



**City of McAlester Annual Comprehensive Financial  
Report and Accompanying Independent Auditor's  
Reports for the Year End June 30, 2022**



**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, 2022**

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, 2022**

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Small Town. Big Frontier.

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[www.cityofmcalester.com](http://www.cityofmcalester.com)

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December 14, 2022

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

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of McAlester for its annual comprehensive annual financial report for the fiscal year ended June 30, 2022. This was the 8<sup>th</sup> consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate. The preparation 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 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 Arledge, a firm of licensed certified public accountants. The independent audit was conducted to provide reasonable assurance that the financial statements of the City are free of material misstatement. The independent auditor has issued an unmodified opinion on the City's financial statements for the year ended June 30, 2022. 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 \$100,000. 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 the regional economic hub for southeast Oklahoma, covering a service area of more than 125,000 residents across 8 counties. These residents rely on McAlester for housing, employment opportunities, retail and dining options, recreation, and healthcare. For those products and services in limited supply in rural Oklahoma, McAlester has convenient access to the markets in Tulsa, Oklahoma City, and Dallas.

The McAlester economy has experienced several economic shocks since 2020. 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.

To counter the negative downturn, McAlester has focused on retail development and industrial recruitment efforts. The retail development project, The Shops at McAlester, has generated well over 100,000 visits per month since October 2022 resulting in increased sales tax revenue with approximately 75% of shoppers coming from communities outside McAlester.

The City of McAlester demonstrated a strong economic position as indicated by a 10% increase in sales tax revenue from the previous fiscal year when comparing first quarter receipts. In addition, the 26.5% growth in lodging tax from last fiscal year shows McAlester is primed for continued growth both as an event-community and logistics hub for the region.

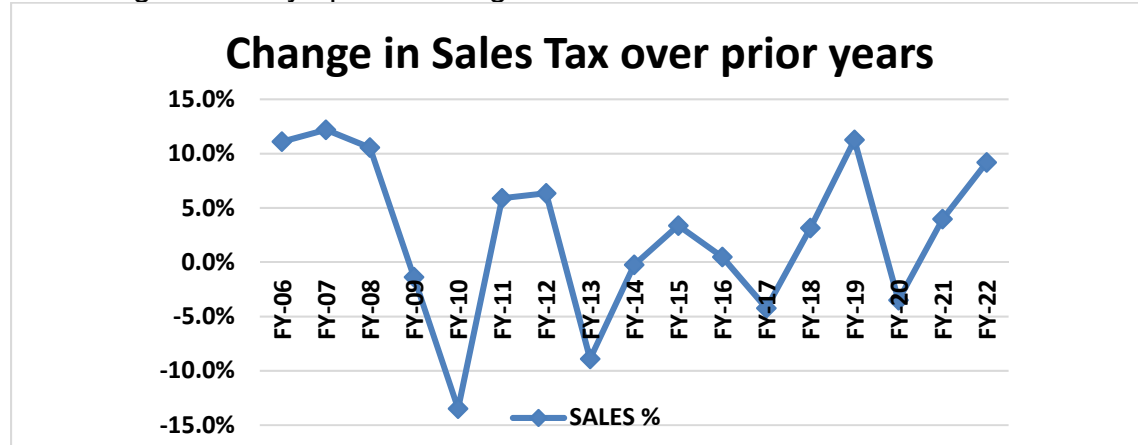
Looking forward, several upcoming investments and expansions will further stimulate and reinvigorate the local economy. Industrial clients have renewed interest in the McAlester area due to the low cost of property and affordable cost of living. Although increasing interest rates have delayed industrial prospects, if successfully placed - these projects could create hundreds of jobs within the next two years.

With increasing cost for industrial development projects, McAlester has also focused on remote work programs to both recruit remote workers and develop a grassroots training program locally to place workers in remote positions. There is potential to place nearly 1,200 new remote work positions in McAlester by 2027 via the Oklahoma Work Ready program.

In addition, the City of McAlester is expected to receive a \$3,000,000.00 grant from the Oklahoma Department of Commerce to develop the Steven Taylor Industrial Park to meet the needs of future industrial prospects.

The City of McAlester, like most cities in the State of Oklahoma, relies 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.



## Major Initiatives

The city continued to focus on capital needs and infrastructure projects during Fiscal Year 2021-2022. We are systematically replacing our aging water and waste-water infrastructure. One of our biggest accomplishments was The Oklahoma Water Resources Board approving a \$32.5 million loan to be used to replace our water distribution and transmission lines through the Drinking Water State Revolving Fund (DWSRF).

List of 2021-2022 initiatives:

- Shops at McAlester Opening
- Clarifier repairs on Water Plant
- Skid steer loader for Streets Dept
- 2-Mini-excavators for Cemetery and UTM
- Forklift for Fleet Dept
- Firing range improvements for Police Dept
- Kiamichi Drive Water Main Replacement
- Wade Watts Sidewalk project
- Asphalt Overlay Project
- 2<sup>nd</sup> Phase - Sewer upgrades in Connally Addition
- Hunter Park Restoration
- Rotary Park Trail and outdoor exercise equipment
- Library Roof
- Drainage Improvements to Softball complex
- Networking & cable replacement for City Hall
- Implemented OpenGov for Budgeting, CIP

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,



Dave Andren  
City Manager



Sherri Swift  
Chief Financial Officer



**CITY OF MCALESTER, OKLAHOMA**

**LIST OF PRINCIPAL OFFICIALS**

**JUNE 30, 2022**

**City Council**

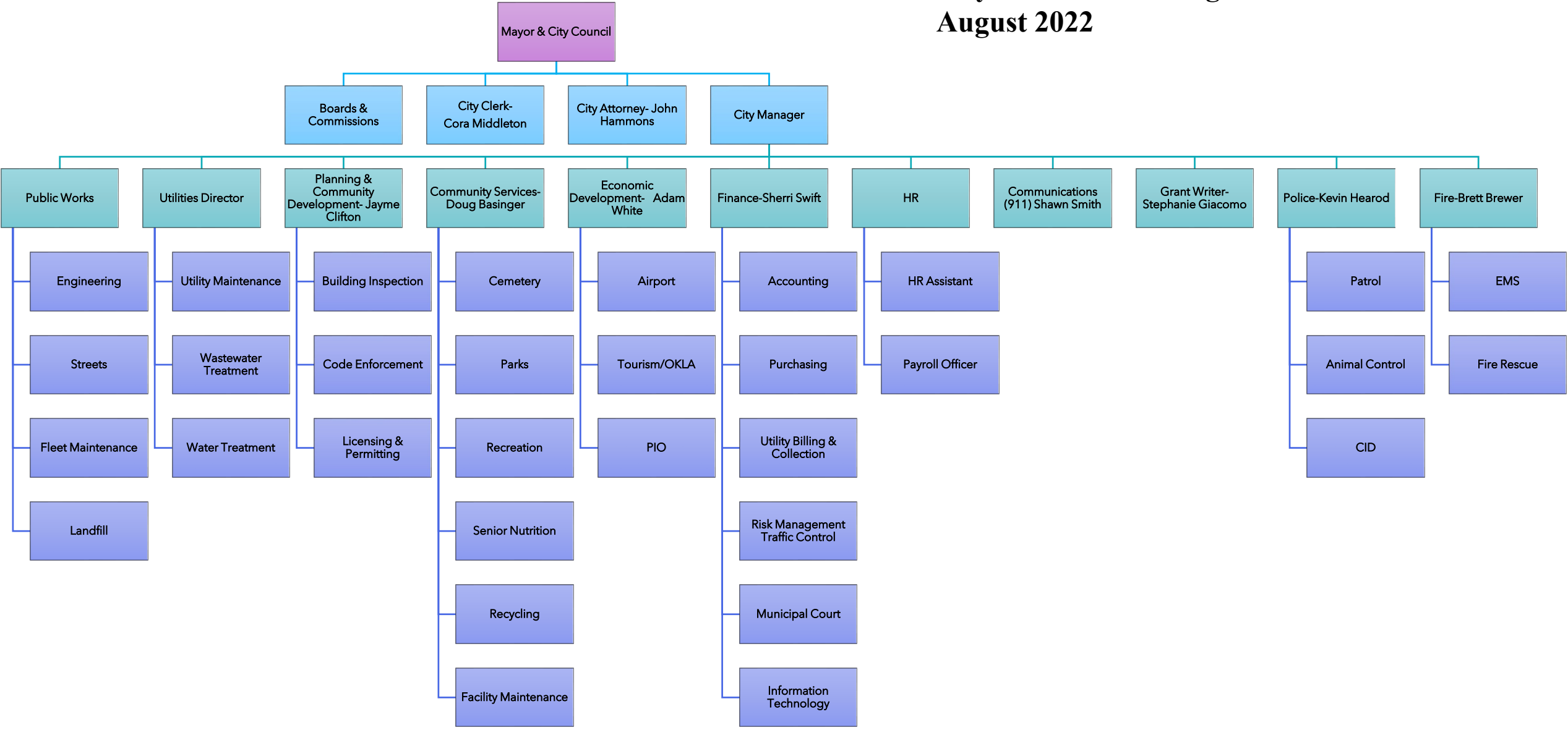
John Browne, Mayor  
Weldon Smith, Member Ward 1  
Justin Few, Member Ward 2  
Cliff House, Member Ward 3  
Randy Roden, Member Ward 4  
Billy Jack Boatright, Member Ward 5  
Kevin Beaty, Member Ward 6

**Administration**

Peter J. Stasiak/Dave Andren (effective 7-1-22)	City Manager
Cora Middleton	City Clerk
Unfilled	Assistant City Manager
Sherri Swift	Chief Financial Officer

# City of McAlester Organizational Chart

## August 2022





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of McAlester  
Oklahoma**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO



## INDEPENDENT AUDITOR'S REPORT

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

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the McAlester Parking Authority, 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the McAlester Parking Authority, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City's discretely presented component unit, McAlester Regional Health Center Authority (the "Authority"), which represent 99.9% of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, are based solely on the report of the other auditors.

### Basis for Opinions

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

### Other Matters

The financial statements of the City of McAlester as of June 30, 2021, were audited by other auditors whose report was dated December 21, 2021 and expressed an unmodified opinion on those statements.

### Change in Accounting Principle

As discussed in Note 7 to the financial statements, in 2022 the City adopted new accounting guidance, GASB No. 87 *Leases*. Our opinions are not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted

in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

### **Required Supplementary Information**

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

### **Supplementary Information**

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

### **Other Information**

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

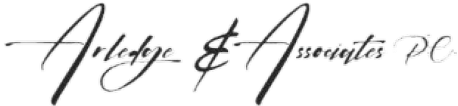
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other



information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



Arledge & Associates, P.C.

Edmond, Oklahoma  
December 14, 2022





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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, 2022. 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, 2022. Total net position increased by \$7,095,522 with the City's total government-wide assets and deferred outflows continuing to exceed its total liabilities and deferred inflows at June 30, 2022, by \$45,679,988 which represents its total government-wide net position.
- The City's governmental activities experienced a current year increase in net position of \$7,284,585, while business-type activities experienced a current year decrease in net position of \$189,063. 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 \$45,679,988, it is segregated by \$41,143,521 in a net investment in capital assets and \$8,502,352 of net position restricted for various purposes, thus leaving the City with (\$3,965,885) in a total unrestricted net position (deficit), with (\$2,291,511) of the unrestricted net position (deficit) located in the City's governmental activities and (\$1,674,374) of the unrestricted net position (deficit) 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 \$5,976,291 for governmental activities and \$244,423 for business-type activities.
  - At June 30, 2022, the City's governmental funds reported combined ending fund balances of \$20,395,100. That net amount is the result of \$14,450,926 of restricted fund balance, \$3,564,941 of assigned fund balance, and \$2,379,233 of unassigned fund balance.

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

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

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

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

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

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

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

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

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

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

- Governmental activities -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- Business-type activities -- The City's activities that charge a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, sewer, and solid waste collections utilities, along with its airport activities, are reported here.
- Discretely-presented component units -- These account for activities of the City's reporting entity that do not meet the criteria for blending, and include the Regional Health Center Authority and the Parking Authority.

## **Reporting the City's Most Significant Funds**

### ***Fund Financial Statements***

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

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

*Proprietary funds* -- When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Enterprise funds are one type of proprietary funds and are used to report the same functions presented as business-type activities in the government-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, 2022, net position for the governmental activities and business-type activities totaled \$45,679,988, which was an increase of \$7,095,522. The results indicate the City, as a whole, improved its financial position from the prior year.

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

	Governmental Activities	Business-type Activities	Total
Beginning net position, restated	\$ 5,904,140	\$ 32,680,326	\$ 38,584,466
Increase (decrease) in net position	7,284,585	(189,063)	7,095,522
<b>Ending net position</b>	<b>\$ 13,188,725</b>	<b>\$ 32,491,263</b>	<b>\$ 45,679,988</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	
	2022	2021	2022	2021	2022	2021
<b>Assets:</b>						
Current and other assets	\$ 29,837,787	\$ 22,268,973	\$ 8,271,338	\$ 8,671,987	\$ 38,109,125	\$ 30,940,960
Capital assets	40,140,934	40,269,030	37,648,413	31,760,521	77,789,347	72,029,551
<b>Total assets</b>	<b>69,978,721</b>	<b>62,538,003</b>	<b>45,919,751</b>	<b>40,432,508</b>	<b>115,898,472</b>	<b>102,970,511</b>
<b>Deferred Outflows of Resources:</b>						
Deferred amounts related to pensions	3,068,274	4,152,795	84,731	157,945	3,153,005	4,310,740
Deferred amounts on refunding	473,540	567,621	-	-	473,540	567,621
<b>Liabilities:</b>						
Long-term liabilities	47,477,458	58,273,777	9,584,981	7,363,659	57,062,439	65,637,436
Other liabilities	4,027,109	2,204,719	3,674,323	504,079	7,701,432	2,708,798
<b>Total liabilities</b>	<b>51,504,567</b>	<b>60,478,496</b>	<b>13,259,304</b>	<b>7,867,738</b>	<b>64,763,871</b>	<b>68,346,234</b>
<b>Deferred Inflows of Resources:</b>						
Deferred amounts related to leases	501,351	79,900	-	-	501,351	79,900
Deferred amounts related to pensions	8,325,892	795,883	253,915	42,389	8,579,807	838,272
<b>Net position:</b>						
Net investment in capital assets	6,977,884	4,106,626	34,165,637	30,552,867	41,143,521	34,659,493
Restricted	8,502,352	6,842,952	-	-	8,502,352	6,842,952
Unrestricted (deficit)	(2,291,511)	(4,965,538)	(1,674,374)	2,127,459	(3,965,885)	(2,838,079)
<b>Total net position</b>	<b>\$ 13,188,725</b>	<b>\$ 5,984,040</b>	<b>\$ 32,491,263</b>	<b>\$ 32,680,326</b>	<b>\$ 45,679,988</b>	<b>\$ 38,664,366</b>

\*Prior year numbers not restated for MD&A purposes

The decrease in the amount of long-term liabilities of the governmental activities is mainly related to the decrease in net pension liability in the amount of \$7,657,535 in addition to the payment of principal on the revenue bonds of \$3,480,000 during 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 \$2,275,122 from the issuance of a new OWRB loan and landfill closure and post-closure liability of \$315,046.

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 \$41.1 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 \$8.5 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is generally considered to be available to be used to meet the government's ongoing obligations to citizens and creditors. For the current year, this unrestricted net position amounted to a \$3,965,885 deficit. The governmental activities unrestricted net position deficit balance of \$2,291,511 is primarily the result of the net pension liabilities and their related deferred outflows and inflows that are reported as a component of the unrestricted net position (deficit).



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

	Governmental Activities		Business-type Activities		Total	
	*				*	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Program revenues:						
Charges for Services	\$ 3,955,835	\$ 3,427,121	\$ 10,879,883	\$ 10,554,147	\$ 14,835,718	\$ 13,981,268
Grants & Contributions	2,520,604	1,840,528	201,867	40,682	2,722,471	1,881,210
Capital Grants & Contributions	306,496	444,487	1,282,353	-	1,588,849	444,487
General Revenues:						
Sales & Use Tax	19,271,697	17,272,107	-	-	19,271,697	17,272,107
Other Taxes	1,979,392	1,690,014	-	-	1,979,392	1,690,014
Other General Revenues	1,526,418	667,642	76,840	52,757	1,603,258	720,399
<b>Total Revenues</b>	<b>29,560,442</b>	<b>25,341,899</b>	<b>12,440,943</b>	<b>10,647,586</b>	<b>42,001,385</b>	<b>35,989,485</b>
<b>Program Expenses:</b>						
Legis lature	130,266	90,348	-	-	130,266	90,348
Administration	3,456,077	4,218,989	-	-	3,456,077	4,218,989
Public safety	7,274,864	10,491,253	-	-	7,274,864	10,491,253
Community services	3,448,002	2,283,766	-	-	3,448,002	2,283,766
Administration services	893,890	1,027,855	-	-	893,890	1,027,855
Health and welfare	253,302	230,877	-	-	253,302	230,877
Public works	3,874,336	3,644,280	-	-	3,874,336	3,644,280
Economic development	1,730,319	331,447	-	-	1,730,319	331,447
Stormwater	83,449	4,049	-	-	83,449	4,049
Payment to component unit-Hospital	556,343	517,679	-	-	556,343	517,679
Interest on long-term debt	1,761,072	1,859,089	-	-	1,761,072	1,859,089
Water	-	-	5,487,156	4,487,288	5,487,156	4,487,288
Sewer	-	-	2,590,313	2,355,274	2,590,313	2,355,274
Sanitation	-	-	2,803,055	2,570,467	2,803,055	2,570,467
Airport	-	-	563,419	773,495	563,419	773,495
<b>Total Expenses</b>	<b>23,461,920</b>	<b>24,699,632</b>	<b>11,443,943</b>	<b>10,186,524</b>	<b>34,905,863</b>	<b>34,886,156</b>
Revenues over (under) expenses	6,098,522	642,267	997,000	461,062	7,095,522	1,103,329
Net Transfers	1,186,063	(288,527)	(1,186,063)	288,527	-	-
<b>Increase in Net Position</b>	<b>\$ 7,284,585</b>	<b>\$ 353,740</b>	<b>\$ (189,063)</b>	<b>\$ 749,589</b>	<b>\$ 7,095,522</b>	<b>\$ 1,103,329</b>
<b>Net Position - beginning, restated</b>	<b>5,904,140</b>	<b>5,630,300</b>	<b>32,680,326</b>	<b>31,930,737</b>	<b>38,584,466</b>	<b>37,561,037</b>
<b>Net Position - Ending</b>	<b>13,188,725</b>	<b>5,984,040</b>	<b>32,491,263</b>	<b>32,680,326</b>	<b>45,679,988</b>	<b>38,664,366</b>

\*Prior year numbers not restated for MD&A purposes

For the year ended June 30, 2022, on a government-wide basis, the City experienced an improvement in its financial condition resulting in an increase in total net position of \$7,095,522. The increase in the size from the prior year change in net position can be attributable to a combination of an increase in operating grants and contributions of \$841,261 due mainly to the new CDBG operating grant, an increase in capital grants and contributions of \$1,144,362 related mainly to OWRB loan forgiveness, an increase in charges for services of \$854,450, an increase in sales and use tax of \$1,999,590, and an increase in other general revenues of \$882,859.

The City's current year governmental activities increase in net position of \$7,284,585 represents an increase from the increase in net position of \$353,740 experienced in the prior year. This year's increase in the change in net position from the prior year change can be attributable in large part to an increase in sales and use tax of \$1,999,590 from prior year, an increase in other general revenues of \$858,776, a decrease in expenses of \$1,237,712 (primarily related to public safety-pension changes) in the current year and an increase in net transfers of \$1,474,590.

The business-type activities experienced a current year decrease in net position of \$189,063, which represents a significant change from the increase in net position of \$749,589 experienced in the prior year. This year's decrease in the change in net position from the prior year change can be attributable in large part to an increase capital grants and contributions of \$1,282,353, an increase in expenses of \$1,257,419 and a decrease in net transfers of \$1,474,590.

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 2022 fiscal year, the governmental funds reported a combined fund balance of \$20,395,100. However, that amount is the result of \$14,450,926 of restricted fund balance, \$3,564,941 of assigned fund balance, and \$2,379,233 of unassigned fund balance.

For the reasons discussed previously in regards to business-type activities, the enterprise funds reported combined net position of approximately \$32.5 million.

The General Fund's total fund balance increased by \$1,018,294, or 57.7%, which is an increase from the decrease in total fund balance of the prior year. This is due in a large part to an increase in tax revenues of \$1,230,800, an increase in expenditures of \$1,570,517, and a decrease in transfers out of \$1,183,425 from the prior year.

The McAlester Public Works Authority enterprise fund reported a decrease in net position, after transfers and capital contributions of \$24,167 for the year.

### **General Fund Budgetary Highlights**

For the year ended June 30, 2022, the General Fund reported actual budgetary basis amounts available for appropriations above final estimates by \$1,068,607 or a 6.30% positive variance. General Fund actual expenditures were under final appropriations by \$993,312 or a 5.86% positive variance.

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

#### **Capital Assets**

At June 30, 2022, the City had approximately \$77.8 million invested in capital assets including land, buildings, machinery and equipment, park facilities, water, sewer and stormwater systems, roads and bridges. After the effect of accumulated depreciation, this represents a net increase of \$5,759,796 from last year.

Below are details regarding the City's capital assets for the years ended June 30, 2022 and 2021.<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	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,769,637	\$ 1,803,086	\$ 212,571	\$ 212,571	\$ 1,982,208	\$ 2,015,657
Buildings and Improvements	19,728,997	19,102,753	10,810,173	10,754,114	30,539,170	29,856,867
Machinery and Equipment	13,485,506	12,754,951	5,418,964	4,841,622	18,904,470	17,596,573
Infrastructure	81,015,567	79,422,608	-	-	81,015,567	79,422,608
Utility Property	-	-	58,777,317	58,540,409	58,777,317	58,540,409
Water rights contracts	-	-	719,075	719,075	719,075	719,075
Construction-in-progress	1,049,878	353,997	7,715,392	602,371	8,765,270	956,368
Totals	117,049,585	113,437,395	83,653,492	75,670,162	200,703,077	189,107,557
Less Depreciation	(76,908,651)	(73,168,365)	(46,005,079)	(43,909,641)	(122,913,730)	(117,078,006)
<b>Totals, Net</b>	<b>\$ 40,140,934</b>	<b>\$ 40,269,030</b>	<b>\$ 37,648,413</b>	<b>\$ 31,760,521</b>	<b>\$ 77,789,347</b>	<b>\$ 72,029,551</b>

This year's more significant capital asset additions include \$460,355 for Clarifier Repair project-WTP, \$124,650 for Kiamichi Drive Water Main Replacement Ph 2 project, \$244,150 for Library Roof project, \$151,015 for Wade Watts Sidewalk project, \$767,810 for 21/22 Asphalt Overlay project, \$145,587 for 2022 Freightliner, \$343,372 for Saunier Way Drainage Improvement project, \$2,817,766 CIP addition for DWSRF Project #1, and \$1,119,628 CIP addition for DWSRF Project #3.

### Debt Administration

At year-end, the City had \$50.8 million in long-term debt outstanding, which represents a \$495,624 decrease from the prior year.<sup>2</sup>

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

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Claims liability	\$ 157,695	\$ 198,800	\$ -	\$ -	\$ 157,695	\$ 198,800
Accrued compensation	2,417,004	2,482,234	253,961	212,742	2,670,965	2,694,976
Notes Payable	795,876	883,025	3,482,776	1,207,654	4,278,652	2,090,679
Revenue Bonds Payable	38,130,592	41,075,892	-	-	38,130,592	41,075,892
Landfill Closure and Post-Closure	-	-	5,017,593	4,702,547	5,017,593	4,702,547
Water contract obligations	-	-	-	-	-	-
Deposits subject to refund	-	-	586,228	574,455	586,228	574,455
<b>Totals</b>	<b>\$ 41,501,167</b>	<b>\$ 44,639,951</b>	<b>\$ 9,340,558</b>	<b>\$ 6,697,398</b>	<b>\$ 50,841,725</b>	<b>\$ 51,337,349</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, covering a service area of more than 125,000 residents across eight counties. Locals and visitors rely on McAlester for shopping, healthcare, tourism, and employment opportunities. As a result, McAlester remains the economic hub of southeast Oklahoma.

