,745,719	6,620,406	8,125,313	5,866,670	4,891,115	1.38	1.66
2018	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	15,531,372	6,969,950	8,561,422	5,924,056	4,891,115	1.45	1.75
2019	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	14,407,592	6,959,691	7,447,901	5,988,615	4,891,115	1.24	1.52
2020	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	13,790,180	6,957,044	6,833,136	6,061,782	4,891,115	1.13	1.40
2021	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	15,046,692	7,291,807	7,754,885	6,145,401	4,891,115	1.26	1.59

(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			
2012	-	-	282,117	55,895,942	810,602	227,550	1,131,249	58,347,460	8.80%	3,188
2013	-	-	80,443	62,046,923	613,683	201,587	942,707	63,885,343	9.63%	3,490
Note 2014	64,122,887	-	42,779	-	450,905	174,951	754,165	65,545,687	9.88%	3,581
2015	60,798,769	-	626,709	-	332,987	147,625	565,623	62,471,713	9.42%	3,413
2016	57,945,932	-	632,393	-	263,441	119,591	377,081	59,338,438	7.95%	3,241
2017	54,476,132	-	733,442	-	1,248,086	90,830	188,539	56,737,029	7.51%	3,086
2018	50,755,339	-	535,071	-	1,137,305	61,324	-	52,489,039	6.94%	2,855
2019	46,544,339	-	437,646	-	953,229	31,054	-	47,966,268	6.01%	2,609
2020	43,876,252	-	570,410	-	641,848	-	-	45,088,510	5.51%	2,478
2021	41,075,892	-	883,025	-	1,207,654	-	-	43,166,571	5.45%	2,392

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

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

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

Employer	Product/Business	2014		2021	
		Employees	% of Total City Employment	Employees	% of Total City Employment
McAlester Army Ammunition Plant	Ammunition	1,500	34.6%	2,000	43.3%
McAlester Regional Health Center	Health Care	757	17.4%	828	17.9%
McAlester Public Schools	Education	411	9.5%	431	9.3%
Wal Mart	Retail Sales	450	10.4%	300	6.5%
Oklahoma State Penitentiary	Corrections	300	6.9%	236	5.1%
Spirit Aerospace, Inc.	Manufacturing/Assembling	250	5.8%	177	3.8%
City of McAlester (full time only)	Municipality	206	4.7%	215	4.7%
Choctaw Casino	Gaming	143	3.3%	136	2.9%
Berry Plastics	Manufacturing	198	4.6%	180	3.9%
Lowe's	Retail Sales	125	2.9%	120	2.6%
Totals		<u>4,340</u>	<u>100.0%</u>	<u>4,623</u>	<u>100.0%</u>

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

Total Employed in McAlester	16,173	15,708
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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>
2012	18,303	663,228	36,236	39.0	3,484	5.4%
2013	18,303	663,228	36,236	39.0	3,148	5.7%
2014	18,303	663,228	36,236	39.0	3,111	4.7%
2015	18,303	663,228	36,236	39.0	3,128	5.4%
2016	18,310	746,773	40,785	37.5	3,097	6.7%
2017	18,383	755,817	41,115	37.0	3,060	6.7%
2018	18,383	797,491	43,382	36.2	3,126	6.5%
2019	18,198	817,836	44,941	37.1	2,295	4.1%
2020	18,395	790,010	42,947	35.8	3,053	7.3%
2021	18,045	791,797	43,879	36.3	2,828	5.6%