Fiscal Year 2021 – 2022 witnessed a vital renaissance of the McAlester economy. Following the loss of two industries due to the pandemic, McAlester is experiencing an unrivaled interest in industries, tech companies, retailers, and restaurants. McAlester expects this increased activity level to continue into the next Fiscal Year as we are experiencing a reshoring of the manufacturing industry.

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

New remote work positions and training programs are establishing a stronghold in McAlester. Nearly 400 new workers have been employed through remote work programs in our area since the summer of 2021. McAlester expects this sector to grow by several hundred over the next few years.

The Shops at McAlester is continuing to outperform expectations. 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 400 full and part-time jobs expect to enter the economy once all construction is completed. The Shops at McAlester drew over 125,000 visits in October of 2022 alone, with 75% of visitors outside the McAlester area.

### **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, 2022**

**Government-Wide Statement of Net Position– June 30, 2022**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	McAlester Regional Health Center Authority	McAlester Parking Authority
<b>ASSETS</b>					
Cash and cash equivalents	\$ 19,797,692	\$ 4,269,683	\$ 24,067,375	\$ 23,576,168	\$ 71,860
Investments	575,910	317,723	893,633	9,477,099	-
Accounts receivable, net of allowance	269,814	1,620,844	1,890,658	9,344,429	-
Estimated amounts due from third-party payers	-	-	-	-	-
Franchise tax receivable	41,809	-	41,809	-	-
Ambulance receivable, net of allowance	74,936	-	74,936	-	-
Court fines receivable, net of allowance	1,660,538	-	1,660,538	-	-
Due from other governments	3,465,007	4,658	3,469,665	-	-
Prepaid items	-	-	-	2,248,721	-
Other receivables	115,259	-	115,259	-	-
Internal balances	64,759	(64,759)	-	-	-
Inventory	-	-	-	2,230,235	-
Investment in joint venture	-	2,123,189	2,123,189	5,682,653	-
Restitution receivable:					
Due within one year	10,995	-	10,995	-	-
Due in more than one year	4,329	-	4,329	-	-
Net pension asset	3,307,245	-	3,307,245	-	-
Lease receivable	449,494	-	449,494	783,535	-
Lease assets, net of depreciation	-	-	-	4,516,382	-
Capital assets:					
Land, improvements, and construction in progress	2,819,515	8,647,038	11,466,553	1,660,159	-
Other capital assets, net of depreciation	37,321,419	29,001,375	66,322,794	37,561,377	-
Total assets	<u>69,978,721</u>	<u>45,919,751</u>	<u>115,898,472</u>	<u>97,080,758</u>	<u>71,860</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Deferred amounts related to pensions	3,068,274	84,731	3,153,005	-	-
Deferred amount on refunding	473,540	-	473,540	-	-
Total deferred outflows of resources	<u>3,541,814</u>	<u>84,731</u>	<u>3,626,545</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES:</b>					
Accounts payable	1,470,629	3,491,057	4,961,686	4,649,449	389
Accrued payroll liabilities	566,436	97,846	664,282	6,678,603	-
Accrued interest payable	659,130	6,931	666,061	-	-
Estimated amounts due to third-party payers	-	-	-	2,692,486	-
Due to bondholders	6,346	-	6,346	-	-
Unearned revenue	1,324,568	78,489	1,403,057	-	100
Long-term liabilities:					
Due within one year	4,559,052	1,366,801	5,925,853	9,406,581	-
Due in more than one year	42,918,406	8,218,180	51,136,586	4,634,407	-
Total liabilities	<u>51,504,567</u>	<u>13,259,304</u>	<u>64,763,871</u>	<u>28,061,526</u>	<u>489</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred amounts related to leases	501,351	-	501,351	787,452	-
Deferred amounts related to pensions	8,325,892	253,915	8,579,807	-	-
Total deferred inflows of resources	<u>8,827,243</u>	<u>253,915</u>	<u>9,081,158</u>	<u>787,452</u>	<u>-</u>
<b>NET POSITION:</b>					
Net investment in capital assets	6,977,884	34,165,637	41,143,521	29,696,930	-
Restricted for emergencies	3,733,620	-	3,733,620	-	-
Restricted for economic development-bonds	800,000	-	800,000	-	-
Restricted for E911	20,610	-	20,610	-	-
Restricted for debt service	1,480,596	-	1,480,596	-	-
Restricted for stormwater	1,284,416	-	1,284,416	-	-
Restricted for other	1,183,110	-	1,183,110	1,886,398	-
Unrestricted (deficit)	(2,291,511)	(1,674,374)	(3,965,885)	36,648,452	71,371
Total net position	<u>\$ 13,188,725</u>	<u>\$ 32,491,263</u>	<u>\$ 45,679,988</u>	<u>\$ 68,231,780</u>	<u>\$ 71,371</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, 2022**

**Government-Wide Statement of Activities –Year Ended June 30, 2022**

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	\$ 130,266	\$ -	\$ -	\$ -	\$ (130,266)	\$ -	\$ (130,266)	\$ -	\$ -
Administration	3,456,077	610,492	191,989	10,000	(2,643,596)	-	(2,643,596)	-	-
Public safety	7,274,864	1,858,239	931,827	153,844	(4,330,954)	-	(4,330,954)	-	-
Community services	3,448,002	103,964	1,129,290	126,652	(2,088,096)	-	(2,088,096)	-	-
Administration services	893,890	205,474	-	-	(688,416)	-	(688,416)	-	-
Health and welfare	253,302	-	53,748	-	(199,554)	-	(199,554)	-	-
Public Works	3,874,336	4,204	213,750	-	(3,656,382)	-	(3,656,382)	-	-
Economic development	1,730,319	-	-	16,000	(1,714,319)	-	(1,714,319)	-	-
Stormwater	83,449	1,173,462	-	-	1,090,013	-	1,090,013	-	-
Hospital (payment to component unit)	556,343	-	-	-	(556,343)	-	(556,343)	-	-
Interest on long-term debt	1,761,072	-	-	-	(1,761,072)	-	(1,761,072)	-	-
Total governmental activities	23,461,920	3,955,835	2,520,604	306,496	(16,678,985)	-	(16,678,985)	-	-
Business-type activities:									
Water	5,487,156	5,759,789	143	1,282,353	-	1,555,129	1,555,129	-	-
Sewer	2,590,313	1,726,963	-	-	-	(863,350)	(863,350)	-	-
Sanitation	2,803,055	3,305,036	-	-	-	501,981	501,981	-	-
Airport	563,419	88,095	201,724	-	-	(273,600)	(273,600)	-	-
Total business-type activities	11,443,943	10,879,883	201,867	1,282,353	-	920,160	920,160	-	-
Total primary government	34,905,863	14,835,718	2,722,471	1,588,849	(16,678,985)	920,160	(15,758,825)	-	-
<b>Component Units:</b>									
Parking	\$ 4,008	\$ 3,440	-	-					\$ (568)
Hospital	104,273,607	92,720,058	376,263	462,128				\$ (10,715,158)	
Total component units	\$ 104,277,615	\$ 92,723,498	\$ 376,263	\$ 462,128				\$ (10,715,158)	\$ (568)
<b>General revenues:</b>									
Taxes:									
Sales and use taxes					\$ 19,271,697	\$ -	\$ 19,271,697	\$ -	\$ -
Franchise and public service taxes					640,817	-	640,817	-	-
Hotel/motel taxes					702,077	-	702,077	-	-
E-911 taxes					514,009	-	514,009	-	-
Property taxes					422	-	422	-	-
Sales tax increment					122,067	-	122,067	-	-
Invergovernmental revenue not restricted to specific programs					629,804	-	629,804	4,513,402	-
Investment income					54,398	18,878	73,276	(1,821,051)	-
Miscellaneous					842,216	57,962	900,178	-	-
Transfers from primary government					-	-	-	556,343	-
Transfers - internal activity					1,186,063	(1,186,063)	-	-	-
Total general revenues and transfers					23,963,570	(1,109,223)	22,854,347	3,248,694	-
Change in net position					7,284,585	(189,063)	7,095,522	(7,466,464)	(568)
Net position - beginning, restated					5,904,140	32,680,326	38,584,466	75,698,244	71,939
Net position - ending					\$ 13,188,725	\$ 32,491,263	\$ 45,679,988	\$ 68,231,780	\$ 71,371

See accompanying notes to the basic financial statements.

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**Governmental Funds Balance Sheet - June 30, 2022**

	<u>Special Revenue</u>		<u>Capital Project</u>	<u>Debt Service</u>		<u>Other</u>	<u>Total</u>
	<u>General Fund</u>	<u>Reserve Fund</u>	<u>American Rescue Plan Fund</u>	<u>Dedicated Sales Tax - MPWA</u>	<u>Bond Trustee Fund</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 2,219,734	\$ 3,747,650	\$ 1,462,664	\$ 489,812	\$ 5,948,574	\$ 5,840,783	\$ 19,709,217
Investments	317,723	-	-	-	-	258,187	575,910
Receivables:							
Accounts receivable, net of allowance	-	-	-	-	-	269,814	269,814
Due from other funds	4,840	-	-	-	-	800,000	804,840
Due from other governments	1,693,312	-	-	617,092	-	1,154,603	3,465,007
Franchise tax receivable	41,809	-	-	-	-	-	41,809
Court fines receivable, net of allowance	1,660,538	-	-	-	-	-	1,660,538
Ambulance receivable, net of allowance	74,936	-	-	-	-	-	74,936
Other receivables	8,928	-	-	-	-	106,331	115,259
Lease receivable	-	-	-	-	-	449,494	449,494
Total assets	<u>\$ 6,021,820</u>	<u>\$ 3,747,650</u>	<u>\$ 1,462,664</u>	<u>\$ 1,106,904</u>	<u>\$ 5,948,574</u>	<u>\$ 8,879,212</u>	<u>\$ 27,166,824</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 249,942	\$ -	\$ 142,142	\$ 1,500	\$ -	\$ 1,064,812	\$ 1,458,396
Accrued payroll liabilities	514,001	-	-	-	-	39,864	553,865
Due to other funds	873,954	-	-	-	-	4,840	878,794
Unearned revenue	8,986	-	1,315,582	-	-	-	1,324,568
Due to bondholders	6,346	-	-	-	-	-	6,346
Total liabilities	<u>1,653,229</u>	<u>-</u>	<u>1,457,724</u>	<u>1,500</u>	<u>-</u>	<u>1,109,516</u>	<u>4,221,969</u>
Deferred Inflows of Resources:							
Deferred Inflows-Leases	-	-	-	-	-	501,351	501,351
Unavailable revenue	1,586,558	-	-	-	-	461,846	2,048,404
Total deferred inflows of resources	<u>1,586,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>963,197</u>	<u>2,549,755</u>
Fund balances:							
Restricted	-	3,733,620	-	1,105,404	5,948,574	3,663,328	14,450,926
Assigned	170,863	14,030	4,940	-	-	3,375,108	3,564,941
Unassigned (deficit)	2,611,170	-	-	-	-	(231,937)	2,379,233
Total fund balances	<u>2,782,033</u>	<u>3,747,650</u>	<u>4,940</u>	<u>1,105,404</u>	<u>5,948,574</u>	<u>6,806,499</u>	<u>20,395,100</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,021,820</u>	<u>\$ 3,747,650</u>	<u>\$ 1,462,664</u>	<u>\$ 1,106,904</u>	<u>\$ 5,948,574</u>	<u>\$ 8,879,212</u>	<u>\$ 27,166,824</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, 2022**

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

Total fund balance, governmental funds	\$	20,395,100
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$76,908,651		40,140,934
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Certain other long-term assets and deferred outflow s are not available to pay current period expenditures and therefore are deferred or not reported in the funds:

Grants receivable		335,005
Court fines receivable, net of allow ance for doubtful accounts \$1,660,539		1,578,300
Ambulance receivable, net of allow ance for doubtful accounts \$3,356,082		5,291
Other receivable, net of allow ance for doubtful accounts \$399,909		129,808
Pension related deferred outflow s		3,068,274
Deferred outflow on refunding		473,540
Net pension asset		3,307,245
		8,897,463

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		15,324
		15,324

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

Accrued interest payable		(659,130)
Capital lease obligations payable		(795,876)
Revenue bonds payable		(38,130,592)
Accrued compensated absences		(2,372,315)
Net pension liability		(5,976,291)
Pension related deferred inflow s		(8,325,892)
		(56,260,096)

Net Position of Governmental Activities in the Statement of Net Position	\$	13,188,725
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See accompanying notes to the basic financial statements.

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2022**

	<u>Special Revenue</u>		<u>Capital Project</u>	<u>Debt Service</u>		<u>Other</u>	<u>Total</u>
	<u>General Fund</u>	<u>Reserve Fund</u>	<u>American Rescue Plan Fund</u>	<u>Dedicated Sales Tax - MPWA</u>	<u>Bond Trustee Fund</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
<b>REVENUES</b>							
Taxes	\$ 11,815,414	\$ -	\$ -	\$ 4,526,570	\$ -	\$ 4,950,853	\$ 21,292,837
Intergovernmental	1,854,260	-	240,073	-	-	989,304	3,083,637
Charges for services	1,775,568	-	-	-	-	1,367,996	3,143,564
Fines and forfeitures	694,790	-	-	-	-	-	694,790
Licenses and permits	149,661	-	-	-	-	-	149,661
Investment earnings	19,243	14,030	4,940	1,826	1,816	12,543	54,398
Miscellaneous	142,685	-	-	-	-	1,350,217	1,492,902
Total revenues	<u>16,451,621</u>	<u>14,030</u>	<u>245,013</u>	<u>4,528,396</u>	<u>1,816</u>	<u>8,670,913</u>	<u>29,911,789</u>
<b>EXPENDITURES</b>							
Current:							
Legislature	130,266	-	-	-	-	-	130,266
Administration	3,482,594	-	-	4,499	-	43,806	3,530,899
Public safety	8,295,632	-	-	-	-	749,142	9,044,774
Community services	1,570,537	-	-	-	-	1,369,588	2,940,125
Administrative services	592,139	-	-	-	-	307,728	899,867
Health and welfare	273,238	-	-	-	-	-	273,238
Public works	1,280,211	-	-	-	-	-	1,280,211
Economic development	-	-	-	-	-	1,727,690	1,727,690
Payment to MRHC-Cancer Center	-	-	-	-	-	556,343	556,343
Capital Outlay	181,710	-	240,073	-	-	5,755,602	6,177,385
Debt Service:							
Principal	-	-	-	-	3,480,000	232,871	3,712,871
Interest and other charges	-	-	-	-	1,159,473	13,167	1,172,640
Total expenditures	<u>15,806,327</u>	<u>-</u>	<u>240,073</u>	<u>4,499</u>	<u>4,639,473</u>	<u>10,755,937</u>	<u>31,446,309</u>
Excess (deficiency) of revenues over (under) expenditures	645,294	14,030	4,940	4,523,897	(4,637,657)	(2,085,024)	(1,534,520)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	1,525,000	600,000	-	521,583	4,657,967	2,174,646	9,479,196
Transfers out	(1,152,000)	-	-	(4,657,967)	-	(518,763)	(6,328,730)
Issuance of long-term debt	-	-	-	-	-	145,722	145,722
Total other financing sources and uses	<u>373,000</u>	<u>600,000</u>	<u>-</u>	<u>(4,136,384)</u>	<u>4,657,967</u>	<u>1,801,605</u>	<u>3,296,188</u>
Net change in fund balances	1,018,294	614,030	4,940	387,513	20,310	(283,419)	1,761,668
Fund balances - beginning, restated	<u>1,763,739</u>	<u>3,133,620</u>	<u>-</u>	<u>717,891</u>	<u>5,928,264</u>	<u>7,089,918</u>	<u>18,633,432</u>
Fund balances - ending	<u>\$ 2,782,033</u>	<u>\$ 3,747,650</u>	<u>\$ 4,940</u>	<u>\$ 1,105,404</u>	<u>\$ 5,948,574</u>	<u>\$ 6,806,499</u>	<u>\$ 20,395,100</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, 2022**

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

Net change in fund balances - total governmental funds:	\$	1,761,668
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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		5,723,839
Capital assets purchased for business-type activities		(2,006,168)
Capital assets contributed		10,000
Book value on capital assets disposed		(33,449)
Depreciation expense		(3,822,318)
		(128,096)

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		(5,437)
Change in unavailable revenue		258,509
		253,072

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.

		2,350,250
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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		(145,722)
Revenue bond principal payments		3,480,000
Accretion of capital appreciation revenue bonds		(534,700)
Capital lease obligation principal payments		232,871
		3,032,449

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		40,349
Amortization of deferred outflow on refunding		(94,081)
Change in accrued compensated absences expenses		68,974
		15,242

Change in net position of governmental activities	\$	7,284,585
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See accompanying notes to the basic financial statements.

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**Proprietary Funds Statement of Net Position - June 30, 2022**

	<b>Enterprise Funds</b>			
	<b>McAlester Public Works Authority</b>	<b>McAlester Airport Authority</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 3,554,422	\$ 129,033	\$ 3,683,455	\$ 88,475
Restricted cash and cash equivalents	586,228	-	586,228	-
Investments	317,723	-	317,723	-
Due from other funds	-	-	-	138,713
Accounts receivable, net	1,611,520	9,324	1,620,844	-
Due from other governments	3,549	1,109	4,658	-
<b>Total current assets</b>	<b>6,073,442</b>	<b>139,466</b>	<b>6,212,908</b>	<b>227,188</b>
<b>Noncurrent assets:</b>				
Investment in joint venture	2,123,189	-	2,123,189	-
Capital assets:				
Land and other non-depreciable assets	8,479,428	167,610	8,647,038	-
Other capital assets, net of depreciation	22,618,624	6,382,751	29,001,375	-
<b>Total noncurrent assets</b>	<b>33,221,241</b>	<b>6,550,361</b>	<b>39,771,602</b>	<b>-</b>
<b>Total assets</b>	<b>39,294,683</b>	<b>6,689,827</b>	<b>45,984,510</b>	<b>227,188</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	79,309	5,422	84,731	-
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	3,474,107	16,950	3,491,057	12,233
Accrued payroll liabilities	91,657	6,189	97,846	12,571
Due to other funds	64,759	-	64,759	-
Interest payable	6,931	-	6,931	-
Unearned revenue	78,489	-	78,489	-
Claims liability	-	-	-	15,770
Due to depositors	117,246	-	117,246	-
Notes payable	1,224,159	-	1,224,159	-
Accrued compensated absences	25,190	206	25,396	4,469
<b>Total current liabilities</b>	<b>5,082,538</b>	<b>23,345</b>	<b>5,105,883</b>	<b>45,043</b>
<b>Noncurrent liabilities:</b>				
Claims liability	-	-	-	141,925
Landfill closure and postclosure liability	5,017,593	-	5,017,593	-
Due to depositors	468,982	-	468,982	-
Notes payable	2,258,617	-	2,258,617	-
Accrued compensated absences	226,712	1,853	228,565	40,220
Net pension liability	228,781	15,642	244,423	-
<b>Total non-current liabilities</b>	<b>8,200,685</b>	<b>17,495</b>	<b>8,218,180</b>	<b>182,145</b>
<b>Total liabilities</b>	<b>13,283,223</b>	<b>40,840</b>	<b>13,324,063</b>	<b>227,188</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	238,369	15,546	253,915	-
<b>NET POSITION</b>				
Net investment in capital assets	27,615,276	6,550,361	34,165,637	-
Unrestricted (deficit)	(1,762,876)	88,502	(1,674,374)	-
<b>Total net position</b>	<b>\$ 25,852,400</b>	<b>\$ 6,638,863</b>	<b>\$ 32,491,263</b>	<b>\$ -</b>

See accompanying notes to the basic financial statements.

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2022**

	<b>Enterprise Funds</b>			
	<b>McAlester Public Works Authority</b>	<b>McAlester Airport Authority</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>				
Charges for services:				
Water	\$ 3,273,220	\$ -	\$ 3,273,220	\$ -
Sewer	1,618,951	-	1,618,951	-
Sanitation	2,896,889	-	2,896,889	-
Water taps	29,220	-	29,220	-
Sewer taps	2,700	-	2,700	-
Water districts	2,244,402	-	2,244,402	-
Landfill	799	-	799	-
Penalties	280,786	-	280,786	-
Recycle fees	37,473	-	37,473	-
Subtitle "D" fees	407,348	-	407,348	-
Airport rents and fees	-	88,095	88,095	-
Self insurance charges	-	-	-	932,010
Miscellaneous	-	-	-	8,601
<b>Total operating revenues</b>	<b>10,791,788</b>	<b>88,095</b>	<b>10,879,883</b>	<b>940,611</b>
<b>OPERATING EXPENSES</b>				
Utility office	446,188	-	446,188	-
Interdepartmental	709,858	-	709,858	-
Sanitation	2,206,170	-	2,206,170	-
Engineering	379,801	-	379,801	-
Sewer	721,560	-	721,560	-
Water	1,481,701	-	1,481,701	-
Utility maintenance	1,460,499	-	1,460,499	-
Landfill	460,011	-	460,011	-
Utility administration	838,615	-	838,615	-
Airport	-	204,623	204,623	-
Fleet maintenance	-	-	-	596,937
Claims expense	-	-	-	343,674
Depreciation expense	1,791,023	358,796	2,149,819	-
<b>Total operating expenses</b>	<b>10,495,426</b>	<b>563,419</b>	<b>11,058,845</b>	<b>940,611</b>
<b>Operating income (loss)</b>	<b>296,362</b>	<b>(475,324)</b>	<b>(178,962)</b>	<b>-</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	18,878	-	18,878	-
Interest expense and fiscal charges	(38,842)	-	(38,842)	-
Miscellaneous revenue	57,962	-	57,962	-
Operating grant revenue	143	76,479	76,622	-
Gain on sale of assets	31,458	-	31,458	-
Gain (loss) on joint venture	(111,881)	-	(111,881)	-
<b>Total non-operating revenue (expenses)</b>	<b>(42,282)</b>	<b>76,479</b>	<b>34,197</b>	<b>-</b>
<b>Income (loss) before contributions and transfers</b>	<b>254,080</b>	<b>(398,845)</b>	<b>(144,765)</b>	<b>-</b>
Capital contributions	2,981,182	124,986	3,106,168	-
Transfers in	196,659	108,963	305,622	-
Transfers out	(3,456,088)	-	(3,456,088)	-
<b>Change in net position</b>	<b>(24,167)</b>	<b>(164,896)</b>	<b>(189,063)</b>	<b>-</b>
<b>Total net position - beginning</b>	<b>25,876,567</b>	<b>6,803,759</b>	<b>32,680,326</b>	<b>-</b>
<b>Total net position - ending</b>	<b>\$ 25,852,400</b>	<b>\$ 6,638,863</b>	<b>\$ 32,491,263</b>	<b>\$ -</b>

See accompanying notes to the basic financial statements.

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2022**

	Enterprise Funds			Internal Service Funds
	McAlester Public Works Authority	McAlester Airport Authority	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 10,769,726	\$ 88,135	\$ 10,857,861	\$ -
Payments to suppliers	(3,009,391)	(55,809)	(3,065,200)	(717,186)
Payments to employees	(2,220,765)	(138,809)	(2,359,574)	(310,389)
Receipts of customer meter deposits	104,539	-	104,539	-
Refund of customer meter deposits	(92,766)	-	(92,766)	-
Other receipts	(70,936)	-	(70,936)	981,716
Other payments	-	77,537	77,537	-
Net Cash Provided (Used) by Operating Activities	5,480,407	(28,946)	5,451,461	(45,859)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	196,659	108,963	305,622	-
Transfers to other funds	(3,456,088)	-	(3,456,088)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	(3,259,429)	108,963	(3,150,466)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(5,969,721)	(61,822)	(6,031,543)	-
Proceeds from sale of capital assets	31,458	-	31,458	-
Proceeds from issuance of debt	3,545,541	-	3,545,541	-
Principal payment of capital debt	(170,419)	-	(170,419)	-
Interest and fiscal charges paid on capital debt	(31,969)	-	(31,969)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(2,595,110)	(61,822)	(2,656,932)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	18,878	-	18,878	-
Sale of investments	74,961	-	74,961	-
Net Cash Provided by Investing Activities	93,839	-	93,839	-
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(280,293)	18,195	(262,098)	(45,859)
<b>Balances - beginning of the year</b>	4,420,943	110,838	4,531,781	134,334
<b>Balances - end of the year</b>	\$ 4,140,650	\$ 129,033	\$ 4,269,683	\$ 88,475
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 296,362	\$ (475,324)	\$ (178,962)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	1,791,023	358,796	2,149,819	-
Operating grant	143	77,537	77,680	-
Other non-operating revenues (expenses)	(53,919)	-	(53,919)	-
Change in assets and liabilities:				
Receivables, net	(31,229)	40	(31,189)	-
Due from other funds	-	-	-	41,105
Investment in joint venture	110,881	-	110,881	-
Deferred amounts related to pensions	268,377	16,363	284,740	-
Accounts payable	3,120,313	16,418	3,136,731	(50,922)
Accrued payroll liabilities	15,469	2,004	17,473	1,319
Due to other funds	(17,160)	-	(17,160)	-
Claims liability	-	-	-	(41,105)
Unearned revenue	9,167	-	9,167	-
Due to depositors	11,773	-	11,773	-
Landfill closure liability	315,046	-	315,046	-
Net pension liability	(397,235)	(24,603)	(421,838)	-
Accrued compensated absences	41,396	(177)	41,219	3,744
Net Cash Provided (Used in) by Operating Activities	\$ 5,480,407	\$ (28,946)	\$ 5,451,461	\$ (45,859)
<b>Noncash capital and related financing activities:</b>				
Capital assets contributed from governmental funds	\$ 1,881,182	\$ 124,986	\$ 2,006,168	\$ -
Loan forgiveness-OWRB	\$ 1,100,000	\$ -	\$ 1,100,000	\$ -

See accompanying notes to the basic financial statements.

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**Statement of Fiduciary Net Position – Pension Trust Fund - June 30, 2022**

	<b><u>Defined Benefit Retirement Plan and Trust Fund</u></b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,132,149
Investments:	
Corporate bonds	447,431
Exchange-traded closed-end funds	869,493
Mortgage and asset backed securities	443,104
Government treasury securities	329,302
Mutual funds	3,810,756
Common stocks	5,172,154
Interest receivable	7,589
Total assets	<u>12,211,978</u>
 <b>LIABILITIES</b>	
Accounts payable	<u>1,098</u>
 <b>NET POSITION</b>	
Net position restricted for pensions	<u><u>\$ 12,210,880</u></u>

**Statement of Changes in Fiduciary Net Position – Pension Trust Fund - Year Ended June 30, 2022**

	<b><u>Defined Benefit Retirement Plan and Trust Fund</u></b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 518,088
Total contributions	<u>518,088</u>
Investment income:	
Interest income	304,157
Realized and unrealized net gain (loss) on investments	<u>(2,593,195)</u>
Net investment income (loss)	<u>(2,289,038)</u>
Total additions	<u>(1,770,950)</u>
 <b>DEDUCTIONS</b>	
Benefits paid to participants or beneficiaries	1,343,490
Administrative expenses	<u>100,356</u>
Total deductions	<u>1,443,846</u>
Change in net position held in trust for employees' pension benefits	(3,214,796)
Net position - beginning	15,425,676
Net position - ending	<u><u>\$ 12,210,880</u></u>

See accompanying notes to the basic financial statements.



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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 18,244 located in southeast Oklahoma. The City operates under the Council-Manager form of government and operates under a charter that provides for three branches of government:

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

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

**Component Units:**

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

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

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

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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.
- American Rescue Plan Fund – capital project fund that accounts for revenues and capital expenditures related to ARPA grants.
- Dedicated Sales Tax MPWA – debt service fund that accounts for revenue received from a sales tax (one-cent) approved by the voters to be used for financing debt related to capital improvements.
- Bond Trustee Fund – debt service fund that accounts for transfers received from other funds to be used for financing non-business-type activity revenue bond debt.

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

**Special Revenue Funds:**

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

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

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

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

*Proprietary Funds:*

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

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

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

The City's internal service funds include the following:

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

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.

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*Fiduciary Fund:*

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

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

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

**D. Inventories**

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

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

**E. Capital Assets and Depreciation**

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

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

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

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

#### **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. Deferred Outflow/Inflows of Resources:**

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

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



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

## **Leases**

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

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

### *Net Position:*

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

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

### *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.

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d. Assigned – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Currently, the city council has delegated that authority to the city manager. Assignments for transfers and interest income for governmental funds are made through the budgetary process.

e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

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

#### **J. Interfund Activities and Balances**

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

#### **K. Use of Estimates**

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

## **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.

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At June 30, 2022, the primary government held the following deposits and investments:

Type of Deposits and Investments - Primary Government	Carrying Value	Maturities in Years				
		On Demand	Less Than One	1 - 5	6 - 10	More Than 10
Deposits:						
Petty Cash	\$ 5,110	\$ 5,110	\$ -	\$ -	\$ -	\$ -
Demand deposits	18,113,691	18,113,691	-	-	-	-
Demand deposits - pension trust funds	1,132,149	1,132,149	-	-	-	-
Time deposits	893,633	-	-	893,633	-	-
	<u>20,144,583</u>	<u>19,250,950</u>	<u>-</u>	<u>893,633</u>	<u>-</u>	<u>-</u>
	<b>Credit Rating</b>	<b>Fair Value Categories</b>				
Investments:						
Bond Trustee Accounts:						
Federated Treasury Obligations Inst Money Market Fund	N/A	N/A	1	1	-	-
Federated Treasury Obligations Svc Money Market Fund	N/A	N/A	1,104,507	1,104,507	-	-
Federated Government Obligations Tax Managed Svc	N/A	N/A	1,195,228	1,195,228	-	-
Goldman Sachs Financial Square Federal Fund Admin Shares #521	AAAm	N/A	3,648,838	3,648,838	-	-
Pension Trust Fund:						
Western Asset Smash: Series EC (LMECX) - Money Market	N/A	N/A	656,435	656,435	-	-
Western Asset Smash: Series C (LMLCX) - Money Market	N/A	N/A	229,790	229,790	-	-
Western Asset Smash: Series M (LMSMX) - Money Market	N/A	N/A	304,848	304,848	-	-
Invesco Premier Ptf Instl (IPXX) - Money Market	N/A	N/A	229,842	229,842	-	-
Columbia Dividend Income Inst (GSFTX) - Money Market	N/A	N/A	1,208,333	1,208,333	-	-
John Hancock Displnd Val Inst (JVLIX) - Money Market	N/A	N/A	1,181,508	1,181,508	-	-
Corporate Bonds	AA	Level II	37,023	-	-	37,023
Corporate Bonds	A+	Level II	40,603	-	-	40,603
Corporate Bonds	A-	Level II	125,846	-	-	125,846
Corporate Bonds	BBB+	Level II	179,436	-	-	179,436
Corporate Bonds	BBB	Level II	64,523	-	-	64,523
Vanguard Short Term Bond	N/A	Level I	869,493	869,493	-	-
United States Treasury Bonds/Notes	AAA	Level I	329,302	-	106,998	136,843
Mortgage and asset backed securities	N/A	Level II	443,104	-	-	443,104
Common Stocks	N/A	Level I	5,172,154	5,172,154	-	-
			<u>17,020,814</u>	<u>15,800,977</u>	<u>-</u>	<u>106,998</u>
					<u>288,684</u>	<u>824,155</u>
<b>Total Deposits and Investments</b>			<u>\$ 37,165,397</u>	<u>\$ 35,051,927</u>	<u>\$ -</u>	<u>\$ 1,000,631</u>
					<u>\$ 288,684</u>	<u>\$ 824,155</u>
<b>Reconciliation to Statement of Net Position:</b>						
Cash and cash equivalents			\$ 24,067,375			
Investments			893,633			
Add: Fiduciary Fund cash and cash equivalents			1,132,149			
Add: Fiduciary Fund investments			<u>11,072,240</u>			
			<u>\$ 37,165,397</u>			

## Deposit and Investment Risks

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

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

At June 30, 2022, the City was exposed to custodial credit risk as defined above. Deposits were under-collateralized at one banking institution by \$8,187.

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

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- 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

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.

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*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	\$ 586,228
Total Restricted Assets	<u>\$ 586,228</u>

**Component Units Deposits and Investments:**

McAlester Regional Health Center Authority

*Deposits*

At June 30, 2022, none of the Authority's bank balances of approximately \$21,982,000 were exposed to custodial credit risk as uninsured and uncollateralized. The above amounts exclude deposits held by the Authority's blended component units with bank balances of approximately \$1,161,000 and carrying values of approximately \$967,000 at June 30, 2022.

As nongovernmental entities, the blended component units are not subject to collateralization requirements. At June 30, 2022, the blended component units' cash accounts exceeded federally insured limits by approximately \$396,000.

<u>Type of Deposits and Investments - MRHC Component Unit</u>	<u>Fair Value</u>	<u>Maturities in Years</u>			
		<u>Less Than One</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Money market mutual funds	\$ 92,662	\$ 92,662	\$ -	\$ -	\$ -
Mutual funds	6,400,826	6,400,826	-	-	-
	<u>6,493,488</u>	<u>6,493,488</u>	<u>-</u>	<u>-</u>	<u>-</u>
Exchange-traded funds	<u>2,465,864</u>				
	<u>\$ 8,959,352</u>				

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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, 2022, the "Investment in joint venture" balance changed as follows:

Beginning Investment in Joint Venture	\$ 2,234,070
Current Year Contributions	1,000
Gain (Loss) from Joint Venture	(111,881)
Ending Investment in Joint Venture	<u>\$ 2,123,189</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, 2022, is as follows:

	<u>General Fund</u>		<u>Stormwater</u>	<u>Technology</u>	<u>Infrastructure</u>	<u>MPWA</u>	<u>Airport</u>
	<u>Ambulance</u>	<u>Court</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>		
Accounts receivable	\$ 3,431,018	\$ 3,321,077	\$ 355,562	\$ 157,081	\$ 157,080	\$ 4,305,726	\$ 10,194
Allowance for doubtful accounts	<u>(3,356,082)</u>	<u>(1,660,539)</u>	<u>(242,828)</u>	<u>(78,541)</u>	<u>(78,540)</u>	<u>(2,694,206)</u>	<u>(870)</u>
Accounts receivable, net	<u>\$ 74,936</u>	<u>\$ 1,660,538</u>	<u>\$ 112,734</u>	<u>\$ 78,540</u>	<u>\$ 78,540</u>	<u>\$ 1,611,520</u>	<u>\$ 9,324</u>

#### *Primary Government Lease Receivables:*

The City as a lessor, has entered into lease agreements involving a building, infrastructure and land. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$29,243. Lease receivable balances at June 30, 2022, were as follows:

Krebs Brewing	\$15,806
Cingular Tower	192,742
Mullin Tower	<u>240,946</u>
Total Lease Receivable-Governmental	<u>\$449,494</u>

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*Component Units:*

McAlester Regional Health Center Authority

Patient receivable balances at June 30, 2022 were as follows:

	<u>MRHCA</u>
Medicare	\$ 6,070,824
Medicaid	2,923,624
Other third-party payers	9,475,900
Patients	2,302,748
Allowance for doubtful accounts	<u>(11,428,667)</u>
Accounts receivable, net	<u><u>\$ 9,344,429</u></u>

## 5. Capital and Lease Assets and Depreciation

For the year ended June 30, 2022, capital assets balances changed as follows:

	Balance at June 30, 2021	Additions	Disposals and Transfers	Balance at June 30, 2022
Governmental activities:				
Non-depreciable:				
Land	\$ 1,803,086	\$ -	\$ (33,449)	\$ 1,769,637
Construction-in-progress	353,997	2,890,086	(2,194,205)	1,049,878
Total non-depreciable assets at historical cost	<u>2,157,083</u>	<u>2,890,086</u>	<u>(2,227,654)</u>	<u>2,819,515</u>
Depreciable:				
Buildings	12,477,175	-	-	12,477,175
Other improvements	6,625,578	626,244	-	7,251,822
Machinery and equipment	12,754,951	812,587	(82,032)	13,485,506
Infrastructure	79,422,608	1,592,959	-	81,015,567
Total depreciable assets at historical cost	<u>111,280,312</u>	<u>3,031,790</u>	<u>(82,032)</u>	<u>114,230,070</u>
Less accumulated depreciation				
Buildings	(5,035,297)	(282,899)	-	(5,318,196)
Other improvements	(3,285,367)	(406,698)	-	(3,692,065)
Machinery and equipment	(9,921,498)	(757,804)	82,032	(10,597,270)
Infrastructure	(54,926,203)	(2,374,917)	-	(57,301,120)
Total accumulated depreciation	<u>(73,168,365)</u>	<u>(3,822,318)</u>	<u>82,032</u>	<u>(76,908,651)</u>
Net depreciable assets	<u>38,111,947</u>	<u>(790,528)</u>	<u>-</u>	<u>37,321,419</u>
Governmental activities capital assets, net	<u><u>\$ 40,269,030</u></u>	<u><u>\$ 2,099,558</u></u>	<u><u>\$ (2,227,654)</u></u>	<u><u>\$ 40,140,934</u></u>

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	Balance at June 30, 2021	Additions	Disposals and Transfers	Balance at June 30, 2022
Business-type activities				
Non-depreciable:				
Land	\$ 212,571	\$ -	\$ -	\$ 212,571
Water rights contracts	719,075	-	-	719,075
Construction-in-progress	602,371	7,825,447	(712,426)	7,715,392
Total non-depreciable assets at historical cost	1,534,017	7,825,447	(712,426)	8,647,038
Depreciable:				
Buildings	2,773,061	-	-	2,773,061
Other improvements	7,981,053	56,059	-	8,037,112
Machinery and equipment	4,841,622	631,723	(54,381)	5,418,964
Utility property	58,540,409	236,908	-	58,777,317
Total depreciable assets at historical cost	74,136,145	924,690	(54,381)	75,006,454
Less accumulated depreciation				
Buildings	(1,987,437)	(59,625)	-	(2,047,062)
Other improvements	(5,060,585)	(268,268)	-	(5,328,853)
Machinery and equipment	(3,820,614)	(250,736)	54,381	(4,016,969)
Utility property	(33,041,005)	(1,571,190)	-	(34,612,195)
Total accumulated depreciation	(43,909,641)	(2,149,819)	54,381	(46,005,079)
Net depreciable assets	30,226,504	(1,225,129)	-	29,001,375
Business-type capital assets, net	\$ 31,760,521	\$ 6,600,318	\$ (712,426)	\$ 37,648,413

	Balance at June 30, 2021	Additions	Transfers	Disposals	Balance at June 30, 2022
Component Unit (MRHCA):					
Non-depreciable:					
Land	\$ 1,182,789	\$ -	\$ -	\$ -	\$ 1,182,789
Construction-in-progress	87,474	464,626	(74,730)	-	477,370
Total non-depreciable assets at historical cost	1,270,263	464,626	(74,730)	-	1,660,159
Depreciable:					
Land improvements	2,153,360	-	-	-	2,153,360
Buildings and improvements	70,220,900	513,758	74,730	-	70,809,388
Machinery and equipment	47,441,330	653,133	-	-	48,094,463
Total depreciable assets at historical cost	119,815,590	1,166,891	74,730	-	121,057,211
Less accumulated depreciation					
Land improvements	(1,492,111)	(65,053)	-	-	(1,557,164)
Buildings and improvements	(41,856,818)	(2,283,902)	-	-	(44,140,720)
Machinery and equipment	(34,793,120)	(3,004,830)	-	-	(37,797,950)
Total accumulated depreciation	(78,142,049)	(5,353,785)	-	-	(83,495,834)
Net depreciable assets	41,673,541	(4,186,894)	74,730	-	37,561,377
Component Unit (MRHCA) capital assets, net	\$ 42,943,804	\$ (3,722,268)	\$ -	\$ -	\$ 39,221,536

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:



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Depreciation expense charged to governmental activities:

Administration	\$ 334,596
Public safety	378,262
Community services	501,488
Public works	2,607,972
Total governmental activities depreciation expense	<u>\$ 3,822,318</u>

Depreciation expense charged to business-type activities:

Water	\$ 1,217,237
Sewer	548,793
Sanitation	24,993
Airport	358,796
Total business-type activities depreciation expense	<u>\$ 2,149,819</u>

Lease assets activity for the MRHCA for the year ended June 30, 2022 was:

	Balance at June 30, 2021	Additions	Transfers	Disposals	Balance at June 30, 2022
Component Unit (MRHCA):					
Lease Assets:					
Buildings	3,227,789	64,694	-	-	3,292,483
Major moveable equipment	690,190	1,791,075	-	-	2,481,265
Total depreciable lease assets	<u>3,917,979</u>	<u>1,855,769</u>	<u>-</u>	<u>-</u>	<u>5,773,748</u>
Less accumulated depreciation					
Buildings	-	(734,845)	-	-	(734,845)
Major moveable equipment	-	(522,521)	-	-	(522,521)
Total accumulated depreciation	<u>-</u>	<u>(1,257,366)</u>	<u>-</u>	<u>-</u>	<u>(1,257,366)</u>
Component Unit (MRHCA) lease assets, net	<u>\$ 3,917,979</u>	<u>\$ 598,403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,516,382</u>

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

For the year ended June 30, 2022, the reporting entity's long-term debt changed as follows:

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	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Notes Payable-direct borrowing	\$ 883,025	\$ 145,722	\$ 232,871	\$ 795,876	\$ 641,582
Revenue Bonds Payable-direct placement	32,140,000	-	3,480,000	28,660,000	3,660,000
Revenue Bonds Payable	8,935,892	534,700	-	9,470,592	-
Accrued Compensated Absences	2,482,234	147,405	212,635	2,417,004	241,700
Claims Liability	198,800	343,674	384,779	157,695	15,770
Total Governmental Long-Term Debt	<u>\$ 44,639,951</u>	<u>\$ 1,171,501</u>	<u>\$ 4,310,285</u>	<u>\$ 41,501,167</u>	<u>\$ 4,559,052</u>
			Net pension liability	5,976,291	
				<u>\$ 47,477,458</u>	
<b>Business-type Activities:</b>					
Landfill Closure and Post-closure Liability	\$ 4,702,547	\$ 315,046	\$ -	\$ 5,017,593	\$ -
Due to Depositors	574,455	104,539	92,766	586,228	117,246
Notes Payable-direct borrowing	1,207,654	3,545,541	1,270,419	3,482,776	1,224,159
Accrued Compensated Absences	212,742	56,922	15,703	253,961	25,396
Total Business-type Long-Term Debt	<u>\$ 6,697,398</u>	<u>\$ 4,022,048</u>	<u>\$ 1,378,888</u>	<u>\$ 9,340,558</u>	<u>\$ 1,366,801</u>
			Net pension liability	244,423	
				<u>\$ 9,584,981</u>	

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

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

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

**Notes Payable:**

\$100,133 notes payable with First National Bank for four vehicles, payable in monthly installments of \$1,840, final payment due April 23, 2024, with interest at 3.90%, paid from the Capital Improvement Plan Fund \$38,958

\$763,736 notes payable with Bancfirst for city vehicles, payable in monthly interest installments and one balloon principal payment due January 25, 2022, with interest at 0.65%, paid from the Capital Improvement Plan Fund 549,846

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\$26,601 notes payable with First National Bank for one vehicle, payable in monthly installments of \$489, final payment due March 1, 2024, with interest at 3.90%, paid from the Capital Improvement Plan Fund	9,449
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\$145,722 notes payable with First National Bank for freightliner, payable in monthly installments of \$2,603, final payment due September 20, 2026, with interest at 2.77%, paid from the Capital Improvement Plan Fund	125,133
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\$238,734 notes payable with Arvest Bank for 2017 street sweeper, payable in monthly installments of \$3,284, final payment due May 1, 2024, with interest at 4.19%, paid from the Stormwater Fund	<u>72,490</u>
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\$ 795,876

Notes Payable:

Current portion	\$ 641,582
Noncurrent portion	<u>154,294</u>
Total Notes Payable	<u>\$ 795,876</u>

Revenue Bonds Payable:

2002 Series Utility System Revenue Bonds:

Capital appreciation bonds in the face amount of \$3,037,176 dated July 1, 2003, issued by McAlester Public Works Authority and used for streets, secured by utility revenue and pledged sales tax, principal maturing at the accreted value of \$17,560,000, interest rate at 4.30%, final maturity February 1, 2034. Interest is accreted (or added to the principal balance) until maturity, at which time, the entire principal balance of \$17,560,000 will be due and payable.

\$17,560,000

Less: Unaccreted portion (8,089,408)

Principal outstanding at year end \$9,470,592

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.

\$11,460,000

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.

6,115,000

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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. 3,390,000

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. 7,695,000

Total Revenue Bonds Payable (Direct Placements) \$ 38,130,592

Current portion \$ 3,660,000

Noncurrent portion 34,470,592

Total Revenue Bonds Payable (Direct Placements) \$ 38,130,592

Accrued Compensated Absences:

Current portion \$ 241,700

Noncurrent portion 2,175,304

Total Accrued Compensated Absences \$ 2,417,004

Claims Liability:

Current portion \$ 15,770

Non-current portion 141,925

Total Claims Liability \$ 157,695

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

Notes Payable (Direct Borrowings):

2006 CDBG-ED Promissory Note with Oklahoma Department of Commerce dated October 1, 2006, original amount of \$125,000, reduced to \$67,800, with an annual interest rate of 0.00%, due in monthly installments of \$282.50, final installment October 1, 2026. Secured by economic development revenues. In the event of default, the lender may: 1) accelerate maturity; 2) increase interest rate 6% from date of default until date of payment; 3) cease extending credit to borrower; 4) exercise any and all rights and remedies possessed by lender. \$15,820

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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). 572,883

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). 112,307

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. 286,439

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). 49,786

MPWA Drinking Water OWRB Note Payable used for a waterline improvement project, dated December 21, 2021, original amount of \$32,500,000, with an annual interest rate of 1.50% and administrative fee of 0.5%, payable in semi-annual principal installments of 523,333 beginning September 15, 2022. Principal forgiveness of \$1,100,000 was approved in FY 21-22. Total drawdowns through 6-30-22 totaled \$3,545,541. Secured by pledged revenues and restricted sales tax. In the event of default: 1) suit for specific performance of any or all covenants of the Authority contained in the Note Indentures or the notes; 2) acceleration of the payment of principal and interest; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action or inaction of parties under provisions of the agreement. 2,445,541

Total Notes Payable (Direct Borrowings) \$ 3,482,776

Current portion \$ 1,224,159

Non-current portion 2,258,617

Total Notes Payable (Direct Borrowings) \$ 3,482,776

**Landfill Closure and Post-Closure Liability:**

A \$5,017,593 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 72.34% of the estimated capacity of the landfill. It is estimated that an additional \$1,918,532 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

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laws and regulation. The restricted use of the landfill has extended its life. The estimated remaining landfill life is now 30 years.