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 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
<b>General Government</b>										
City Manager	2	2	3	3	3	3	3	4	4	4
Finance	4	4	3	4	4	5	5	5	5	5
City Clerk	1	1	1	2	2	2	2	2	2	2
Legal	2	2	2	2	2	3	3	3	3	3
Planning	4	5	5	5	5	5	5	5	5	5
Economic Development	0	0	1	1	1	1	1	1	1	1
Tourism	0	0	1	1	1	1	1	1	1	1
Human Resources	3	3	2	2	2	2	2	4	4	3
Information Services	1	1	1	1	1	2	2	2	2	2
<b>Total General Government</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>27</b>	<b>26</b>
<b>Public Safety &amp; Judiciary</b>										
Police	38	37	36	39	39	39	39	40	40	39
CID (Detectives)	8	8	8	8	8	8	8	6	7	6
Animal Control	2	2	1	1	1	1	1	1	1	1
Communications	4	4	4	4	4	4	4	4	4	4
Communications E911	10	10	10	10	10	10	10	10	10	10
Fire	43	43	43	43	43	42	43	41	43	43
<b>Total Public Safety &amp; Judiciary</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>105</b>	<b>103</b>
<b>Transportation</b>										
Central Garage	6	6	5	5	5	5	5	5	5	5
Streets	14	14	13	13	14	13	14	13	14	14
Traffic Control	0	0	0	0	0	0	0	0	0	0
Airport	3	3	3	3	3	3	3	3	3	1
<b>Total Transportation</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>22</b>	<b>20</b>
<b>Cultural, Parks, &amp; Recreation</b>										
Parks & Recreation	15	15	13	14	14	14	15	15	15	15
Expo	5	5	3	4	4	3	4	4	4	2
Nutrition	5	5	5	4	4	4	4	4	4	5
Library	0	0	0	0	0	0	0	0	0	0
Cemetery	5	5	5	5	5	5	5	5	5	4
Building Maintenance	4	4	3	3	3	3	3	3	3	3
<b>Total Cultural, Parks, &amp; Recreation</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>31</b>	<b>29</b>
<b>Utilities</b>										
Utilities	2	2	0	0	0	0	0	0	0	0
Utility Office	7	8	7	8	8	8	8	8	8	7
Solid Waste	1	1	0	0	0	0	0	0	0	1
Landfill	4	2	2	2	2	1	2	1	1	1
Engineering	4	4	4	4	5	4	4	4	5	3
Waste Water	12	12	12	12	12	12	12	12	12	11
Water Treatment	8	8	7	0	0	0	0	0	0	0
Utility Maintenance	14	13	8	10	10	9	11	10	14	14
<b>Total Utilities</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>40</b>	<b>37</b>
<b>Total Full-Time Budgeted Employees by Function/Program</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>	<b>225</b>	<b>215</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>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>	<u>Fiscal Year</u> <u>2020</u>	<u>Fiscal Year</u> <u>2021</u>
General Government										
Buildings	12	12	12	12	13	13	13	13	14	14
Police										
Stations	1	1	2	2	2	2	2	2	1	1
Patrol units	54	53	53	50	50	50	53	51	51	51
Fire										
Stations	4	4	4	4	4	4	4	4	4	4
Trucks	5	5	6	6	6	6	8	8	8	8
Vehicles	16	17	16	16	16	16	18	20	20	20
Streets										
Street miles	298	298	298	298	298	298	298	298	298	298
Traffic signals	23	23	23	23	23	23	20	20	20	20
Parks and recreation										
Acreage	103	103	103	103	103	103	135	135	135	135
Playgrounds	10	10	10	11	12	12	12	13	13	13
Baseball/softball diamonds	9	9	9	9	9	9	9	9	9	9
Soccer/football fields	2	2	2	2	2	2	2	2	2	2
Tennis Courts	6	6	6	6	6	6	6	6	6	6
Community Center	1	1	1	1	1	1	1	1	1	1
Pools	3	3	3	3	3	3	3	3	3	3
Wading Pools	5	5	5	5	5	5	5	5	5	5
Arboretum (Mike Deak) 1981	1	1	1	1	1	1	1	1	1	1
Skate Park 2010	1	1	1	1	1	1	1	1	1	1
Splash Pad 2008	1	1	1	1	1	1	1	1	1	1
Dog Park 2014	-	-	1	1	1	1	1	1	1	1
Frisbee Disk Golf Course 2014	-	-	1	1	1	1	1	1	1	1
Community Garden 2013	-	1	1	2	2	2	2	2	1	1
Amphitheater (Stipe Center)	1	1	1	1	1	1	1	1	1	1
Library										
Buildings	1	1	1	1	1	1	1	1	1	1
Cemetery										
Plots -Oakhill	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	4,163	4,163
Total Plots (Maintained)	35,000	35,000	35,000	35,000	35,000	35,000	35,092	35,092	3,545	4,163
Vehicles & Machinery	11	11	11	16	14	14	14	14	14	15