Current portion	\$ -
Noncurrent portion	<u>5,017,593</u>
Total Landfill Closure and Postclosure Liability	<u>\$ 5,017,593</u>

Accrued Compensated Absences:

Current portion	\$ 25,396
Noncurrent portion	<u>228,565</u>
Total Accrued Compensated Absences	<u>\$ 253,961</u>

Deposits Subject to Refund:

Current portion	\$ 117,246
Noncurrent portion	<u>468,982</u>
Total Deposits Subject to Refund	<u>\$ 586,228</u>

Debt Service Requirements to Maturity

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

Year Ended June 30,	<u>Direct Borrowing</u>		<u>Governmental Activity Debt</u>		<u>Direct Placement</u>	
	<u>Notes Payable</u>		<u>Revenue Bonds Payable</u>		<u>Revenue Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 641,582	\$ 10,516	\$ -	\$ -	\$ 3,660,000	\$ 1,020,254
2024	86,205	3,549	-	-	3,845,000	882,306
2025	29,730	1,511	-	-	4,040,000	737,103
2026	30,564	677	-	-	4,245,000	584,530
2027	7,795	36	-	-	7,080,000	403,538
2028-2032	-	-	3,930,000	-	5,790,000	184,364
2033-2034	-	-	13,630,000	-	-	-
Total	<u>\$ 795,876</u>	<u>\$ 16,289</u>	17,560,000	-	28,660,000	3,812,095
Less: Unaccrued Portion of Debt			(8,089,408)	8,089,408	-	-
			<u>\$ 9,470,592</u>	<u>\$ 8,089,408</u>	<u>\$ 28,660,000</u>	<u>\$ 3,812,095</u>

Business-Type Activity Debt - Direct Borrowing

Year Ended June 30,	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,224,159	\$ 54,889
2024	1,219,048	43,363
2025	508,524	20,505
2026	133,298	13,068
2027	126,625	9,556
2028-2030	271,122	10,557
Total	<u>\$ 3,482,776</u>	<u>\$ 151,938</u>

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**Component Units** have the following long-term debt at June 30, 2022:

	(Restated) Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022	Amounts Due Within One Year
<b>Component Unit Activities (MRHCA):</b>					
Lease Liabilities	\$ 3,957,586	\$ 1,855,769	\$ 1,162,287	\$ 4,651,068	\$ 1,133,790
Notes Payable to Banks	10,482,834	133,776	1,226,690	9,389,920	8,272,791
Other Long-Term Liability	1,077,964	-	1,077,964	-	-
Total Component Unit Debt	<u>\$ 15,518,384</u>	<u>\$ 1,989,545</u>	<u>\$ 3,466,941</u>	<u>\$ 14,040,988</u>	<u>\$ 9,406,581</u>

Notes Payable to Banks (MRHCA):

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

Included in notes payable are the Series 2016 Hospital Revenue Note (the 2016 Note) and the Series 2017 Hospital Revenue Note (the 2017 Note). The 2016 Note was issued in the original amount of \$8,600,000 dated May 1, 2016, which bears interest monthly at 2.55%. The 2017 Note was issued in the original amount of \$3,200,000 dated December 1, 2017, which bears interest monthly at 3.54%. The 2016 Note and the 2017 Note are secured by the gross revenues of the Authority. These notes require the Authority to comply with certain restrictive covenants, including maintaining a debt service coverage ratio of 1.20 to 1.00 and days cash on hand of 75 days, as defined. The indenture agreements for each note contain provisions that, in an event of default, allow the lender to accelerate payments of the entire principal amount to be immediately due and payable. At June 30, 2022, 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, 2022.

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.

The total debt outstanding on these notes as of June 30, 2022 is as follows:

Series 2016 Hospital Revenue Note	\$ 6,473,009
Series 2017 Hospital Revenue Note	1,280,213
Other notes payable	1,031,595
Promissory note – downtown building	<u>605,103</u>
	<u>\$ 9,389,920</u>

The originally scheduled principal and interest payments as of June 30, 2022, excluding consideration of the potential acceleration of debt due to debt covenant violations discussed below, are as follows:

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Year Ended June 30,	<u>Discretely Presented Component Unit</u>	
	<u>Notes Payable to Banks</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,388,564	\$ 251,164
2024	1,372,438	210,591
2025	864,643	166,350
2026	504,895	147,845
2027	486,604	134,624
2028-2032	2,643,604	462,537
2033-2036	<u>2,129,172</u>	<u>110,946</u>
Total	<u>\$ 9,389,920</u>	<u>\$ 1,484,057</u>

**Lease Liabilities (MRHCA):**

The Authority leases equipment and clinic space, the terms of which expire in various years through 2031. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance.

The following is a schedule by year of payments under the leases as of June 30, 2022:

Year Ended June 30,	<u>Discretely Presented Component Unit</u>	
	<u>Lease Liabilities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,133,790	\$ 247,971
2024	991,455	182,556
2025	977,161	124,979
2026	667,583	72,206
2027	335,743	42,584
2028-2031	<u>545,336</u>	<u>49,413</u>
Total	<u>\$ 4,651,068</u>	<u>\$ 719,709</u>

**7. Fund Balances**

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



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	General Fund	Reserve Fund	American Rescue Plan Fund	Dedicated Sales Tax - MPWA	Bond Trustee Fund	Other Governmental Funds	Total
Fund Balance:							
Restricted For:							
Grant purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 260	\$ 260
E911	-	-	-	-	-	20,610	20,610
Tourism	-	-	-	-	-	73,158	73,158
Other	-	-	-	-	-	389,537	389,537
Stormwater	-	-	-	-	-	1,284,416	1,284,416
Health - cancer center	-	-	-	-	-	77,137	77,137
Police capital outlay	-	-	-	-	-	32,395	32,395
Cemetery	-	-	-	-	-	417,459	417,459
Technology improvements	-	-	-	-	-	32,908	32,908
Infrastructure improvements	-	-	-	-	-	160,256	160,256
Emergencies	-	3,733,620	-	-	-	-	3,733,620
Capital improvements:							
Economic development-bond repayment	-	-	-	-	-	800,000	800,000
Debt Service	-	-	-	1,105,404	5,948,574	375,192	7,429,170
Sub-total Restricted	-	3,733,620	-	1,105,404	5,948,574	3,663,328	14,450,926
Assigned to:							
Tourism	-	-	-	-	-	583,227	583,227
Economic development	-	-	-	-	-	926,453	926,453
Other	-	-	4,940	-	-	12,795	17,735
Police capital outlay	-	-	-	-	-	409	409
Technology improvements	-	-	-	-	-	9,465	9,465
Infrastructure improvements	-	-	-	-	-	922,176	922,176
Capital improvements	-	-	-	-	-	920,583	920,583
Emergencies	-	14,030	-	-	-	-	14,030
Nutrition services	170,863	-	-	-	-	-	170,863
Sub-total Assigned	170,863	14,030	4,940	-	-	3,375,108	3,564,941
Unassigned (deficit)	2,611,170	-	-	-	-	(231,937)	2,379,233
Total Fund Balance	\$ 2,782,033	\$ 3,747,650	\$ 4,940	\$ 1,105,404	\$ 5,948,574	\$ 6,806,499	\$ 20,395,100

### Restricted Net Position – Governmental Activities

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

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<b>Fund</b>	<b>Restricted By</b>	<b>Amount</b>
State Forfeiture Fund	State statutes and/or debt indentures	\$ 7,438
Cemetery Perpetual Care Fund	State statutes and/or debt indentures	417,459
Federal Forfeiture Fund	State statutes and/or debt indentures	20,593
Capital Improvement Plan Fund	State statutes and/or debt indentures	800,000
OWRB Debt Fund	State statutes and/or debt indentures	297,671
Sinking Fund	State statutes and/or debt indentures	114
		<u>\$ 1,543,275</u>
Dedicated Sales Tax - MPWA	External parties (voters)	\$ 1,105,404
E911 Fund	External parties (voters)	20,610
Reserve Fund	External parties (voters)	3,733,620
Gifts & Contributions Fund	External parties (donors)	389,537
Stormwater Fund	External parties (voters)	1,284,416
MRHC-Cancer Center Fund	External parties (voters)	77,137
Infrastructure Fund	External parties (voters)	160,256
Sales Tax - Schools Fund	External parties (voters)	77,407
Fire Improvement Grant Fund	External parties (grantors)	260
Police Equipment Fund	External parties (grantors)	4,364
Technology Fund	External parties (voters)	32,908
Tourism/SE Expo Fund	External parties (voters)	73,158
		<u>\$ 6,959,077</u>

**Prior Period Adjustments**

	<b>Fund Level-Governmental Funds</b>			<b>Government-Wide</b>
	<b>Gifts &amp; Contributions Fund</b>	<b>Economic Development Fund</b>	<b>Capital Improvement Plan Fund</b>	<b>Governmental Activities</b>
Beginning fund balance/net position, as previously reported	\$ 267,235	\$ 2,231,113	\$ 1,618,019	\$ 5,984,040
Implementation of GASB Statement 87:				
Lease Receivable	240,946	16,806	190,338	448,090
Deferred Inflows-Leases	(288,946)	(16,806)	(222,238)	(527,990)
Beginning fund balance/net position, restated	<u>\$ 219,235</u>	<u>\$ 2,231,113</u>	<u>\$ 1,586,119</u>	<u>\$ 5,904,140</u>

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

**Sales and Use Tax**

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

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

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

**Pledge of Future Revenues**

*Sales Tax and Utility Net Revenues Pledge* - The City has pledged two and one-quarter cents (or 56.25%) of future sales tax revenues to repay \$41,075,892 of Series 2002, 2012, 2013, 2014 and 2015 Sales Tax and Utility System Bonds and \$2,445,541 of Series 2021 OWRB DW SRF Note Payable. Proceeds from the bonds and notes provided financing for capital assets. The 2015 bonds are payable solely from pledged sales tax revenues. The 2002, 2012, 2013 and 2014 bonds, the 1999 loan and the 2021 OWRB note are payable from pledged sales tax revenues and further secured by net water, wastewater, and sanitation revenues. The bonds are payable anywhere from 2020 through 2052. The total principal and interest payable for the remainder of the life of these bonds is \$52,530,687, which includes \$17,560,000 of accreted bonds. Pledged sales taxes in the current year were \$9,044,890 and the net utility revenues were \$2,087,385. Debt service payments of \$4,639,473, excluding accreted interest, for the current fiscal year were 51.29% of the pledged sales taxes and 41.68% of both pledged sales taxes and net utility revenues.

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

*Transfers:*

Internal transfers between funds and activities for the year ended June 30, 2022, were as follows:

Transfer From	Transfer To	Amount	Nature of Transfer
General Fund	McAlester Airport Authority	\$ 108,963	Transfer for operations
General Fund	Capital Improvement Plan Fund	435,000	Transfer for capital improvements
General Fund	E-911 Fund	158,037	Transfer for operations
General Fund	Reserve Fund	450,000	Emergency transfer
Capital Improvement Plan Fund	CDBG Fund	294,736	Reimburse for capital outlay expense
Capital Improvement Plan Fund	MPWA	193,269	Debt service payments
Tourism/SE Expo Fund	Gifts & Contributions Fund	27,368	Transfer for operations
Dedicated Sales Tax Fund	Bond Trustee Fund	4,657,967	Debt payments to trustee bank
Economic Development Fund	MPWA	3,390	Debt service payments
MPWA	General Fund	1,525,000	Transfer for operations
MPWA	Capital Improvement Plan Fund	781,997	Transfer for capital improvements
MPWA	Capital Improvement Plan Fund	273,874	Transfer of service charges & penalties
MPWA	Capital Improvement Plan Fund	31,458	Transfer of proceeds from sale of capital asset
MPWA	Dedicated Sales Tax Fund	521,583	Transfer for operations
MPWA	Infrastructure Fund	172,176	Debt service payments
MPWA	Reserve Fund	150,000	Emergency transfer
		<u>\$ 9,784,818</u>	
	Transfers In	Transfers Out	Net Transfers/ Internal Activity
Reconciliation to Fund			
Financial Statements:			
Governmental Funds	\$ 9,479,196	\$ (6,328,730)	\$ 3,150,466
Enterprise Funds	305,622	(3,456,088)	(3,150,466)
Total Transfers	<u>\$ 9,784,818</u>	<u>\$ (9,784,818)</u>	<u>\$ -</u>
Reconciliation to statement of activities:		Governmental	Business-Type
Net transfers		\$ 3,150,466	\$ (3,150,466)
Reclassification of capital asset purchases and expense between activities		(1,964,403)	1,964,403
Total Transfers - Internal Activity		<u>\$ 1,186,063</u>	<u>\$ (1,186,063)</u>

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*Balances:*

Interfund receivables and payables at June 30, 2022, 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	73,954	GF share of claims liability	
E-911 Fund	General Fund	4,840	Deposit error to wrong fund	
MPWA	Workers Compensation Fund	64,759	GF share of claims liability	
		<u>\$ 943,553</u>		

	<u>Due From Other Fund</u>	<u>Due To Other Funds</u>	<u>Internal Service Funds Reconciliation</u>	<u>Net Activity/ Internal Balances</u>
Reconciliation to Fund				
Financial Statements:				
Governmental Funds	\$ 804,840	\$ (878,794)	\$ 138,713	\$ 64,759
Enterprise Funds	-	(64,759)	-	(64,759)
Internal Service Funds	138,713	-	(138,713)	-
Total Interfund Balances	<u>\$ 943,553</u>	<u>\$ (943,553)</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, 2019 to June 30, 2022 are as follows:

	<u>Total Claims Liability</u>
Claims liability, June 30, 2019	\$ 116,924
Claims incurred	284,882
Claims paid	<u>(360,922)</u>
Claims liability, June 30, 2020	40,884
Claims incurred	435,536
Claims paid	<u>(277,620)</u>
Claims liability, June 30, 2021	198,800
Claims incurred	343,674
Claims paid	<u>(384,779)</u>
Claims liability, June 30, 2022	<u>\$ 157,695</u>

**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 2022, the City's involvement in federal and state award programs was significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

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*ODEQ Consent Orders:*

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. It was discovered that the previous violations that lead to the Consent Order were based on erroneously low flows in the discharge permit that did not match the plant's backwash flows during normal operations. DEQ is in the process of issuing a new discharge permit with the correct limits, which the City will be in compliance. The Consent Order will be closed with no further violations.

*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, 2022, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs, if any, and obtaining an estimate of those costs in the near future.

## **12. Pension Plan Participation**

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

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

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	Governmental Activities	Business-Type Activities	Total Primary Government
Net Pension Asset:			
Police Pension System	\$ 3,307,245	\$ -	\$ 3,307,245
Net Pension Liability:			
Firefighter's Pension System	\$ 4,561,482	\$ -	\$ 4,561,482
City Pension	1,414,809	244,423	1,659,232
Total Net Pension Liability	\$ 5,976,291	\$ 244,423	\$ 6,220,714
Deferred Outflows of Resources:			
Police Pension System	\$ 440,273	\$ -	\$ 440,273
Firefighter's Pension System	2,124,545	-	2,124,545
City Pension	503,456	84,731	588,187
Total Deferred Outflows of Resources	\$ 3,068,274	\$ 84,731	\$ 3,153,005
Deferred Inflows of Resources:			
Police Pension System	\$ 2,551,371	\$ -	\$ 2,551,371
Firefighter's Pension System	4,380,013	-	4,380,013
City Pension	1,394,508	253,915	1,648,423
Total Deferred Inflows of Resources	\$ 8,325,892	\$ 253,915	\$ 8,579,807
Pension Expense:			
Police Pension System	\$ (330,010)	\$ -	\$ (330,010)
Firefighter's Pension System	(198,613)	-	(198,613)
City Pension	(62,258)	(10,756)	(73,014)
Total Pension Expense	\$ (590,881)	\$ (10,756)	\$ (601,637)

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

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

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

Year established and governing authority	1995 by City Council Ordinance
Determination of Contribution requirements	Actuarially determined
Employer	8.05% of Payroll (\$496,627 annual required contribution)
Plan members	None required
Funding of administrative costs	Investment earnings
Period required to vest	10 years
Eligibility for distribution	Age 55 with ten years credited service. Annual rate of retirement starts at 5% at age 56.
Provisions for:	
Disability benefits	Yes
Death benefits	Yes

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

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

*B. Employees Covered by Benefit Terms*

Active Employees	33
Terminated Vested Employees	24
Retirees or Retiree Beneficiaries	<u>109</u>
Total	<u>166</u>

*C. Changes in Net Pension Liability*

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2021 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, 2021 and the City's report ending date of June 30, 2022, 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 6/30/2020	\$ 17,130,694	\$ 12,908,022	\$ 4,222,672
Changes for the Year:			
Interest	1,181,302	-	1,181,302
Difference between expected and actual experience	152,269	-	152,269
Benefit payments, including refunds	(1,379,356)	(1,379,356)	-
Net investment income	-	3,566,897	(3,566,897)
City contributions	-	453,602	(453,602)
Plan administrative expenses		(123,488)	123,488
Net Changes	<u>(45,785)</u>	<u>2,517,655</u>	<u>(2,563,440)</u>
Balances at 6/30/21	<u>\$ 17,084,909</u>	<u>\$ 15,425,677</u>	<u>\$ 1,659,232</u>

The City reported (\$73,014) in pension expense for the year ended June 30, 2022. At June 30, 2022, 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	\$ 57,100	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,635,424
Changes in proportion and differences between City contributions and change in proportion share of contributions	12,999	12,999
City contributions subsequent to the measurement date	518,088	-
Total	<u>\$ 588,187</u>	<u>\$ 1,648,423</u>

The \$518,088 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, 2023. 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:

2023	(299,499)
2024	(338,665)
2025	(405,100)
2026	(535,058)
	<u>\$ (1,578,322)</u>

### **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, 2022 are summarized in the following table:

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

The discount rate used to measure the total pension liability was 7.20%. The City has, on average, made contributions that exceed the ADEC over the past five years. If the City continues to contribute in this fashion, the plan will always be sufficiently funded to pay benefits due. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability. The annual money-weighted rate of return, net of expenses paid from the trust, was 27.45%.

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

<b>City's Net Pension Liability</b>	<u>1% Decrease (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
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
City's Net Pension Liability - 2022	\$ 5,266,924	\$ 3,670,034	\$ 2,298,324

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total Pension Liability	\$ 16,785,991	\$ 16,956,873	\$ 17,143,757	\$ 17,238,457	\$ 17,381,764	\$ 17,130,694	\$ 17,084,908	\$ 15,880,914
Plan Fiduciary Net Position	13,318,299	12,547,080	13,612,583	13,808,534	13,533,739	12,908,022	15,425,676	12,210,880
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>	<u>\$ 3,670,034</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%	76.9%

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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 \$339,743. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$684,676 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 \$505,099. 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, 2022, the City reported a net pension liability of \$4,561,482 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2021. Based upon this information, the City's proportion was 0.6926 percent.

For the year ended June 30, 2022, the City recognized pension expense of \$(198,613). At June 30, 2022, 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	\$ 1,654,346	\$ 80,107
Changes of assumptions	-	101,173
Net difference between projected and actual earnings on pension plan investments	-	3,626,183
Changes in proportion	128,788	570,900
City contributions during measurement date	1,668	1,650
City contributions subsequent to the measurement date	339,743	-
Total	<u>\$ 2,124,545</u>	<u>\$ 4,380,013</u>

The \$339,743 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, 2023. 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:

2023	\$	(493,338)
2024		(546,040)
2025		(639,391)
2026		(916,442)
Total	\$	<u>(2,595,211)</u>

**Actuarial Assumptions-** The total pension liability was determined by an actuarial valuation as of July 1, 2021, 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, 2021, 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, 2021, are summarized in the following table:

Asset	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	3.53%
Domestic equity	47%	5.73%
International equity	15%	8.50%
Real estate	10%	7.97%
Other assets	8%	4.73%

**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	\$ 7,128,261	\$ 4,561,482	\$ 2,412,564

**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 \$327,207. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$289,368 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 \$195,574. These on-behalf payments did not meet the criteria of a special funding situation.

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

**Net Pension Liabilities (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2022, the City reported an asset of \$3,307,245 for its proportionate share of the total net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information, the City's proportion was 0.6894 percent.

For the year ended June 30, 2022, the City recognized pension expense (benefit) of \$(330,010). At June 30, 2022, 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	\$ 47,484	\$ 130,537
Changes of assumptions	50,292	-
Net difference between projected and actual earnings on pension plan investments	-	2,412,520
Changes in proportion	11,209	3,716
City contributions during measurement date	4,081	4,598
City contributions subsequent to the measurement date	327,207	-
Total	<u>\$ 440,273</u>	<u>\$ 2,551,371</u>

\$327,207 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of or an addition to

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the net pension liability (asset) in the year ended June 30, 2023. 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:		
2023	\$	(550,482)
2024		(480,997)
2025		(609,248)
2026		(804,129)
2027		<u>6,551</u>
Total	\$	<u>(2,438,305)</u>

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2021, 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, 2021, 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, 2021, 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	3.22%
Domestic equity	4.55%
International equity	8.50%
Real estate	7.97%
Private equity/debt	9.36%
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 (asset) of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension liability (asset)	\$ (1,240,317)	\$(3,307,245)	\$(5,054,987)

**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>
2020	335,651	100%	2020	327,058	100%
2021	315,929	100%	2021	310,535	100%
2022	339,743	100%	2022	327,207	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, 2022, the City contributed \$192,836 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, 2022**

<b>GENERAL FUND (BUDGETARY BASIS)</b>				
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
<b>Beginning Budgetary Fund Balance:</b>	\$ 300,000	\$ 1,184,610	\$ 1,422,063	\$ 237,453
<b>Resources (Inflows):</b>				
<b>TAXES:</b>				
Sales tax	8,245,585	8,245,585	8,901,492	655,907
Use tax	2,291,658	2,291,658	1,899,000	(392,658)
Franchise tax	633,490	633,490	651,088	17,598
Sales tax increment	-	-	57,778	57,778
<b>Total Taxes</b>	<b>11,170,733</b>	<b>11,170,733</b>	<b>11,509,358</b>	<b>338,625</b>
<b>INTERGOVERNMENTAL:</b>				
Alcoholic beverage tax	227,435	227,435	253,825	26,390
Tobacco/cigarette tax	145,310	145,310	134,384	(10,926)
Gas excise tax	31,556	31,556	32,419	863
Vehicle tax	138,625	138,625	142,850	4,225
Grant revenue	42,587	42,587	88,236	45,649
Healthcare reimbursement by state	110,000	110,000	116,741	6,741
BCBS Wellness Credit	63,000	63,000	63,000	-
<b>Total Intergovernmental</b>	<b>758,513</b>	<b>758,513</b>	<b>831,455</b>	<b>72,942</b>
<b>CHARGES FOR SERVICES:</b>				
Court costs	279,156	279,156	271,684	(7,472)
Cemetery opening/closing	22,500	22,500	28,875	6,375
Incarceration fee	6,800	6,800	13,291	6,491
Cemetery fees	6,500	6,500	8,550	2,050
Swimming pool revenue	10,000	10,000	10,962	962
Ambulance revenue	538,420	728,420	872,874	144,454
Street cuts	1,800	1,800	4,204	2,404
Recreation fees	3,500	3,500	7,010	3,510
Oil and gas leases	198,500	198,500	430,545	232,045
Abatements	43,500	43,500	49,790	6,290
Rental property	3,000	3,000	-	(3,000)
Rental rooms	-	-	2,350	2,350
Burgular alarms	7,265	7,265	11,650	4,385
Complex concessions	6,304	6,304	27,192	20,888
Complex rental	-	-	14,594	14,594
<b>Total Charges for Services</b>	<b>1,127,245</b>	<b>1,317,245</b>	<b>1,753,571</b>	<b>436,326</b>
<b>FINES AND FORFEITURES</b>	<b>687,537</b>	<b>687,537</b>	<b>668,647</b>	<b>(18,890)</b>
<b>LICENSES AND PERMITS</b>	<b>125,920</b>	<b>125,920</b>	<b>149,661</b>	<b>23,741</b>
<b>INVESTMENT INCOME</b>	<b>9,000</b>	<b>9,000</b>	<b>19,243</b>	<b>10,243</b>
<b>MISCELLANEOUS:</b>				
Auctions	10,000	10,000	4,818	(5,182)
Hay sales	-	-	1,210	1,210
Vendors	-	-	50	50
Cemetery lots	15,000	15,000	18,594	3,594
Demolitions	3,000	3,000	680	(2,320)
Court admin fee	3,800	3,800	4,402	602
Miscellaneous	8,535	8,535	6,453	(2,082)
Restitution reimbursements	8,114	8,114	5,437	(2,677)
Reimbursements	126,069	126,069	101,041	(25,028)
<b>Total Miscellaneous</b>	<b>174,518</b>	<b>174,518</b>	<b>142,685</b>	<b>(31,833)</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers from other funds	1,525,000	1,525,000	1,525,000	-
<b>Total Other Financing Sources</b>	<b>1,525,000</b>	<b>1,525,000</b>	<b>1,525,000</b>	<b>-</b>
<b>Amounts available for appropriation</b>	<b>15,878,466</b>	<b>16,953,076</b>	<b>18,021,683</b>	<b>1,068,607</b>