Water										
Water mains (miles)	170	170	170	170	170	170	230	230	230	189
Fire hydrants	969	970	970	970	970	970	1,035	1,035	1,035	1,035
Storage capacity (thousands of gallons)	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	6,250
Wastewater										
Sanitary sewers (miles)	143	143	143	143	143	143	143	143	143	143
Daily Treatment Capacity	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Fire</b>										
Emergency Responses	2,376	2,246	2,658	2,807	2,442	3,076	2,998	3,002	3,065	3,177
Fires Extinguished	197	158	140	93	106	151	132	191	126	119
<b>Police</b>										
<i>Physical Arrests</i>										
Juvenile	29	40	68	528	209	415	334	324	31	137
Minors	-	-	-	1,160	145	960	886	989	-	571
Adult	870	875	947	10,275	1,047	8,704	8,627	8,209	1,313	5,054
Parking Violations	283	156	429	254	207	198	104	98	36	28
Traffic Violations	5,441	6,892	10,383	11,709	10,712	9,881	9,847	9,522	6,813	5,442
<b>Utilities</b>										
<i>New Accounts</i>										
Residential	1,297	1,240	1,285	1,189	670	445	1,215	865	689	49
Commercial	106	119	87	70	50	50	58	63	60	-
Bulk	5	5	12	8	1	1	9	-	3	2
<b>Parks &amp; Recreation</b>										
Athletic Field-Softball/Baseball	9	9	9	9	9	9	8	8	8	8
Soccer (# of fields used)	2	2	2	2	2	2	2	2	2	2
Tennis (# of courts used)	6	6	6	6	6	6	6	6	6	6
Frisbee Disk Golf Course	-	-	1	1	1	1	1	1	1	1
Parks	-	-	12	12	12	12	13	12	12	15
Dog Park	-	-	1	1	1	1	1	1	1	1
Swimming Pools	-	-	3	3	3	3	3	3	3	2
Wading Pools (# of wading pools used)	-	-	3	3	3	3	5	5	5	2
Basketball Courts	-	-	4	4	4	4	4	4	4	4
Splash Pad	-	-	1	1	1	1	1	1	1	2
Skate park	-	-	1	1	1	1	1	1	1	1
Walking Tracks	-	-	5	5	5	5	5	1	1	4
Amphitheater	-	-	1	1	1	1	1	1	1	1
Arboretum	-	-	1	1	1	1	1	1	1	1
Community Garden	-	-	1	2	2	2	1	1	1	1
Recreational Center	-	-	1	1	1	1	1	1	1	1
Archery Park	-	-	-	-	1	1	1	1	1	1
Community Center – Special Event Participants	1,662	1,124	2,368	2,368	3,879	4,986	5,200	5,500	3,500	2,700
Senior Center-Program Participants	51,619	33,227	57,923	57,923	59,697	68,678	62,338	68,503	51,500	58,764
Sr. Center Lunch Program	37,979	31,527	50,257	50,257	51,317	53,486	51,620	51,891	61,598	57,779
<b>Cemetery</b>										
Purchased/sold Lots	-	-	35	28	62	59	43	12	31	24
Funerals	-	-	113	133	135	100	92	53	67	98

\* Fire and Police Statistics are calendar year.

Source: Various City Departments



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

Honorable Mayor and City Council  
City of McAlester, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of McAlester, Oklahoma (the "City") as of and for the year ended June 30, 2021, 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 21, 2021. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information. Our report also includes a reference to other auditors who audited the financial statements of the McAlester Regional Health Center Authority (the "Authority"), a discretely presented component unit of the City as described in our report on the City's financial statements. This report does not include the results of the Authority's auditors' testing of internal control over financial reporting or on compliance or other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

(Continued)

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

**Internal Control Over Financial Reporting, Continued**

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

**Compliance and Other Matters**

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

**Purpose of This Report**

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

*Finley + Cook, PLLC*

Shawnee, Oklahoma  
December 21, 2021