(Continued)

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

(Continued)

GENERAL FUND (BUDGETARY BASIS)				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges to Appropriations (Outflows):				
LEGISLATURE:				
Mayor and Council:				
Personal services	4,889	4,889	4,091	798
Materials and supplies	1,000	1,000	670	330
Other services and charges	119,226	126,996	125,396	1,600
TOTAL LEGISLATURE	125,115	132,885	130,157	2,728
ADMINISTRATION:				
City Manager:				
Personal services	465,542	489,711	461,726	27,985
Materials and supplies	2,975	2,975	2,123	852
Other services and charges	43,250	43,360	8,296	35,064
Capital outlay	40,000	34,323	34,296	27
Total City Manager	551,767	570,369	506,441	63,928
Finance:				
Personal services	383,935	383,953	369,815	14,138
Materials and supplies	3,625	3,432	3,197	235
Other services and charges	5,400	6,401	6,021	380
Total Finance	392,960	393,786	379,033	14,753
City Clerk:				
Personal services	109,161	109,161	104,414	4,747
Materials and supplies	1,185	1,185	726	459
Other services and charges	18,605	16,835	10,914	5,921
Total City Clerk	128,951	127,181	116,054	11,127
City Attorney:				
Personal services	105,581	74,325	34,751	39,574
Materials and supplies	1,125	1,125	6	1,119
Other services and charges	61,850	93,106	92,756	350
Total City Attorney	168,556	168,556	127,513	41,043
Court:				
Personal services	180,479	152,517	146,177	6,340
Materials and supplies	2,000	2,000	1,468	532
Other services and charges	34,800	62,762	60,985	1,777
Total Court	217,279	217,279	208,630	8,649
Interdepartmental:				
Personal services	700,664	531,544	471,618	59,926
Materials and supplies	115,000	70,246	23,005	47,241
Other services and charges	984,835	906,696	819,033	87,663
Capital outlay		149,764	149,764	-
Total Interdepartmental	1,800,499	1,658,250	1,463,420	194,830
Information Services:				
Personal services	154,685	154,235	149,278	4,957
Materials and supplies	2,100	2,489	2,452	37
Other services and charges	208,000	230,545	223,612	6,933
Total Information Services	364,785	387,269	375,342	11,927

(Continued)

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

				(Continued)
	<b>GENERAL FUND (BUDGETARY BASIS)</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
ADMINISTRATION, (Continued):				
CID:				
Personal services	603,575	566,125	440,448	125,677
Materials and supplies	7,665	7,665	7,247	418
Other services and charges	5,000	5,000	300	4,700
Total CID	<u>616,240</u>	<u>578,790</u>	<u>447,995</u>	<u>130,795</u>
TOTAL ADMINISTRATION	<u>4,241,037</u>	<u>4,101,480</u>	<u>3,624,428</u>	<u>477,052</u>
PUBLIC SAFETY:				
Patrol:				
Personal services	3,056,158	3,081,740	2,992,176	89,564
Materials and supplies	119,955	207,114	179,711	27,403
Other services and charges	117,050	160,049	155,381	4,668
Capital outlay	-	4,758	4,758	-
Total Patrol	<u>3,293,163</u>	<u>3,453,661</u>	<u>3,332,026</u>	<u>121,635</u>
Animal Control:				
Personal services	47,129	47,814	47,049	765
Materials and supplies	2,950	4,808	4,037	771
Other services and charges	1,800	1,800	1,653	147
Total Animal Control	<u>51,879</u>	<u>54,422</u>	<u>52,739</u>	<u>1,683</u>
Communications:				
Personal services	189,021	194,458	173,461	20,997
Materials and supplies	1,450	1,450	451	999
Other services and charges	1,800	1,800	1,637	163
Total Communications	<u>192,271</u>	<u>197,708</u>	<u>175,549</u>	<u>22,159</u>
Fire:				
Personal services	3,338,447	3,381,368	3,369,434	11,934
Materials and supplies	65,275	69,415	60,885	8,530
Other services and charges	111,200	134,269	129,915	4,354
Capital outlay	-	8,631	8,631	-
Total Fire	<u>3,514,922</u>	<u>3,593,683</u>	<u>3,568,865</u>	<u>24,818</u>
EMS:				
Materials and supplies	54,050	51,249	48,902	2,347
Other services and charges	80,697	105,498	104,193	1,305
Total EMS	<u>134,747</u>	<u>156,747</u>	<u>153,095</u>	<u>3,652</u>
TOTAL PUBLIC SAFETY	<u>7,186,982</u>	<u>7,456,221</u>	<u>7,282,274</u>	<u>173,947</u>
COMMUNITY SERVICES:				
Parks:				
Personal services	623,749	668,432	633,289	35,143
Materials and supplies	84,750	92,006	71,002	21,004
Other services and charges	114,750	167,217	154,626	12,591
Capital outlay	-	7,040	7,040	-
Total Parks	<u>823,249</u>	<u>934,695</u>	<u>865,957</u>	<u>68,738</u>
Swimming Pools:				
Personal services	93,530	50,059	44,807	5,252
Materials and supplies	33,000	35,000	25,123	9,877
Other services and charges	10,000	10,000	9,475	525
Total Swimming Pools	<u>136,530</u>	<u>95,059</u>	<u>79,405</u>	<u>15,654</u>

(Continued)

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

(Continued)

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**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2022, (Continued)**

	<b>SPECIAL REVENUE - RESERVE FUND (Budgetary Basis)</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 3,133,620	\$ 3,133,620
Resources (Inflows):				
Investment income	35,000	35,000	14,030	(20,970)
Transfers in	-	600,000	600,000	-
Amounts available for appropriation	<u>35,000</u>	<u>635,000</u>	<u>3,747,650</u>	<u>3,112,650</u>
Charges to appropriations (outflows):				
Transfers out	-	-	-	-
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>\$ 35,000</u>	<u>\$ 635,000</u>	<u>\$ 3,747,650</u>	<u>\$ 3,112,650</u>

See accompanying notes to budgetary comparison schedules

**Footnotes to Budgetary Comparison Schedules:**

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

	<b><u>General Fund</u></b>
<b>Sources/Inflows of resources</b>	
Actual amounts (budgetary basis) “available appropriation” from the budgetary comparison schedule	\$18,021,683
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.	(1,422,063)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(1,525,000)
The City reports on-behalf payments made by state in the General Fund	



**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

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in the fund financial statements, but are not budgeted.	974,045
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.	53,748
The City budgets for revenues on the modified cash basis of accounting, rather than on the modified accrual basis.	<u>349,208</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$16,451,621</u>
<b>Uses/Outflows of resources</b>	
Actual amounts (budgetary basis) “total charges to appropriations” from the budgetary comparison schedule	\$15,927,216
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.	43,135
The City reports on-behalf payments made by state in the General Fund in the fund financial statements, but are not budgeted.	974,045
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.	273,238
Transfers to other funds and component units are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(1,411,307)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$15,806,327</u>
	<b><u>Reserve Fund</u></b>
<b>Sources/Inflows of resources</b>	
Actual amounts (budgetary basis) “available appropriation” from the budgetary comparison schedule	\$3,747,650
Differences – budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(600,000)
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	<u>(3,133,620)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$14,030</u>

4. For the year ended June 30, 2022, the City complied, in all material respects, with the applicable budget laws.

# CITY OF MCALESTER, OKLAHOMA

## ANNUAL FINANCIAL REPORT

### As of and for the Year Ended June 30, 2022

Required Supplementary Information  
City of McAlester Employee's Retirement System

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

Last 10 Fiscal Years\*

	2014	2015	2016	2017	2018	2019	2020	2021	2022
<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	1,168,486
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	354,880	4,086	25,240	103,095	68,272	161,251	(200,112)	152,269	(1,028,990)
Changes of assumptions	(992,995)	(992,553)	(1,024,826)	(1,094,405)	(1,164,396)	(1,213,398)	(1,253,743)	(1,379,356)	(1,343,490)
Benefit payments, including refunds of member contributions	487,134	171,387	170,882	186,884	94,700	143,307	(251,070)	(45,786)	(1,203,994)
<b>Net change in total pension liability</b>	<b>16,127,470</b>	<b>16,614,604</b>	<b>16,785,991</b>	<b>16,956,873</b>	<b>17,143,757</b>	<b>17,238,457</b>	<b>17,381,764</b>	<b>17,130,694</b>	<b>17,084,908</b>
<b>Total pension liability - beginning</b>	<b>\$ 16,614,604</b>	<b>\$ 16,785,991</b>	<b>\$ 16,956,873</b>	<b>\$ 17,143,757</b>	<b>\$ 17,238,457</b>	<b>\$ 17,381,764</b>	<b>\$ 17,130,694</b>	<b>\$ 17,084,908</b>	<b>\$ 15,880,914</b>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 580,226	\$ 495,901	\$ 618,056	\$ 600,552	\$ 450,504	\$ 427,843	\$ 453,602	\$ 453,602	\$ 518,088
Contributions - member	-	-	-	-	-	-	-	-	-
Net investment income	2,444,464	132,780	(240,387)	1,691,613	1,039,420	629,480	291,619	3,566,897	(2,289,038)
Benefit payments, including refunds of member contributions	(992,995)	(992,553)	(1,024,826)	(1,094,405)	(1,164,396)	(1,213,398)	(1,253,743)	(1,379,356)	(1,343,490)
Administrative expense	(148,960)	(127,870)	(124,062)	(132,257)	(129,577)	(118,720)	(117,195)	(123,489)	(100,356)
Other	71,351	481	-	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>1,954,086</b>	<b>(491,261)</b>	<b>(771,219)</b>	<b>1,065,503</b>	<b>195,951</b>	<b>(274,795)</b>	<b>(625,717)</b>	<b>2,517,654</b>	<b>(3,214,796)</b>
<b>Plan fiduciary net position - beginning</b>	<b>11,855,474</b>	<b>13,809,560</b>	<b>13,318,299</b>	<b>12,547,080</b>	<b>13,612,583</b>	<b>13,808,534</b>	<b>13,533,739</b>	<b>12,908,022</b>	<b>15,425,676</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 13,809,560</b>	<b>\$ 13,318,299</b>	<b>\$ 12,547,080</b>	<b>\$ 13,612,583</b>	<b>\$ 13,808,534</b>	<b>\$ 13,533,739</b>	<b>\$ 12,908,022</b>	<b>\$ 15,425,676</b>	<b>\$ 12,210,880</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 2,805,044</b>	<b>\$ 3,467,692</b>	<b>\$ 4,409,793</b>	<b>\$ 3,531,174</b>	<b>\$ 3,429,923</b>	<b>\$ 3,848,025</b>	<b>\$ 4,222,672</b>	<b>\$ 1,659,232</b>	<b>\$ 3,670,034</b>
<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%	76.9%
<b>Covered payroll</b>	\$ 4,097,667	\$ 3,714,076	N/A	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	N/A

#### Notes to Schedule:

\*Only nine 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, 2022**

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

**Schedule of Employer Contributions**

**Last 10 Fiscal Years\***

	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 489,408	\$ 458,246	\$ 478,557	\$ 427,842	\$ 453,602	\$ 503,352	\$ 518,091	\$ 496,627
Contributions in relation to the actuarially determined contribution	495,901	593,512	600,552	450,504	427,843	453,602	453,602	518,088
Contribution deficiency (excess)	<u>\$ (6,493)</u>	<u>\$ (135,266)</u>	<u>\$ (121,995)</u>	<u>\$ (22,662)</u>	<u>\$ 25,759</u>	<u>\$ 49,750</u>	<u>\$ 64,489</u>	<u>\$ (21,461)</u>
Covered payroll	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)
Contributions as a percentage of covered payroll	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)

**Notes to Schedule:**

- \*Only eight years are presented because 10-year data is not yet available; plan frozen on July 1, 2013.
- Latest Valuation Date: July 1, 2021
- 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 = 5 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
- Since the plan's benefits were frozen as of July 1, 2013, payroll information is no longer being collected because it is no longer needed to perform the actuarial valuation.

**Required Supplementary Information**

**Schedule of Investment Returns**

**Last Ten Fiscal Years\***

	2015	2016	2017	2018	2019	2020	2021	2022
Annual money-weighted rate of return, net of investment expense	0.2%	0.24%	-2.57%	12.81%	7.00%	4.00%	1.47%	27.45%

**Note to Schedule:**

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

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City's proportion of the net pension liability	0.774228%	0.747576%	0.761806%	0.750071%	0.724812%	0.732668%	0.748001%	0.692638%
City's proportionate share of the net pension liability	\$ 7,961,756	\$ 7,934,836	\$ 9,307,102	\$ 9,433,823	\$ 8,158,806	\$ 7,741,853	\$ 9,214,722	\$ 4,561,482
City's covered payroll	\$ 2,067,321	\$ 2,042,764	2,128,125	2,134,671	2,145,115	2,263,201	2,394,465	2,256,630
City's proportionate share of the net pension liability as a percentage of its covered payroll	385%	388%	437%	442%	380%	342%	385%	202%
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%	68.12%

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

**Notes to Schedule:**

\*Only eight years are presented because 10-year data is not yet available.  
Current year measurement date is June 30, 2021

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Statutorily required contribution	\$ 285,987	\$ 297,937	\$ 298,853	\$ 300,317	\$ 316,849	\$ 335,651	\$ 315,929	\$ 339,743
Contributions in relation to the statutorily required contribution	<u>285,987</u>	<u>297,937</u>	<u>298,853</u>	<u>300,317</u>	<u>316,849</u>	<u>335,651</u>	<u>315,929</u>	<u>339,743</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$2,042,764	2,128,125	2,134,671	2,145,115	2,263,201	2,394,465	2,256,630	2,426,732
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.02%	14.00%	14.00%

**Notes to Schedule:**

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

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**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\***

	2015	2016	2017	2018	2019	2020	2021	2022
City's proportion of the net pension liability (asset)	0.7942%	0.8215%	0.8551%	0.8220%	0.7797%	0.7435%	0.7512%	0.6894%
City's proportionate share of the net pension liability (asset)	\$ (267,389)	\$ 33,497	\$ 1,309,556	\$ 63,229	\$ (371,422)	\$ (47,463)	\$ 862,693	\$ (3,307,245)
City's covered payroll	\$ 2,217,808	\$ 2,401,492	\$ 2,435,869	\$ 2,451,108	\$ 2,378,392	\$ 2,417,685	\$ 2,516,794	\$ 2,388,728
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(12.06)%	1.39%	53.76%	2.58%	(15.62)%	(1.96)%	34.28%	(138.45)%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%

**Notes to Schedule:**

\*Only eight years are presented because 10-year data is not yet available.  
Current year measurement date is June 30, 2021.

**SCHEDULE OF CITY CONTRIBUTIONS**

**OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM**

**Last 10 Fiscal Years\***

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

**Notes to Schedule:**

\*Only eight 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, 2022**

**Combining Balance Sheet, General Fund Accounts – June 30, 2022**

	<u>General Fund</u>	<u>Nutrition Account</u>	<u>Total General Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,040,804	\$ 178,930	\$ 2,219,734
Investments	317,723	-	317,723
Receivables:			
Due from other governments	1,689,012	4,300	1,693,312
Franchise tax receivable	41,809	-	41,809
Due from other funds	4,840	-	4,840
Court fines receivable, net of allowance	1,660,538	-	1,660,538
Ambulance receivable, net of allowance	74,936	-	74,936
Other receivables, net of allowance	8,928	-	8,928
 Total assets	 <u>\$ 5,838,590</u>	 <u>\$ 183,230</u>	 <u>\$ 6,021,820</u>
 <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 247,536	\$ 2,406	\$ 249,942
Accrued payroll liabilities	504,040	9,961	514,001
Due to other funds	873,954	-	873,954
Unearned revenue	8,986	-	8,986
Due to bondholders	6,346	-	6,346
 Total liabilities	 <u>1,640,862</u>	 <u>12,367</u>	 <u>1,653,229</u>
Deferred inflows of resources:			
Unavailable revenue	1,586,558	-	1,586,558
Fund balances:			
Assigned	-	170,863	170,863
Unassigned	2,611,170	-	2,611,170
 Total fund balances	 <u>2,611,170</u>	 <u>170,863</u>	 <u>2,782,033</u>
 Total liabilities, deferred inflows and fund balances	 <u>\$ 5,838,590</u>	 <u>\$ 183,230</u>	 <u>\$ 6,021,820</u>

**CITY OF MCALESTER, OKLAHOMA**  
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**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances, General Fund**  
**Accounts – Year Ended June 30, 2022**

	<b>General Fund</b>	<b>Nutrition Account</b>	<b>Total General Fund</b>
<b>REVENUES</b>			
Taxes	\$ 11,815,414	\$ -	\$ 11,815,414
Intergovernmental	1,800,512	53,748	1,854,260
Charges for services	1,775,568	-	1,775,568
Fines and forfeitures	694,790	-	694,790
Licenses and permits	149,661	-	149,661
Investment earnings	19,243	-	19,243
Miscellaneous	142,685	-	142,685
 Total revenues	 <u>16,397,873</u>	 <u>53,748</u>	 <u>16,451,621</u>
<b>EXPENDITURES</b>			
Current:			
Legislative	130,266	-	130,266
Administration	3,482,594	-	3,482,594
Public safety	8,295,632	-	8,295,632
Community services	1,570,537	-	1,570,537
Administrative services	592,139	-	592,139
Health and welfare	-	273,238	273,238
Public works	1,280,211	-	1,280,211
Capital Outlay	181,710	-	181,710
 Total expenditures	 <u>15,533,089</u>	 <u>273,238</u>	 <u>15,806,327</u>
 <b>Excess (deficiency) of revenues over expenditures</b>	 <u>864,784</u>	 <u>(219,490)</u>	 <u>645,294</u>
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,525,000	-	1,525,000
Transfers out	(1,152,000)	-	(1,152,000)
Interaccount transfers	(259,307)	259,307	-
 Total other financing sources and uses	 <u>113,693</u>	 <u>259,307</u>	 <u>373,000</u>
 <b>Net change in fund balances</b>	 978,477	 39,817	 1,018,294
 <b>Fund balances - beginning</b>	 <u>1,632,693</u>	 <u>131,046</u>	 <u>1,763,739</u>
<b>Fund balances - ending</b>	<u><u>\$ 2,611,170</u></u>	<u><u>\$ 170,863</u></u>	<u><u>\$ 2,782,033</u></u>



**CITY OF MCALESTER, OKLAHOMA**  
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**Combining Balance Sheet, Nonmajor Governmental Funds – June 30, 2022**

	SPECIAL REVENUE FUNDS						
	Juvenile Fine Fund	Tourism/SE Expo Fund	E-911 Fund	Gifts & Contributions Fund	Stormwater Fund	Economic Development Fund	MRHC-Cancer Center Fund
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 606,637	\$ 20,679	\$ 478,788	\$ 1,240,024	\$ 699,861	\$ 48,078
Investments	-	-	-	-	-	258,187	-
Accounts receivable, net of allowance	-	-	-	-	112,734	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	26,515	77,137
Other receivables	-	67,560	38,771	-	-	-	-
Lease receivable	-	-	-	240,946	-	15,806	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 674,197</b>	<b>\$ 59,450</b>	<b>\$ 719,734</b>	<b>\$ 1,352,758</b>	<b>\$ 1,000,369</b>	<b>\$ 125,215</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ -	\$ 13,555	\$ 6,314	\$ 41,251	\$ 68,342	\$ 23,758	\$ 48,078
Accrued payroll liabilities	-	4,257	27,686	-	-	7,921	-
Due to other funds	-	-	4,840	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>17,812</b>	<b>38,840</b>	<b>41,251</b>	<b>68,342</b>	<b>31,679</b>	<b>48,078</b>
<b>Deferred Inflows of Resources:</b>							
Deferred Inflows-Leases	-	-	-	276,151	-	15,722	-
Unavailable revenue	-	-	-	-	-	26,515	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>276,151</b>	<b>-</b>	<b>42,237</b>	<b>-</b>
<b>Fund Balances:</b>							
Restricted	-	73,158	20,610	389,537	1,284,416	-	77,137
Assigned	-	583,227	-	12,795	-	926,453	-
Unassigned (deficit)	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>656,385</b>	<b>20,610</b>	<b>402,332</b>	<b>1,284,416</b>	<b>926,453</b>	<b>77,137</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ -</b>	<b>\$ 674,197</b>	<b>\$ 59,450</b>	<b>\$ 719,734</b>	<b>\$ 1,352,758</b>	<b>\$ 1,000,369</b>	<b>\$ 125,215</b>

(Continued)

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
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**Combining Balance Sheet, Nonmajor Governmental Funds – June 30, 2022, 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	\$ 4,364	\$ 7,438	\$ 417,459	\$ -	\$ 21,002	\$ 260
Investments	-	-	-	-	-	-
Accounts receivable, net of allowance	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	510,995	-	-
Other receivables	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-
Total assets	<u>\$ 4,364</u>	<u>\$ 7,438</u>	<u>\$ 417,459</u>	<u>\$ 510,995</u>	<u>\$ 21,002</u>	<u>\$ 260</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	-	\$ 437,409	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,409</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:						
Deferred Inflows-Leases	-	-	-	-	-	-
Unavailable revenue	-	-	-	305,523	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>305,523</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Restricted	4,364	7,438	417,459	-	20,593	260
Assigned	-	-	-	-	409	-
Unassigned (deficit)	-	-	-	(231,937)	-	-
Total fund balances	<u>4,364</u>	<u>7,438</u>	<u>417,459</u>	<u>(231,937)</u>	<u>21,002</u>	<u>260</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,364</u>	<u>\$ 7,438</u>	<u>\$ 417,459</u>	<u>\$ 510,995</u>	<u>\$ 21,002</u>	<u>\$ 260</u>

(Continued)

**CITY OF MCALESTER, OKLAHOMA**  
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**Combining Balance Sheet, Nonmajor Governmental Funds – June 30, 2022, Continued**

	CAPITAL PROJECT FUNDS			DEBT SERVICE FUNDS			Total Nonmajor Governmental Funds
	Capital Improvement Plan Fund	Technology Fund	Infrastructure Fund	Sales Tax - Schools Fund	Sinking Fund	OWRB Debt Service Fund	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,055,842	\$ 68,746	\$ 1,027,823	\$ 270	\$ 114	\$ 143,398	\$ 5,840,783
Investments	-	-	-	-	-	-	258,187
Accounts receivable, net of allowance	-	78,540	78,540	-	-	-	269,814
Due from other funds	800,000	-	-	-	-	-	800,000
Due from other governments	-	-	308,546	77,137	-	154,273	1,154,603
Other receivables	-	-	-	-	-	-	106,331
Lease receivable	192,742	-	-	-	-	-	449,494
Total assets	<u>\$ 2,048,584</u>	<u>\$ 147,286</u>	<u>\$ 1,414,909</u>	<u>\$ 77,407</u>	<u>\$ 114</u>	<u>\$ 297,671</u>	<u>\$ 8,879,212</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 118,523	\$ 40,009	\$ 267,573	\$ -	\$ -	\$ -	\$ 1,064,812
Accrued payroll liabilities	-	-	-	-	-	-	39,864
Due to other funds	-	-	-	-	-	-	4,840
Total liabilities	<u>118,523</u>	<u>40,009</u>	<u>267,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,109,516</u>
Deferred Inflows of Resources:							
Deferred Inflows-Leases	209,478	-	-	-	-	-	501,351
Unavailable revenue	-	64,904	64,904	-	-	-	461,846
Total deferred inflows of resources	<u>209,478</u>	<u>64,904</u>	<u>64,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>963,197</u>
Fund Balances:							
Restricted	800,000	32,908	160,256	77,407	114	297,671	3,663,328
Assigned	920,583	9,465	922,176	-	-	-	3,375,108
Unassigned (deficit)	-	-	-	-	-	-	(231,937)
Total fund balances	<u>1,720,583</u>	<u>42,373</u>	<u>1,082,432</u>	<u>77,407</u>	<u>114</u>	<u>297,671</u>	<u>6,806,499</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,048,584</u>	<u>\$ 147,286</u>	<u>\$ 1,414,909</u>	<u>\$ 77,407</u>	<u>\$ 114</u>	<u>\$ 297,671</u>	<u>\$ 8,879,212</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, 2022**

	SPECIAL REVENUE FUNDS						
	Juvenile Fine Fund	Tourism/SE Expo Fund	E-911 Fund	Gifts & Contributions Fund	Stormwater Fund	Economic Development Fund	MRHC-Cancer Center Fund
<b>REVENUES</b>							
Taxes	\$ -	\$ 702,077	\$ 555,757	\$ -	\$ -	\$ -	\$ 565,821
Intergovernmental	-	61,507	-	10,000	-	117,902	-
Charges for services	5,950	5,932	-	-	1,173,462	-	-
Investment earnings	-	-	85	-	-	4,760	-
Miscellaneous	-	4,124	-	559,204	-	455,984	-
Total revenues	5,950	773,640	555,842	569,204	1,173,462	578,646	565,821
<b>EXPENDITURES</b>							
Current:							
Administration	-	-	-	41,333	-	-	-
Public safety	10,144	-	738,998	-	-	-	-
Community services	-	-	-	-	-	-	-
Administrative services	-	307,728	-	-	-	-	-
Economic development	-	-	-	-	-	1,727,690	-
Payment to MRHC-Cancer Center	-	-	-	-	-	-	556,343
Capital Outlay	-	416,438	-	372,142	784,654	152,226	-
Debt Service:							
Principal	-	-	-	-	35,554	-	-
Interest and other charges	-	-	-	-	3,856	-	-
Total expenditures	10,144	724,166	738,998	413,475	824,064	1,879,916	556,343
Excess (deficiency) of revenues over expenditures	(4,194)	49,474	(183,156)	155,729	349,398	(1,301,270)	9,478
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	158,037	27,368	-	-	-
Transfers out	-	(27,368)	-	-	-	(3,390)	-
Proceeds from long-term debt	-	-	-	-	-	-	-
Total other financing sources and uses	-	(27,368)	158,037	27,368	-	(3,390)	-
Net change in fund balances	(4,194)	22,106	(25,119)	183,097	349,398	(1,304,660)	9,478
Fund balances - beginning, restated	4,194	634,279	45,729	219,235	935,018	2,231,113	67,659
Fund balances - ending	\$ -	\$ 656,385	\$ 20,610	\$ 402,332	\$ 1,284,416	\$ 926,453	\$ 77,137

(Continued)

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**Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Nonmajor Governmental Funds – Year Ended June 30, 2022 (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	-	3,232	-	658,403	-	-
Charges for services	-	-	6,781	-	-	-
Investment earnings	-	212	1,711	-	86	-
Miscellaneous	-	-	-	-	-	-
Total revenues	-	3,444	8,492	658,403	86	-
<b>EXPENDITURES</b>						
Current:						
Administration	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Community services	-	-	-	813,245	-	-
Administrative services	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Payment to MRHC-Cancer Center	-	-	-	-	-	-
Capital Outlay	-	2,114	-	373,383	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Total expenditures	-	2,114	-	1,186,628	-	-
Excess (deficiency) of revenues over expenditures	-	1,330	8,492	(528,225)	86	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	294,736	-	-
Transfers out	-	-	-	-	-	-
Proceeds from long-term debt	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	294,736	-	-
Net change in fund balances	-	1,330	8,492	(233,489)	86	-
Fund balances - beginning, restated	4,364	6,108	408,967	1,552	20,916	260
Fund balances - ending	\$ 4,364	\$ 7,438	\$ 417,459	\$ (231,937)	\$ 21,002	\$ 260

(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, 2022 (Continued)**

	CAPITAL PROJECT FUNDS			DEBT SERVICE FUNDS			Total Nonmajor Governmental Funds
	Capital Improvement Plan Fund	Technology Fund	Infrastructure Fund	Sales Tax - Schools Fund	Sinking Fund	OWRB Debt Service Fund	
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ 2,263,285	\$ 565,820	\$ 422	\$ 297,671	\$ 4,950,853
Intergovernmental	11,301	126,959	-	-	-	-	989,304
Charges for services	-	88,033	87,838	-	-	-	1,367,996
Investment earnings	2,404	-	3,281	4	-	-	12,543
Miscellaneous	330,905	-	-	-	-	-	1,350,217
Total revenues	344,610	214,992	2,354,404	565,824	422	297,671	8,670,913
<b>EXPENDITURES</b>							
Current:							
Administration	-	-	-	-	2,473	-	43,806
Public safety	-	-	-	-	-	-	749,142
Community services	-	-	-	556,343	-	-	1,369,588
Administrative services	-	-	-	-	-	-	307,728
Economic development	-	-	-	-	-	-	1,727,690
Payment to MRHC-Cancer Center	-	-	-	-	-	-	556,343
Capital Outlay	1,183,564	182,084	2,288,997	-	-	-	5,755,602
Debt Service:							
Principal	197,317	-	-	-	-	-	232,871
Interest and other charges	9,311	-	-	-	-	-	13,167
Total expenditures	1,390,192	182,084	2,288,997	556,343	2,473	-	10,755,937
Excess (deficiency) of revenues over expenditures	(1,045,582)	32,908	65,407	9,481	(2,051)	297,671	(2,085,024)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	1,522,329	-	172,176	-	-	-	2,174,646
Transfers out	(488,005)	-	-	-	-	-	(518,763)
Proceeds from long-term debt	145,722	-	-	-	-	-	145,722
Total other financing sources and uses	1,180,046	-	172,176	-	-	-	1,801,605
Net change in fund balances	134,464	32,908	237,583	9,481	(2,051)	297,671	(283,419)
Fund balances - beginning, restated	1,586,119	9,465	844,849	67,926	2,165	-	7,089,918
Fund balances - ending	\$ 1,720,583	\$ 42,373	\$ 1,082,432	\$ 77,407	\$ 114	\$ 297,671	\$ 6,806,499

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**Combining Schedule of Net Position, MPWA Accounts – June 30, 2022**

	Enterprise Fund - MPWA			
	McAlester Public Works Authority Operating Account	Landfill Reserve Account	MPWA-DWSRF Projects Account	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ (485,269)	\$ 4,043,114	\$ (3,423)	\$ 3,554,422
Restricted cash and cash equivalents	586,228	-	-	586,228
Investments	317,723	-	-	317,723
Accounts receivable, net of allowance	1,579,756	31,764	-	1,611,520
Receivables from other governments	3,549	-	-	3,549
Total current assets	2,001,987	4,074,878	(3,423)	6,073,442
Non-current assets:				
Investment in joint venture	2,123,189	-	-	2,123,189
Capital Assets:				
Land and improvements	8,479,428	-	-	8,479,428
Other capital assets, net of depreciation	22,618,624	-	-	22,618,624
Total non-current assets	33,221,241	-	-	33,221,241
Total assets	35,223,228	4,074,878	(3,423)	39,294,683
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	79,309	-	-	79,309
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	361,382	1,000	3,111,725	3,474,107
Accrued payroll liabilities	91,657	-	-	91,657
Due to other funds	64,759	-	-	64,759
Accrued interest payable	6,931	-	-	6,931
Unearned revenue	78,489	-	-	78,489
Due to depositors	117,246	-	-	117,246
Notes payable	1,224,159	-	-	1,224,159
Accrued compensated absences	25,190	-	-	25,190
Total current liabilities	1,969,813	1,000	3,111,725	5,082,538
Non-current liabilities:				
Landfill closure and postclosure liability	5,017,593	-	-	5,017,593
Due to depositors	468,982	-	-	468,982
Notes payable	2,258,617	-	-	2,258,617
Accrued compensated absences	226,712	-	-	226,712
Net pension liability	228,781	-	-	228,781
Total non-current liabilities	8,200,685	-	-	8,200,685
Total liabilities	10,170,498	1,000	3,111,725	13,283,223
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	238,369	-	-	238,369
<b>NET POSITION</b>				
Net investment in capital assets	27,615,276	-	-	27,615,276
Unrestricted (deficit)	(2,721,606)	4,073,878	(3,115,148)	(1,762,876)
Total net position	\$ 24,893,670	\$ 4,073,878	\$ (3,115,148)	\$ 25,852,400

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**Combining Schedule of Revenues, Expenses, and Changes in Net Position, MPWA Accounts – Year Ended June 30, 2022**

	Enterprise Fund - MPWA			
	McAlester Public Works Authority Operating Account	Landfill Reserve Account	MPWA-DWSRF Projects Account	Total
<b>OPERATING REVENUES</b>				
Charges for services:				
Water	\$ 3,273,220	\$ -	\$ -	\$ 3,273,220
Sewer	1,618,951	-	-	1,618,951
Sanitation	2,896,889	-	-	2,896,889
Water taps	29,220	-	-	29,220
Sewer taps	2,700	-	-	2,700
Water districts	2,244,402	-	-	2,244,402
Landfill	799	-	-	799
Penalties	273,874	6,912	-	280,786
Recycle fees	37,473	-	-	37,473
Subtitle "D" fees	-	407,348	-	407,348
Total operating revenues	<u>10,377,528</u>	<u>414,260</u>	<u>-</u>	<u>10,791,788</u>
<b>OPERATING EXPENSES</b>				
Utility office	446,188	-	-	446,188
Interdepartmental	709,858	-	-	709,858
Sanitation	2,206,170	-	-	2,206,170
Engineering	379,801	-	-	379,801
Sewer	721,560	-	-	721,560
Water	1,481,701	-	-	1,481,701
Utility maintenance	1,460,499	-	-	1,460,499
Landfill	437,058	22,953	-	460,011
Utility administration	134,365	-	704,250	838,615
Depreciation	1,791,023	-	-	1,791,023
Total Operating Expenses	<u>9,768,223</u>	<u>22,953</u>	<u>704,250</u>	<u>10,495,426</u>
Operating income (loss)	<u>609,305</u>	<u>391,307</u>	<u>(704,250)</u>	<u>296,362</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and investment revenue	2,729	16,149	-	18,878
Interest expense	(38,842)	-	-	(38,842)
Miscellaneous revenue	55,760	2,202	-	57,962
Operating grant revenue	143	-	-	143
Gain on sale of assets	31,458	-	-	31,458
Gain (loss) on joint venture	(111,881)	-	-	(111,881)
Total non-operating revenue (expenses)	<u>(60,633)</u>	<u>18,351</u>	<u>-</u>	<u>(42,282)</u>
Income (loss) before contributions and transfers	548,672	409,658	(704,250)	254,080
Capital contributions	2,981,182	-	-	2,981,182
Transfers in	196,659	-	-	196,659
Transfers out	(3,456,088)	-	-	(3,456,088)
Interaccount transfers	<u>2,429,087</u>	<u>(18,189)</u>	<u>(2,410,898)</u>	<u>-</u>
Change in net position	2,699,512	391,469	(3,115,148)	(24,167)
Total net position - beginning	22,194,158	3,682,409	-	25,876,567
Total net position - ending	<u>\$ 24,893,670</u>	<u>\$ 4,073,878</u>	<u>\$ (3,115,148)</u>	<u>\$ 25,852,400</u>



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**Combining Schedule of Net Position, MAA Accounts – June 30, 2022**

	<b>McAlester Airport Authority</b>			
	<b>McAlester Airport Authority Operating Account</b>	<b>Airport Grant Account</b>	<b>Airport Hanger Account</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 88,127	\$ 4,146	\$ 36,760	\$ 129,033
Accounts receivable, net of allowance	9,324	-	-	9,324
Due from other governments	1,109	-	-	1,109
Total current assets	98,560	4,146	36,760	139,466
Non-current assets:				
Capital Assets:				
Land and improvements	167,610	-	-	167,610
Other capital assets, net of depreciation	6,382,751	-	-	6,382,751
Total non-current assets	6,550,361	-	-	6,550,361
Total assets	6,648,921	4,146	36,760	6,689,827
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	5,422	-	-	5,422
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	16,950	-	-	16,950
Accrued payroll liabilities	6,189	-	-	6,189
Accrued compensated absences	206	-	-	206
Total current liabilities	23,345	-	-	23,345
Non-current liabilities:				
Accrued compensated absences	1,853	-	-	1,853
Net pension liability	15,642	-	-	15,642
Total non-current liabilities	17,495	-	-	17,495
Total liabilities	40,840	-	-	40,840
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	15,546	-	-	15,546
<b>NET POSITION</b>				
Net investment in capital assets	6,550,361	-	-	6,550,361
Unrestricted	47,596	4,146	36,760	88,502
Total net position	\$ 6,597,957	\$ 4,146	\$ 36,760	\$ 6,638,863

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**Combining Schedule of Revenues, Expenses, and Changes in Net Position, MAA Accounts – Year Ended June 30, 2022**

	<b>McAlester Airport Authority</b>			
	<b>McAlester Airport Authority Operating Account</b>	<b>Airport Grant Account</b>	<b>Airport Hanger Account</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges for services:				
Rents and fees	\$ 88,095	\$ -	\$ -	\$ 88,095
Total operating revenues	88,095	-	-	88,095
<b>OPERATING EXPENSES</b>				
Airport	204,623	-	-	204,623
Depreciation	358,796	-	-	358,796
Total Operating Expenses	563,419	-	-	563,419
Operating income (loss)	(475,324)	-	-	(475,324)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Operating grant revenue	76,479	-	-	76,479
Total non-operating revenue (expenses)	76,479	-	-	76,479
Income (loss) before contributions and transfers	(398,845)	-	-	(398,845)
Capital contributions	124,986	-	-	124,986
Transfers in	108,963	-	-	108,963
Change in net position	(164,896)	-	-	(164,896)
Total net position - beginning	6,762,853	4,146	36,760	6,803,759
Total net position - ending	<u>\$ 6,597,957</u>	<u>\$ 4,146</u>	<u>\$ 36,760</u>	<u>\$ 6,638,863</u>

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**Combining Statement of Net Position, Internal Service Funds – June 30, 2022**

	Internal Service Funds		
	Worker's Compensation Fund	FLEET Maintenance Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 20,732	\$ 67,743	\$ 88,475
Due from other funds	138,713	-	138,713
Total assets	<u>159,445</u>	<u>67,743</u>	<u>227,188</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	1,750	10,483	12,233
Accrued payroll liabilities	-	12,571	12,571
Estimated liability for claims	15,770	-	15,770
Compensated absences	-	4,469	4,469
Total current liabilities	<u>17,520</u>	<u>27,523</u>	<u>45,043</u>
Non-current liabilities:			
Estimated liability for claims	141,925	-	141,925
Compensated absences	-	40,220	40,220
Total non-current liabilities	<u>141,925</u>	<u>40,220</u>	<u>182,145</u>
Total liabilities	<u>159,445</u>	<u>67,743</u>	<u>227,188</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, 2022**

	Internal Service Funds		
	Worker's Compensation Fund	FLEET Maintenance Fund	Total
<b>OPERATING REVENUES</b>			
Self insurance charges	\$ 335,073	\$ 596,937	\$ 932,010
Miscellaneous	8,601	-	8,601
Total operating revenues	<u>343,674</u>	<u>596,937</u>	<u>940,611</u>
<b>OPERATING EXPENSES</b>			
FLEET maintenance expense	-	596,937	596,937
Claims expense	343,674	-	343,674
Total operating expenses	<u>343,674</u>	<u>596,937</u>	<u>940,611</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, 2022**

	<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	\$ (387,219)	\$ (329,967)	\$ (717,186)
Payments to employees	-	(310,389)	(310,389)
Other receipts	384,779	596,937	981,716
Net Cash Provided by (Used in) Operating Activities	<u>(2,440)</u>	<u>(43,419)</u>	<u>(45,859)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(2,440)	(43,419)	(45,859)
<b>Balances - beginning of the year</b>	<u>23,172</u>	<u>111,162</u>	<u>134,334</u>
<b>Balances - end of the year</b>	<u>\$ 20,732</u>	<u>\$ 67,743</u>	<u>\$ 88,475</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	41,105	-	41,105
Accounts payables	(2,440)	(48,482)	(50,922)
Accrued payroll liabilities	-	1,319	1,319
Claims liability	(41,105)	-	(41,105)
Accrued compensated absences	-	3,744	3,744
Net Cash Provided by (Used in) Operating Activities	<u>\$ (2,440)</u>	<u>\$ (43,419)</u>	<u>\$ (45,859)</u>

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**Budgetary Comparison Schedules – Major Debt Service Governmental Funds – Year Ended June 30, 2022**

**CAPITAL PROJECT - AMERICAN RESCUE PLAN FUND (Budgetary Basis)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	-	1,555,653	1,555,655	2
Investment income	-	-	4,940	4,940
Amounts available for appropriation	-	1,555,653	1,560,595	4,942
Charges to appropriations (outflows):				
Wastewater treatment	-	399,500	35,062	364,438
Water treatment	-	1,156,153	205,011	951,142
Total Charges to Appropriations	-	1,555,653	240,073	1,315,580
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 1,320,522	\$ 1,320,522

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 176,623	\$ 176,623
Resources (Inflows):				
Taxes	4,122,793	4,122,793	4,450,746	327,953
Investment income	500	500	1,826	1,326
Transfers in	521,583	521,583	521,583	-
Amounts available for appropriation	4,644,876	4,644,876	5,150,778	505,902
Charges to appropriations (outflows):				
Administration	10,000	10,000	4,499	5,501
Transfers out	4,634,876	4,634,876	4,657,967	(23,091)
Total Charges to Appropriations	4,644,876	4,644,876	4,662,466	(17,590)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 488,312	\$ 488,312

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**Budgetary Comparison Schedules – Major Debt Service Governmental Funds – Year Ended June 30, 2022, (Continued)**

<b>DEBT SERVICE - BOND TRUSTEE 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	\$ -	\$ -	\$ 5,928,264	\$ 5,928,264
Resources (Inflows):				
Investment income	-	-	1,816	1,816
Transfers in	4,644,376	4,644,376	4,657,967	13,591
Amounts available for appropriation	<u>4,644,376</u>	<u>4,644,376</u>	<u>10,588,047</u>	<u>5,943,671</u>
Charges to appropriations (outflows):				
Finance	<u>4,644,376</u>	<u>4,644,376</u>	<u>4,639,473</u>	<u>4,903</u>
Total Charges to Appropriations	<u>4,644,376</u>	<u>4,644,376</u>	<u>4,639,473</u>	<u>4,903</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,948,574</u>	<u>\$ 5,948,574</u>

**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2022**

<b>SPECIAL REVENUE - JUVENILE FINE 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	\$ -	\$ -	\$ 4,194	\$ 4,194
Resources (Inflows):				
Charges for services	18,296	18,296	5,950	(12,346)
Amounts available for appropriation	<u>18,296</u>	<u>18,296</u>	<u>10,144</u>	<u>(8,152)</u>
Charges to appropriations (outflows):				
Public safety	<u>18,296</u>	<u>18,296</u>	<u>10,144</u>	<u>8,152</u>
Total Charges to Appropriations	<u>18,296</u>	<u>18,296</u>	<u>10,144</u>	<u>8,152</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2022**

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

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ 347,237	\$ 632,320	\$ 581,410	\$ (50,910)
Resources (Inflows):				
Taxes	682,057	682,057	691,852	9,795
Intergovernmental	-	64,507	61,507	(3,000)
Charges for services	60,000	60,000	5,932	(54,068)
Miscellaneous	6,700	6,700	4,124	(2,576)
Amounts available for appropriation	<u>1,095,994</u>	<u>1,445,584</u>	<u>1,344,825</u>	<u>(100,759)</u>
Charges to appropriations (outflows):				
Administrative services	<u>1,095,994</u>	<u>1,445,584</u>	<u>751,743</u>	<u>693,841</u>
Total Charges to Appropriations	<u>1,095,994</u>	<u>1,445,584</u>	<u>751,743</u>	<u>693,841</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 593,082</u>	<u>\$ 593,082</u>

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

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 30,031	\$ 30,031
Resources (Inflows):				
Taxes	638,044	638,044	555,599	(82,445)
Investment income	5,000	5,000	85	(4,915)
Transfers in	158,037	158,037	158,037	-
Amounts available for appropriation	<u>801,081</u>	<u>801,081</u>	<u>743,752</u>	<u>(57,329)</u>
Charges to appropriations (outflows):				
Public safety	<u>801,081</u>	<u>801,081</u>	<u>734,227</u>	<u>66,854</u>
Total Charges to Appropriations	<u>801,081</u>	<u>801,081</u>	<u>734,227</u>	<u>66,854</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,525</u>	<u>\$ 9,525</u>

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**(Continued)**

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
Beginning Budgetary Fund Balance	\$ -	\$ 13,246	\$ 267,235	\$ 253,989
Resources (Inflows):				
Intergovernmental	-	-	10,000	10,000
Miscellaneous	-	588,535	546,409	(42,126)
Transfers in	-	-	27,368	27,368
Amounts available for appropriation	-	601,781	851,012	249,231
Charges to appropriations (outflows):				
Administration	-	425,850	413,475	12,375
Total Charges to Appropriations	-	425,850	413,475	12,375
Ending Budgetary Fund Balance	\$ -	\$ 175,931	\$ 437,537	\$ 261,606

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
Beginning Budgetary Fund Balance	\$ 800,000	\$ 1,854,868	\$ 905,018	\$ (949,850)
Resources (Inflows):				
Intergovernmental	-	30,000	30,000	-
Charges for services	1,213,759	1,213,759	1,173,462	(40,297)
Amounts available for appropriation	2,013,759	3,098,627	2,108,480	(990,147)
Charges to appropriations (outflows):				
Stormwater	2,013,759	3,098,627	824,064	2,274,563
Total Charges to Appropriations	2,013,759	3,098,627	824,064	2,274,563
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 1,284,416	\$ 1,284,416



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**SPECIAL REVENUE - ECONOMIC DEVELOPMENT FUND (Budgetary Basis)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
Beginning Budgetary Fund Balance	\$ 2,057,570	\$ 2,057,570	\$ 2,235,046	\$ 177,476
Resources (Inflows):				
Intergovernmental	-	114,730	117,902	3,172
Charges for services	1,200	1,200	1,200	-
Investment income	20,000	20,000	4,560	(15,440)
Miscellaneous	20,000	462,400	454,900	(7,500)
Amounts available for appropriation	<u>2,098,770</u>	<u>2,655,900</u>	<u>2,813,608</u>	<u>157,708</u>
Charges to appropriations (outflows):				
Finance	27,390	67,306	66,783	523
Planning and community development	2,071,380	2,585,204	1,809,145	776,059
Transfers out	-	3,390	3,390	-
Total Charges to Appropriations	<u>2,098,770</u>	<u>2,655,900</u>	<u>1,879,318</u>	<u>776,582</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 934,290</u>	<u>\$ 934,290</u>

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	515,350	556,344	556,343	(1)
Amounts available for appropriation	<u>515,350</u>	<u>556,344</u>	<u>556,343</u>	<u>(1)</u>
Charges to appropriations (outflows):				
Payment to Cancer Center	515,350	556,344	556,343	1
Total Charges to Appropriations	<u>515,350</u>	<u>556,344</u>	<u>556,343</u>	<u>1</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ (5,225)	\$ (5,225)
Resources (Inflows):				
Intergovernmental	-	9,589	9,589	-
Amounts available for appropriation	-	9,589	4,364	(5,225)
Charges to appropriations (outflows):				
Public safety	-	9,589	-	9,589
Total Charges to Appropriations	-	9,589	-	9,589
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 4,364	\$ 4,364

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 6,108	\$ 6,108
Resources (Inflows):				
Intergovernmental	-	3,232	3,232	-
Investment income	-	212	212	-
Amounts available for appropriation	-	3,444	9,552	6,108
Charges to appropriations (outflows):				
Public safety	-	2,114	2,114	-
Total Charges to Appropriations	-	2,114	2,114	-
Ending Budgetary Fund Balance	\$ -	\$ 1,330	\$ 7,438	\$ 6,108

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**As of and for the Year Ended June 30, 2022**

**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2022**  
**(Continued)**

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 408,967	\$ 408,967
Resources (Inflows):				
Charges for services	2,775	2,775	6,781	4,006
Investment income	5,500	5,500	1,711	(3,789)
Amounts available for appropriation	8,275	8,275	417,459	409,184
Charges to appropriations (outflows):				
Community services	3,500	3,500	-	3,500
Total Charges to Appropriations	3,500	3,500	-	3,500
Ending Budgetary Fund Balance	\$ 4,775	\$ 4,775	\$ 417,459	\$ 412,684

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 1,552	\$ 1,552
Resources (Inflows):				
Intergovernmental	228,333	1,294,387	452,931	(841,456)
Transfers in	-	324,430	294,736	(29,694)
Amounts available for appropriation	228,333	1,618,817	749,219	(869,598)
Charges to appropriations (outflows):				
Engineering	228,333	1,618,817	1,186,628	432,189
Total Charges to Appropriations	228,333	1,618,817	1,186,628	432,189
Ending Budgetary Fund Balance	\$ -	\$ -	\$ (437,409)	\$ (437,409)

**CITY OF MCALESTER, OKLAHOMA**  
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**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2022**  
**(Continued)**

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 20,916	\$ 20,916
Resources (Inflows):				
Investment income	-	-	86	86
Amounts available for appropriation	-	-	21,002	21,002
Charges to appropriations (outflows):				
Public safety	-	-	-	-
Total Charges to Appropriations	-	-	-	-
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 21,002	\$ 21,002

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

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

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2022**  
**(Continued)**

**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	\$ -	\$ 783,918	\$ 1,618,019	\$ 834,101
Resources (Inflows):				
Intergovernmental	64,650	70,822	11,301	(59,521)
Charges for services	182,164	182,164	273,874	91,710
Miscellaneous	67,941	287,762	318,145	30,383
Transfers in	976,997	1,216,997	1,248,455	31,458
Amounts available for appropriation	<u>1,291,752</u>	<u>2,541,663</u>	<u>3,469,794</u>	<u>928,131</u>
Charges to appropriations (outflows):				
City manager	164,500	426,702	189,611	237,091
Patrol	22,076	46,816	46,816	-
Fire	-	150,000	131,162	18,838
Parks	64,650	348,284	114,771	233,513
Facility Maintenance	300,000	390,006	329,084	60,922
Planning & Comm Dev	-	95,620	30,516	65,104
Fleet Maintenance	155,284	192,757	192,755	2
Landfill	36,152	36,152	36,152	-
Streets	69,395	80,895	79,561	1,334
Water Treatment	56,513	206,513	75,355	131,158
Utility maintenance	423,182	273,182	211,956	61,226
Transfers out	-	294,736	294,736	-
Total Charges to Appropriations	<u>1,291,752</u>	<u>2,541,663</u>	<u>1,732,475</u>	<u>809,188</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,737,319</u>	<u>\$ 1,737,319</u>

**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	\$ -	\$ -	\$ (6)	\$ (6)
Resources (Inflows):				
Intergovernmental	-	126,959	126,959	-
Charges for services	83,500	83,500	83,868	368
Amounts available for appropriation	<u>83,500</u>	<u>210,459</u>	<u>210,821</u>	<u>362</u>
Charges to appropriations (outflows):				
Administration	83,500	210,459	182,084	28,375
Total Charges to Appropriations	<u>83,500</u>	<u>210,459</u>	<u>182,084</u>	<u>28,375</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,737</u>	<u>\$ 28,737</u>

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2022**  
**(Continued)**

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
Beginning Budgetary Fund Balance	\$ -	\$ 1,081,070	\$ 564,794	\$ (516,276)
Resources (Inflows):				
Taxes	2,061,397	2,061,397	2,225,373	163,976
Charges for services	83,500	83,500	83,623	123
Investment income	3,000	3,000	3,281	281
Miscellaneous	-	355,470	-	(355,470)
Transfers in	172,176	172,176	172,176	-
Amounts available for appropriation	2,320,073	3,756,613	3,049,247	(707,366)
Charges to appropriations (outflows):				
City manager	250,000	283,430	283,430	-
Facility maintenance	223,464	180,731	37,662	143,069
Streets	650,000	1,406,640	1,041,599	365,041
Wastewater treatment	500,000	500,000	194,982	305,018
Water treatment	100,000	100,000	98,542	1,458
Utility maintenance	596,609	961,382	632,782	328,600
Transfers out	-	324,430	-	324,430
Total Charges to Appropriations	2,320,073	3,756,613	2,288,997	1,467,616
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 760,250	\$ 760,250

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 266	\$ 266
Resources (Inflows):				
Taxes	515,350	556,344	556,343	(1)
Investment income	-	-	4	4
Amounts available for appropriation	515,350	556,344	556,613	269
Charges to appropriations (outflows):				
Community services	515,350	556,344	556,343	1
Total Charges to Appropriations	515,350	556,344	556,343	1
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 270	\$ 270

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2022**  
**(Continued)**

<b>DEBT SERVICE - SINKING 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	\$ -	\$ -	\$ 2,165	\$ 2,165
Resources (Inflows):				
Taxes	1,000	1,000	422	(578)
Amounts available for appropriation	<u>1,000</u>	<u>1,000</u>	<u>2,587</u>	<u>1,587</u>
Charges to appropriations (outflows):				
Administration	<u>1,000</u>	<u>1,000</u>	<u>2,473</u>	<u>(1,473)</u>
Total Charges to Appropriations	<u>1,000</u>	<u>1,000</u>	<u>2,473</u>	<u>(1,473)</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114</u>	<u>\$ 114</u>

<b>DEBT SERVICE - OWRB DEBT SERVICE 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	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	-	-	143,398	143,398
Amounts available for appropriation	<u>-</u>	<u>-</u>	<u>143,398</u>	<u>143,398</u>
Charges to appropriations (outflows):				
Administration	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,398</u>	<u>\$ 143,398</u>

**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**Schedule of Federal Awards Expended – Year Ended June 30, 2022**

**CITY OF MCALESTER, OKLAHOMA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the fiscal year ended June 30, 2022**

<b>Federal/State Grantor/Pass through agency Grantor/Program Title</b>	<b>Federal AL Number</b>	<b>Grant #</b>	<b>Award Amount</b>	<b>Federal Expenditures</b>
<b>FEDERAL AWARDS:</b>				
<u><b>U.S. DEPARTMENT OF JUSTICE:</b></u>				
Passed through Oklahoma District Attorney's Council: Coronavirus Emergency Supplemental Funding-CESF	16.034	#20E122	\$ 126,959	\$ 126,959
Bulletproof Vest Partnership Program	16.607	2021BUBX	1,812	1,812
Bulletproof Vest Partnership Program	16.607	2020BUBX	2,255	2,255
Bulletproof Vest Partnership Program	16.607	2019BUBX	8,886	1,061
Total Bulletproof Vest Partnership Program			12,953	5,128
Total U.S. Department of Justice			139,912	132,087
<u><b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b></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	53,748	53,748
Total U.S. Department of Health and Human Services			53,748	53,748
<u><b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b></u>				
Passed through Oklahoma Department of Commerce: Community Development Block Grant	14.228	18264 CDBGSC 21	228,333	182,353
Community Development Block Grant	14.228	18116 CDBGCR 20	1,000,000	781,574
Total U.S. Department of Housing and Urban Development			1,228,333	963,927
<u><b>U.S. DEPARTMENT OF TRANSPORTATION:</b></u>				
Federal Aviation Administration: Airport Improvement Grant-CARES Act	20.106	AIP 3-40-0057-017-2020	69,000	17,400
Airport Improvement Grant	20.106	AIP 3-40-0057-018-2021	134,100	125,245
Airport Improvement Grant	20.106	AIP 3-40-0057-019-2021	23,000	23,000
Airport Improvement Grant	20.106	AIP 3-40-0057-020-2022	59,000	36,079
Total Federal Aviation Administration			285,100	201,724
Passed through Oklahoma Tourism and Recreation Department: Recreational Trails Program Grant	20.219	RTP 20-06	64,000	61,351
Passed through Oklahoma Highway Safety Office: State and Community Highway Safety	20.600	PT-21-03-16-12	43,270	13,077
State and Community Highway Safety	20.600	PT-22-03-15-13	48,579	40,818
Total State and Community Highway Safety Office			91,849	53,895
Total U.S. Department of Transportation			440,949	316,970
<u><b>U.S. DEPARTMENT OF THE TREASURY:</b></u>				
American Rescue Plan Act-Tranche #1	21.027	ARPA	1,555,655	240,073
Total U.S. Department of the Treasury			1,555,655	240,073
<u><b>U.S. DEPARTMENT OF COMMERCE-EDA:</b></u>				
Targeted Opportunities Grant "TOP"	11.307	ED22AUS3070005	24,000	16,000
Total U.S. Department of Commerce-EDA			24,000	16,000
<u><b>ENVIRONMENTAL PROTECTION AGENCY:</b></u>				
Passed through Oklahoma Water Resources Board: OWRB ORF-21-0019-DW	66.458	ORF-21-0019-DW	2,502,020	2,502,020
Total ENVIRONMENTAL PROTECTION AGENCY			2,502,020	2,502,020
<u><b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b></u>				
Passed through Oklahoma Department of Emergency Management: Disaster Grant - Public Assistance	97.036	FEMA-4438-DR-OK	6,220	6,220
Disaster Grant - Public Assistance	97.036	FEMA-DR-4530	16,790	16,790
Total Oklahoma Department of Emergency Management			23,010	23,010
Passed through Oklahoma Office of Homeland Security: Homeland Security Grant Program	97.073	#1160.051	8,524	8,524
Total U.S. Department of Homeland Security			31,534	31,534
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 5,976,151</b>	<b>\$ 4,256,359</b>

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

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



**CITY OF MCALESTER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2022**

**Schedule of State Awards Expended – Year Ended June 30, 2022**

**CITY OF McALESTER, OKLAHOMA**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the fiscal year ended June 30, 2022**

State Grantor/Pass through agency Grantor/Program Title	Grant #	Award Amount	State Expenditures
<b>STATE AWARDS:</b>			
<u>OKLAHOMA TOBACCO SETTLEMENT ENDOWMENT TRUST:</u>			
Healthy Incentive Program Grant for Communities	N/A	\$ 20,000	\$ 5,294
<u>OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY:</u>			
McAlester Recycling Center	N/A	10,000	10,000
Total Oklahoma Department of Environmental Quality		10,000	10,000
<u>OKLAHOMA DEPARTMENT OF COMMERCE:</u>			
Oklahoma Strategic Military Planning Commission Grant	2014	216,000	216,000
Oklahoma Strategic Military Planning Commission Grant	2015	204,504	204,504
Oklahoma Strategic Military Planning Commission Grant	2016	193,257	117,399
Oklahoma Strategic Military Planning Commission Grant	2017	166,666	166,666
Oklahoma Strategic Military Planning Commission Grant	2018	158,000	98,600
Oklahoma Strategic Military Planning Commission Grant	2020	125,113	125,113
Oklahoma Strategic Military Planning Commission Grant	2021	217,531	186,488
Total Oklahoma Department of Commerce		1,281,071	1,114,770
<b>TOTAL STATE AWARDS</b>		<b>\$ 1,311,071</b>	<b>\$ 1,130,064</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									
	(A)									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 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	\$ 6,977,884
Restricted	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	8,502,352
Unrestricted	<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>	<u>(2,291,511)</u>
Total governmental activities net position	<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>	<u>\$ 13,188,725</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 34,165,637
Restricted	7,907,391	-	-	-	-	-	-	-	-	-
Unrestricted	<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>	<u>(1,674,374)</u>
Total business-type activities net position	<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>	<u>\$ 32,491,263</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 41,143,521
Restricted	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	8,502,352
Unrestricted	<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>	<u>(3,965,885)</u>
Total primary government net position	<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>	<u>\$ 45,679,988</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									
	(A)									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
Legislature	\$ 119,631	\$ 92,698	\$ 118,144	\$ 128,178	\$ 109,580	\$ 114,976	\$ 107,346	\$ 120,592	\$ 90,348	\$ 130,266
Administration	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	3,456,077
Public safety	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	7,274,864
Community service	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	3,448,002
Administration services	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	893,890
Health and welfare	277,730	256,902	245,481	255,471	282,159	273,749	285,692	270,928	230,877	253,302
Public works	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	3,874,336
Economic development	334,831	243,467	237,615	557,723	372,295	426,789	395,730	356,645	331,447	1,730,319
Stormwater	-	-	-	-	900	3,479	5,255	14,017	4,049	83,449
Payment to Health Center Authority	-	-	-	-	-	-	327,225	495,860	517,679	556,343
Interest on long-term debt	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	1,761,072
Total governmental activities expenses	18,142,505	20,050,946	20,183,950	21,198,699	22,416,990	22,480,255	22,123,813	26,315,052	24,699,632	23,461,920
Business-type activities:										
Water operations	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	5,487,156
Sewer operations	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	2,590,313
Sanitation operations	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	2,803,055
Airport	322,386	330,132	324,411	670,726	701,992	720,170	756,885	850,188	773,495	563,419
Governmental interest & amortization	2,354,536	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	10,846,249	7,660,580	8,248,333	7,434,746	10,398,664	9,348,203	9,445,229	9,564,666	10,186,524	11,443,943
Total primary government expenses	\$ 28,988,754	\$ 27,711,526	\$ 28,432,283	\$ 28,633,445	\$ 32,815,654	\$ 31,828,458	\$ 31,569,042	\$ 35,879,718	\$ 34,886,156	\$ 34,905,863
Program Revenues										
Governmental activities:										
Legislature	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administration	1,089,491	1,394,521	1,044,682	3,162,687	5,183,688	663,568	740,735	678,513	357,117	812,481
Public safety	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	2,943,910
Community service	113,606	143,735	295,130	426,315	393,039	236,638	258,336	169,884	299,716	1,359,906
Administration services	268,606	284,712	253,325	275,793	253,082	255,769	270,786	183,850	277,050	205,474
Health and welfare	-	61,870	60,942	61,160	55,533	54,051	87,701	97,746	86,291	53,748
Public works	3,797	185,838	173,759	168,011	160,059	161,128	165,246	157,817	162,879	217,954
Economic development	-	260,000	420,504	707,749	166,666	-	158,000	125,113	217,531	16,000
Stormwater	-	-	-	334,148	494,056	637,447	837,163	782,048	1,206,841	1,173,462
Total governmental activities program revenues	2,905,487	5,071,905	5,143,044	8,134,215	9,320,376	4,980,791	5,474,050	6,884,106	5,712,136	6,782,935

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

(Continued)

**TABLE 2**  
(Continued)

	FISCAL YEAR									
	(A)									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-type activities:										
Water operations	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	7,042,285
Sewer operations	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	1,726,963
Sanitation operations	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	3,305,036
Airport	94,250	92,304	1,683,222	377,253	188,523	354,275	4,745,835	109,803	138,614	289,819
Total business-type activities program revenues	9,719,309	8,819,206	10,601,482	9,681,623	10,521,674	10,490,666	14,442,615	9,611,358	10,594,829	12,364,103
Total primary government program revenues	\$ 12,624,796	\$ 13,891,111	\$ 15,744,526	\$ 17,815,838	\$ 19,842,050	\$ 15,471,457	\$ 19,916,665	\$ 16,495,464	\$ 16,306,965	\$ 19,147,038
<b>Net (Expense)/Revenue</b>										
Governmental activities:	\$ (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)	\$ (16,678,985)
Business-type activities:	(1,126,940)	1,158,626	2,353,149	2,246,877	123,010	1,142,463	4,997,386	46,692	408,305	920,160
Total primary government net expense	\$ (16,363,958)	\$ (13,820,415)	\$ (12,687,757)	\$ (10,817,607)	\$ (12,973,604)	\$ (16,357,001)	\$ (11,652,377)	\$ (19,384,254)	\$ (18,579,191)	\$ (15,758,825)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Sales and use taxes	\$ 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	\$ 19,271,697
Franchise and public service taxes	552,713	607,578	577,352	552,316	544,954	603,833	677,819	600,048	555,910	640,817
Hotel/motel taxes	471,081	447,768	652,340	759,410	655,558	722,313	868,071	591,456	562,980	702,077
E-911 taxes	668,209	630,849	600,114	584,718	576,406	652,139	541,612	627,716	569,822	514,009
Property taxes	-	-	-	-	-	-	-	863	1,302	422
Sales tax increment	-	-	-	-	-	-	-	-	-	122,067
Intergovernmental revenue not restricted to specific programs	305,734	291,828	301,603	302,608	305,518	308,791	320,528	370,222	395,673	629,804
Investment income	90,143	69,007	64,026	71,856	118,910	288,517	295,970	206,780	43,339	54,398
Miscellaneous	116,579	1,436,459	341,415	446,824	211,918	188,983	265,710	246,999	228,630	842,216
Transfers-Internal activity	(7,180,863)	1,030,202	1,075,317	795,616	2,589,288	435,718	(276,710)	145,364	(288,527)	1,186,063
Total governmental activities	9,080,442	18,464,125	18,028,956	18,114,681	19,692,509	18,000,578	19,351,759	19,441,092	19,341,236	23,963,570
Business-type activities:										
Investment income	16,700	13,945	12,432	13,601	27,181	54,059	61,518	50,164	21,732	18,878
Miscellaneous	116,389	45,673	33,436	116,933	50,210	63,222	71,639	95,620	31,025	57,962
Transfers - Internal activity	7,180,863	(1,030,202)	(1,075,317)	(795,616)	(2,589,288)	(435,718)	276,710	(145,364)	288,527	(1,186,063)
Total business-type activities	7,313,952	(970,584)	(1,029,449)	(665,082)	(2,511,897)	(318,437)	409,867	420	341,284	(1,109,223)
Total primary government	\$ 16,394,394	\$ 17,493,541	\$ 16,999,507	\$ 17,449,599	\$ 17,180,612	\$ 17,682,141	\$ 19,761,626	\$ 19,441,512	\$ 19,682,520	\$ 22,854,347
<b>Change in Net Position</b>										
Governmental activities	\$ (6,156,576)	\$ 3,485,084	\$ 2,988,050	\$ 5,050,197	\$ 6,595,895	\$ 501,114	\$ 2,701,996	\$ 10,146	\$ 353,740	\$ 7,284,585
Business-type activities	6,187,012	188,042	1,323,700	1,581,795	(2,388,887)	824,026	5,407,253	47,112	749,589	(189,063)
Total primary government	\$ 30,436	\$ 3,673,126	\$ 4,311,750	\$ 6,631,992	\$ 4,207,008	\$ 1,325,140	\$ 8,109,249	\$ 57,258	\$ 1,103,329	\$ 7,095,522

(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									
	(A)									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Reserved for:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	5,987	2,053	2,520	2,487	2,426	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	6,143	48,842	41,881	52,235	48,954	25,093	7,686	68,541	431,046	170,863
Unassigned	2,348,271	2,612,033	2,122,942	882,840	683,387	660,590	814,347	2,156,517	1,332,693	2,611,170
Total General Fund	\$ 2,354,414	\$ 2,666,862	\$ 2,166,876	\$ 937,595	\$ 734,828	\$ 688,109	\$ 822,033	\$ 2,225,058	\$ 1,763,739	\$ 2,782,033
All Other Governmental Funds										
Reserved for:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Restricted	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	14,450,926
Assigned	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	3,394,078
Unassigned	-	-	-	-	-	-	-	-	-	(231,937)
Total all other governmental funds	\$ 11,976,855	\$ 32,004,268	\$ 28,067,266	\$ 22,097,016	\$ 21,490,859	\$ 20,905,843	\$ 19,887,767	\$ 15,726,805	\$ 16,949,593	\$ 17,613,067
GRAND TOTAL	\$ 14,331,269	\$ 34,671,130	\$ 30,234,142	\$ 23,034,611	\$ 22,225,687	\$ 21,593,952	\$ 20,709,800	\$ 17,951,863	\$ 18,713,332	\$ 20,395,100

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									
	(A)									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Sales and use taxes	\$ 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	\$ 19,271,697
Franchise and public service taxes	552,713	607,578	577,352	552,316	544,954	603,833	677,819	600,048	555,910	640,817
E-911 taxes	668,209	630,849	600,114	584,718	576,406	652,139	541,612	627,716	528,074	555,757
Hotel/motel taxes	471,081	447,768	652,340	759,410	655,558	722,313	868,071	591,456	562,980	702,077
Property taxes	-	-	-	-	-	-	-	863	1,302	422
Sales tax increment	-	-	-	-	-	-	-	-	-	122,067
Intergovernmental	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	3,083,637
Charges for services	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	3,143,564
Fines and forfeitures	610,803	787,160	899,885	895,397	807,538	733,907	674,705	623,606	565,820	694,790
Licenses and permits	111,896	141,489	102,207	128,069	87,507	80,810	96,088	89,906	177,206	149,661
Investment income	90,143	69,007	64,026	71,856	118,910	288,517	295,970	206,780	43,339	54,398
Miscellaneous	228,241	133,871	381,449	1,052,725	489,979	241,348	474,063	550,700	419,448	1,492,902
Total Revenues	21,221,469	21,297,441	22,342,740	23,319,043	23,722,443	22,939,518	24,974,289	25,782,989	24,995,798	29,911,789
<b>Expenditures:</b>										
Legislature	117,769	92,698	118,144	128,178	109,580	114,976	107,346	120,592	89,311	130,266
Administration	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	3,530,899
Public safety	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	9,044,774
Community services	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	2,940,125
Administration services	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	899,867
Health and welfare	282,311	254,596	255,044	261,585	279,695	269,875	284,427	264,565	232,965	273,238
Public works	1,064,904	1,169,200	1,029,679	941,827	1,124,038	1,057,453	946,927	895,955	882,920	1,280,211
Economic Development	313,870	217,067	237,615	562,710	375,014	427,278	395,556	352,093	305,118	1,727,690
Payment to McAlester Regional Health Center Authority	-	-	-	-	-	-	327,225	495,860	517,679	556,343
Capital outlay	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	6,177,385
Debt service:										
Principal retirement	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	3,712,871
Interest and fiscal charges	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	1,172,640
Total Expenditures	17,538,445	22,807,680	29,149,943	31,805,338	27,577,139	25,192,019	27,726,743	30,451,718	26,481,006	31,446,309
Excess of revenues over(under) expenditures	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)	(1,534,520)
<b>Other financing sources(uses) and special item:</b>										
Transfers in	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	9,479,196
Issuance of long-term debt	-	4,910,000	658,805	12,752,951	238,734	-	126,734	329,843	434,738	145,722
Bond issue costs	-	(83,603)	-	(363,725)	-	-	-	-	-	-
Proceeds from sales of capital assets	-	1,350,000	-	-	-	-	-	-	-	-
Payment to escrow-refunding	-	-	-	(12,581,463)	-	-	-	-	-	-
Transfers out	(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)	(6,328,730)
Total other financing sources(uses) and special item	(6,779,545)	7,589,007	2,370,215	1,286,764	3,045,772	1,620,766	1,868,302	1,910,792	2,246,677	3,296,188
<b>Net change in fund balances</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>\$ 1,761,668</b>
<b>Debt service as a percentage of noncapital expenditures</b>										
	1.4%	26.4%	28.1%	26.2%	26.5%	26.4%	26.3%	18.9%	21.8%	19.0%

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



## **REVENUE CAPACITY**

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>Sales Tax Increment</b>	<b>Totals</b>
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	569,822	1,302	-	18,962,121
2022	17,272,307	1,999,390	640,817	702,077	514,009	422	122,067	21,251,089

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

	<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>	<u>2022</u>
City of McAlester	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%	3.75%	4.00%
Pittsburg County	1.00%	1.00%	1.00%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
State of Oklahoma	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Total	9.00%	9.00%	9.00%	9.50%	9.50%	9.50%	9.75%	9.75%	9.75%	10.00%

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

County - Jan 2006 .75% for remodel

County-Jan 2009 added .25% FireFighters

County-Oct 2015 decreased 0.50%

County-Jan 2016 added 1.0% for streets

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

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

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

**TABLE 7**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Agriculture, forestry, and fishing	\$ 191	\$ -	\$ 2	\$ 1,538	\$ 1,413	\$ 1,079	\$ 773	\$ 497	\$ 465	\$ 456
Mining Quarrying, and Oil and Gas Extraction	11,948	703	5,878	4,360	(1,378)	2,203	73,189	49,315	26,694	18,014
Utilities	476,905	785,842	800,800	775,938	722,816	784,018	1,031,403	953,526	809,939	1,458,840
Construction	15,998	34,043	37,205	79,462	75,693	112,475	126,480	84,652	59,783	18,748
Manufacturing	177,865	262,981	309,241	377,581	283,213	520,137	338,805	232,862	200,348	328,891
Transportation and Warehousing	7,011	12,982	17,130	9,746	7,960	9,718	16,281	19,905	25,749	27,121
Information	267,476	401,979	416,476	409,791	412,100	399,955	425,005	395,536	352,908	372,086
Wholesale trade	638,228	856,848	875,118	888,427	851,854	890,282	1,133,843	1,064,274	1,131,804	1,186,072
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	10,328,231
Finance, insurance,	11,473	27,697	3,574	3,065	4,422	5,901	10,505	8,129	10,980	15,068
Real Estate and Rental and Leasing	107,370	286,863	218,093	190,121	199,120	230,165	341,824	285,601	216,226	350,279
Professional, Scientific, and Technical Services	44,289	52,484	28,232	27,981	32,758	29,713	44,276	37,417	47,906	48,630
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	27,732
Educational Services	1,559	1,365	115	14	7	747	1,518	3,497	5,124	2,121
Health Care and Social Assistance	176	1,227	2,159	828	2,014	1,283	404	6,053	12,822	3,960
Arts, Entertainment, and Recreation	31,980	46,204	59,278	50,014	47,620	48,669	49,538	45,114	33,197	33,473
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	2,773,228
Other services (except Public Administration)	160,057	246,998	261,812	250,894	258,673	263,385	302,873	301,550	306,777	313,740
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	10,439
<b>Agriculture</b>	1,466	-	-	-	-	-	-	-	-	-
<b>Mining</b>	91	-	-	-	-	-	-	-	-	-
<b>Construction</b>	5,468	-	-	-	-	-	-	-	-	-
<b>Manufacturing</b>	196,585	-	-	-	-	-	-	-	-	-
<b>Transportation</b>	3,983	-	-	-	-	-	-	-	-	-
<b>Communications and utilities:</b>										
Communications	193,928	-	-	-	-	-	-	-	-	-
Electric, gas, and sanitary services	233,346	-	-	-	-	-	-	-	-	-
Wholesale trade	340,798	-	-	-	-	-	-	-	-	-
<b>Retail trade:</b>										
Building materials, hardware, garden supply and mobile home dealer	324,535	-	-	-	-	-	-	-	-	-
General merchandise stores	1,259,759	-	-	-	-	-	-	-	-	-
Food stores	221,670	-	-	-	-	-	-	-	-	-
Automotive dealers and gasoline service stations	219,764	-	-	-	-	-	-	-	-	-
Apparel and accessory stores	109,347	-	-	-	-	-	-	-	-	-
Furniture, home furnishings and equipment stores	142,865	-	-	-	-	-	-	-	-	-
Eating and drinking places	553,320	-	-	-	-	-	-	-	-	-
Miscellaneous retail	299,524	-	-	-	-	-	-	-	-	-
Finance, insurance, and real estate	2,028	-	-	-	-	-	-	-	-	-
<b>Services:</b>										
Hotels and motels	155,914	-	-	-	-	-	-	-	-	-
Personal services	23,034	-	-	-	-	-	-	-	-	-
Business services	61,222	-	-	-	-	-	-	-	-	-
Automotive repair services and garages	61,066	-	-	-	-	-	-	-	-	-
Miscellaneous repair services	8,775	-	-	-	-	-	-	-	-	-
Motion pictures	27,111	-	-	-	-	-	-	-	-	-
Other services	20,819	-	-	-	-	-	-	-	-	-
Nonclassifiable establishments	8,764	-	-	-	-	-	-	-	-	-
	\$ 13,400,519	\$ 13,433,218	\$ 13,849,853	\$ 13,906,433	\$ 13,302,965	\$ 13,724,853	\$ 15,412,286	\$ 14,948,705	\$ 15,551,512	\$ 17,317,129

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

Information obtained from the Oklahoma Tax Commission websit

## **DEBT CAPACITY**

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

<b>Jurisdiction</b>	<b>Net (1) Debt Outstanding</b>	<b>Percentage (2) Applicable to City of McAlester</b>	<b>Amount Applicable to City of McAlester</b>
Direct - City of McAlester	\$ 38,926,468	100.00%	\$38,926,468
Overlapping: McAlester School District	\$ 1,400,000	100.00% (3)	1,400,000
Pittsburg County	\$ -	43%	-
<b>Total</b>	<b>\$40,326,468</b>		<b>\$40,326,468</b>

Outstanding bond debt : 06-30-22

- (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**

	<b>Fiscal Year</b>									
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Debt limit	\$ 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	\$ 10,831,999
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$ 10,831,999</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	\$ 108,319,988
Debt limit (10% of total assessed value)	10,831,999
Debt applicable to limit:	
General obligation bonds	-
Less: Street or utility bonds outstanding	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 10,831,999</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

		Eligible Revenues	Eligible Expenses (1)	(A) Net Revenue Available for Debt Service	(B) Average Annual Debt Service	(C) Average Annual Debt Service Excluding Cap Appr Bonds	(A) / (B) Revenue Bond Coverage	(A) / (C) Revenue Bond Coverage-Excluding Cap Appr Bonds
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
2022	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 2021 DWSRF OWRB Loan	19,836,678	8,704,403	11,132,275	7,300,491	5,949,722	1.52	1.87

(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			
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
2022	38,130,592	795,876	-	-	3,482,776	-	-	42,409,244	5.38%	2,325

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**

		2015		2022	
			% of Total		% of Total
Employer	Product/Business	Employees	City Employment	Employees	City Employment
McAlester Army Ammunition Plant	Ammunition	1,620	34.6%	1,676	40.2%
McAlester Regional Health Center	Health Care	762	16.3%	865	20.8%
McAlester Public Schools	Education	410	8.8%	439	10.5%
Wal Mart	Retail Sales	440	9.4%	300	7.2%
Oklahoma State Penitentiary	Corrections	300	6.4%	236	5.7%
Spirit Aerospace, Inc.	Manufacturing/Assembling	325	6.9%	-	0.0%
City of McAlester (full time only)	Municipality	206	4.4%	212	5.1%
Choctaw Casino	Gaming	160	3.4%	136	3.3%
Berry Plastics	Manufacturing	230	4.9%	180	4.3%
Lowe's	Retail Sales	230	4.9%	120	2.9%
Totals		4,683	100.0%	4,164	100.0%

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

Total Employed in McAlester	16,173	15,196
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**CITY OF MCALESTER, OKLAHOMA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Calendar Years**  
**TABLE 13**

<b>Calendar Year</b>	<b>Population (1)</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income (2)</b>	<b>Median Age of Population (3)</b>	<b>School Enrollment (4)</b>	<b>Unemployment Rate (5)</b>
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%
2022	18,244	787,666	43,174	35.8	3,555	4.2%

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

	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	Fiscal Year 2022
<b>Function/Program</b>										
<b>General Government</b>										
City Manager	2	3	3	3	3	3	4	4	4	4
Finance	4	3	4	4	5	5	5	5	5	5
City Clerk	1	1	2	2	2	2	2	2	2	2
Legal	2	2	2	2	3	3	3	3	3	2
Planning	5	5	5	5	5	5	5	5	5	6
Economic Development	0	1	1	1	1	1	1	1	1	1
Tourism	0	1	1	1	1	1	1	1	1	1
Human Resources	3	2	2	2	2	2	4	4	3	2
Information Services	1	1	1	1	2	2	2	2	2	2
Safety/Risk Management	0	0	0	0	0	0	0	0	0	3
<b>Total General Government</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>28</b>
<b>Public Safety &amp; Judiciary</b>										
Police	37	36	39	39	39	39	40	40	39	40
CID (Detectives)	8	8	8	8	8	8	6	7	6	7
Animal Control	2	1	1	1	1	1	1	1	1	1
Communications	4	4	4	4	4	4	4	4	4	4
Communications E911	10	10	10	10	10	10	10	10	10	10
Fire	43	43	43	43	42	43	41	43	43	43
<b>Total Public Safety &amp; Judiciary</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>105</b>
<b>Transportation</b>										
Central Garage	6	5	5	5	5	5	5	5	5	5
Streets	14	13	13	14	13	14	13	14	14	15
Airport	3	3	3	3	3	3	3	3	1	3
<b>Total Transportation</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>23</b>
<b>Cultural, Parks, &amp; Recreation</b>										
Parks & Recreation	15	13	14	14	14	15	15	15	15	15
Expo	5	3	4	4	3	4	4	4	2	0
Nutrition	5	5	4	4	4	4	4	4	5	5
Library	0	0	0	0	0	0	0	0	0	0
Cemetery	5	5	5	5	5	5	5	5	4	3
Building Maintenance	4	3	3	3	3	3	3	3	3	2
<b>Total Cultural, Parks, &amp; Recreation</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>25</b>
<b>Utilities</b>										
Utilities	2	0	0	0	0	0	0	0	0	0
Utility Office	8	7	8	8	8	8	8	8	7	6
Solid Waste	1	0	0	0	0	0	0	0	1	2
Landfill	2	2	2	2	1	2	1	1	1	1
Engineering	4	4	4	5	4	4	4	5	3	5
Waste Water	12	12	12	12	12	12	12	12	11	12
Water Treatment	8	7	0	0	0	0	0	0	0	0
Utility Maintenance	13	8	10	10	9	11	10	14	14	16
<b>Total Utilities</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>42</b>
<b>Total Full-Time Budgeted Employees by Function/Program</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>	<b>223</b>

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

	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	Fiscal Year 2022
<b>Function/Program</b>										
General Government										
Buildings	12	12	12	13	13	13	13	14	14	14
Police										
Stations	1	2	2	2	2	2	2	1	1	1
Patrol units	53	53	50	50	50	53	51	51	51	50
Fire										
Stations	4	4	4	4	4	4	4	4	4	4
Trucks	5	6	6	6	6	8	8	8	8	8
Vehicles	17	16	16	16	16	18	20	20	20	20
Streets										
Street miles	298	298	298	298	298	298	298	298	298	298
Traffic signals	23	23	23	23	23	20	20	20	20	20
Parks and recreation										
Acreage	103	103	103	103	103	135	135	135	135	150
Playgrounds	10	10	11	12	12	12	13	13	13	15
Baseball/softball diamonds	9	9	9	9	9	9	9	9	9	9
Soccer/football fields	2	2	2	2	2	2	2	2	2	2
Tennis Courts	6	6	6	6	6	6	6	6	6	5
Community Center	1	1	1	1	1	1	1	1	1	1
Pools	3	3	3	3	3	3	3	3	3	1
Wading Pools	5	5	5	5	5	5	5	5	5	2
Arboretum (Mike Deak) 1981	1	1	1	1	1	1	1	1	1	1
Skate Park 2010	1	1	1	1	1	1	1	1	1	1
Splash Pad 2008	1	1	1	1	1	1	1	1	1	3
Dog Park 2014	-	1	1	1	1	1	1	1	1	1
Frisbee Disk Golf Course 2014	-	1	1	1	1	1	1	1	1	1
Community Garden 2013	1	1	2	2	2	2	2	1	1	1
Amphitheater (Stipe Center)	1	1	1	1	1	1	1	1	1	1
Library										
Buildings	1	1	1	1	1	1	1	1	1	1
Cemetery										
Plots -Oakhill	3,800	3,800	3,800	3,800	3,800	3,800	3,800	4,163	4,163	4,163
Total Plots (Maintained)	35,000	35,000	35,000	35,000	35,000	35,092	35,092	3,545	4,163	4,163
Vehicles & Machinery	11	11	16	14	14	14	14	14	15	15
Water										
Water mains (miles)	170	170	170	170	170	230	230	230	189	189
Fire hydrants	970	970	970	970	970	1,035	1,035	1,035	1,035	1,035
Storage capacity (thousands of gallons)	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	6,250	6,250
Wastewater										
Sanitary sewers (miles)	143	143	143	143	143	143	143	143	143	143
Daily Treatment Capacity	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Fire</b>										
Emergency Responses	2,246	2,658	2,807	2,442	3,076	2,998	3,002	3,065	3,177	3,743
Fires Extinguished	158	140	93	106	151	132	191	126	119	86
<b>Police</b>										
<i>Physical Arrests</i>										
Juvenile	40	68	528	209	415	334	324	31	137	25
Minors	-	-	1,160	145	960	886	989	-	571	43
Adult	875	947	10,275	1,047	8,704	8,627	8,209	1,313	5,054	1,122
Parking Violations	156	429	254	207	198	104	98	36	28	17
Traffic Violations	6,892	10,383	11,709	10,712	9,881	9,847	9,522	6,813	5,442	7,699
<b>Utilities</b>										
<i>New Accounts</i>										
Residential	1,240	1,285	1,189	670	445	1,215	865	689	49	1,098
Commercial	119	87	70	50	50	58	63	60	-	125
Bulk	5	12	8	1	1	9	-	3	2	7
<b>Parks &amp; Recreation</b>										
Athletic Field-Softball/Baseball	9	9	9	9	9	8	8	8	8	9
Soccer (# of fields used)	2	2	2	2	2	2	2	2	2	2
Tennis (# of courts used)	6	6	6	6	6	6	6	6	6	5
Frisbee Disk Golf Course	-	1	1	1	1	1	1	1	1	1
Parks	-	12	12	12	12	13	12	12	15	15
Dog Park	-	1	1	1	1	1	1	1	1	1
Swimming Pools	-	3	3	3	3	3	3	3	2	1
Wading Pools (# of wading pools used)	-	3	3	3	3	5	5	5	2	2
Basketball Courts	-	4	4	4	4	4	4	4	4	4
Splash Pad	-	1	1	1	1	1	1	1	2	3
Skate park	-	1	1	1	1	1	1	1	1	1
Walking Tracks	-	5	5	5	5	5	1	1	4	4
Amphitheater	-	1	1	1	1	1	1	1	1	1
Arboretum	-	1	1	1	1	1	1	1	1	1
Community Garden	-	1	2	2	2	1	1	1	1	1
Recreational Center	-	1	1	1	1	1	1	1	1	1
Archery Park	-	-	-	1	1	1	1	1	1	1
Community Center – Special Event Participants	1,124	2,368	2,368	3,879	4,986	5,200	5,500	3,500	2,700	3,000
Senior Center-Program Participants	33,227	57,923	57,923	59,697	68,678	62,338	68,503	51,500	58,764	62,842
Sr. Center Lunch Program	31,527	50,257	50,257	51,317	53,486	51,620	51,891	61,598	57,779	60,352
<b>Cemetery</b>										
Purchased/sold Lots	-	35	28	62	59	43	12	31	24	19
Funerals	-	113	133	135	100	92	53	67	98	77

\* Fire and Police Statistics are calendar year.

Source: Various City Departments



**CITY OF MCALESTER, OKLAHOMA**  
**SINGLE AUDIT REPORTS**  
**AND SUPPLEMENTARY SCHEDULES**

**June 30, 2022**

**City of McAlester, Oklahoma**

June 30, 2022

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the McAlester Parking Authority, 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, 2022, 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 14, 2022. The financial statements of the City's discretely presented component unit, McAlester Regional Health Center Authority (the "Authority"), were not audited in accordance with Government Auditing Standards and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Authority.

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

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

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

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

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

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

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### Purpose of This Report

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

*Arledge & Associates PC*

Edmond, Oklahoma  
December 14, 2022



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

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

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

We have audited the City of McAlester, Oklahoma (the "City"), compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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

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

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

**Responsibilities of Management for Compliance**

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

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

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

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

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

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

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

### **Report on Internal Control over Compliance**

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

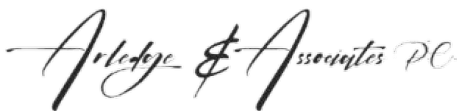
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

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

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

We have audited the financial statements of the City as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 14, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Edmond, Oklahoma  
December 14, 2022



**City of Mcalester - FY22**  
**Schedule of Expenditures of Federal Awards By Grant**  
**For the Year Ended June 30, 2022**

<b>Federal Grantor/Program or Cluster Title</b>	<b>Federal AL Number</b>	<b>Name of Grant - Grant ID No.</b>	<b>Federal Expenditures(\$)</b>
<b>Aging Cluster-Cluster</b>			
Department of Health and Human Services			
Special Programs for the Aging, Title III, Part C, Nutrition Services			
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	N/A	\$ 53,748
Total Special Programs for the Aging, Title III, Part C, Nutrition Services			53,748
Total Department of Health and Human Services			53,748
<b>Total Aging Cluster-Cluster</b>			53,748
<b>Coronavirus State and Local Fiscal Recovery Funds (Alternative Compliance Examination)-Cluster</b>			
Department of the Treasury			
Coronavirus State and Local Fiscal Recovery Funds (Alternative Compliance Examination)			
Coronavirus State and Local Fiscal Recovery Funds (Alternative Compliance Examination)	21.027	N/A	240,073
Total Coronavirus State and Local Fiscal Recovery Funds (Alternative Compliance Examination)			240,073
Total Department of the Treasury			240,073
<b>Total Coronavirus State and Local Fiscal Recovery Funds (Alternative Compliance Examination)-Cluster</b>			240,073
<b>Drinking Water State Revolving Fund Cluster-Cluster</b>			
United States Environmental Protection Agency			
Capitalization Grants for Drinking Water State Revolving Funds			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	ORF-21-0019-DW	2,502,020
Total Capitalization Grants for Drinking Water State Revolving Funds			2,502,020
Total United States Environmental Protection Agency			2,502,020
<b>Total Drinking Water State Revolving Fund Cluster-Cluster</b>			2,502,020
<b>Economic Development Cluster-Cluster</b>			
Department of Commerce			
Economic Adjustment Assistance			
Economic Adjustment Assistance	11.307	ED22AUS3070005	16,000
Total Economic Adjustment Assistance			16,000
Total Department of Commerce			16,000
<b>Total Economic Development Cluster-Cluster</b>			16,000
<b>Highway Planning and Construction Cluster-Cluster</b>			
Department of Transportation			
Recreational Trails Program			
Recreational Trails Program	20.219	RTP 20-16, RT21-103	61,351
Total Recreational Trails Program			61,351
Total Department of Transportation			61,351
<b>Total Highway Planning and Construction Cluster-Cluster</b>			61,351
<b>Highway Safety Cluster-Cluster</b>			
Department of Transportation			
State and Community Highway Safety			
State and Community Highway Safety	20.600	PT-22-03-15-13, PT-21-03-16-12	53,895
Total State and Community Highway Safety			53,895
Total Department of Transportation			53,895
<b>Total Highway Safety Cluster-Cluster</b>			53,895
<b>Other Programs</b>			
Default Agency			
Homeland Security Grant			
Homeland Security Grant	97.073	#1160.051	8,524
Total Homeland Security Grant			8,524
Total Default Agency			8,524
Department of Homeland Security			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-DR-4530, FEMA-4438-DR-OK	23,010

**City of Mcalester - FY22**  
**Schedule of Expenditures of Federal Awards By Grant**  
**For the Year Ended June 30, 2022**

Total Disaster Grants-Public Assistance (Presidentially Declared Disasters)			23,010
<i>Total Department of Homeland Security</i>			23,010
United States Department of Justice			
Coronavirus Emergency Supplemental Funding			
Coronavirus Emergency Supplemental Funding	16.034	#20E122	126,959
Total Coronavirus Emergency Supplemental Funding			126,959
Bulletproof Vest Partnership Program			
Bulletproof Vest Partnership Program	16.607	2019, 2020, 2021	5,129
Total Bulletproof Vest Partnership Program			5,129
<i>Total United States Department of Justice</i>			132,088
Department of Transportation			
Airport Improvement Program			
Airport Improvement Program	20.106	3-40-0057-018-2021	201,724
Total Airport Improvement Program			201,724
<i>Total Department of Transportation</i>			201,724
Department of Housing and Urban Development			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	18264 CDBG SC 21, 18116 CDBGCR 20	963,926
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			963,926
<i>Total Department of Housing and Urban Development</i>			963,926
<b>Total Other Programs</b>			1,329,272
<b>Total Expenditures of Federal Awards</b>			<b>\$ 4,256,359</b>



## **CITY OF MCALESTER**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2022**

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#### **1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards include the federal grant activity of the City of McAlester (the "City"), under programs of the federal government for the year ended June 30, 2022. The information in the schedule of expenditures of federal awards is presented in accordance with the requirement of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **3. INDIRECT COST RATE**

The City does not have an indirect cost rate and had no indirect costs charged to the federal grants during the year ended June 30, 2022. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

#### **4. SUBRECIPIENTS**

During the year ended June 30, 2022, the City did not provide federal awards to subrecipients.

#### **5. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 14, 2022, the date on which the report on schedule of expenditures of federal awards required by the uniform guidance were available to be issued. No items of significance were determined.

## CITY OF MCALESTER

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2022

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#### SECTION I – SUMMARY OF AUDITOR'S RESULTS

##### Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

           yes        X   no

Significant deficiency(ies) identified?

           yes        X   none reported

Noncompliance material to financial statements noted?

           yes        X   no

##### Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

           yes        X   no

Significant deficiency(ies) identified?

           yes        X   none reported

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

Unmodified

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

           yes        X   no

Identification of major federal programs:

CFDA Number(s)

14.228  
66.468

Name of Federal Program or Cluster

Community Development Block Grants  
Drinking Water State Revolving Funds

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

\$ 750,000

Auditee qualified as low-risk auditee?

           yes        X   no

## **CITY OF MCALESTER**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont'd) For the Year Ended June 30, 2022**

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#### **SECTION II – FINANCIAL STATEMENT FINDINGS**

##### Compliance Findings

*There are no findings requiring reporting under this section.*

##### Internal Control Findings

*There are no findings requiring reporting under this section.*

#### **SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

##### Compliance Findings

*There are no findings requiring reporting under this section.*

##### Internal Control Findings

*There are no findings requiring reporting under this section.*

**CITY OF MCALESTER**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For the Year Ended June 30, 2022**

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No matters were reportable in prior year.