City of

OKMULGEE OK

ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2024



THE CITY OF OKMULGEE, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

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CITY OF OKMULGEE, OKLAHOMA ANNUAL FINANCIAL REPORT As of and for the Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, 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 and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are
 appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's
 internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, 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, budgetary comparison information, and the pension plan schedules, 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.

Other Reporting Required by Government Auditing Standards

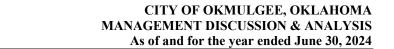
In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and 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.

Oklahoma City, Oklahoma

Helefige & Hissourites PC

February 12, 2025





MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Okmulgee's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2024, the City's total net position increased \$7,907,163 or 11.7% from the prior year.
- During the year, the City's expenses for governmental activities were \$9,497,821 and were funded by program revenues of \$2,989,061 and further funded with taxes and other general revenues that totaled \$10,972,035 excluding net transfers.
- In the City's business-type activities, such as utilities, total program revenues exceeded expenses by \$2,464,233.
- At June 30, 2024, the General Fund reported an unassigned fund balance of \$12,584,385, which is an increase of 21.4% from the prior year unassigned fund balance.
- For budgetary reporting purposes, the General Fund reported revenues under estimates by \$1,351,266 or 11.7%, while expenditures were under the final appropriations by \$3,420,703 or 30.2%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Okmulgee (the "City") and its component units using the integrated approach as prescribed by GASB Statements. Included in this report are government-wide statements for each of three categories of activities – governmental, business-type and the discretely-presented component unit. The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets) and deferred outflows, as well as all liabilities (including all long-term debt) and deferred inflows.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

- Governmental activities Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- Business-type activities The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater, sanitation, airport and economic development activities are reported here.
- Discretely-presented component unit This accounts for activities of the City's reporting entity that do not meet the criteria for blending. The City's discretely-presented component unit reports parking activities.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. 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. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. In fact, the City's enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City's combined net position increased from \$67,469,989 to \$75,377,152 between fiscal years 2023 and 2024. Looking at the net position of governmental and business-type activities separately, governmental activities increased \$3,391,098 while business-type activities increased \$4,516,065.

TABLE 1
NET POSITION (In Thousands)

		rnmental tivities	% Inc. (Dec.)		ess-Type ivities	% Inc. (Dec.)	To	tal	% In c. (De c.)
	<u>2024</u>	<u>2023</u>		2024	2023		2024	2023	
Current assets	\$ 16,591	\$ 14,226	17%	\$ 16,099	\$ 13,296	21%	\$ 32,690	\$ 27,522	19%
Capital assets, net	11,813	10,794	9%	56,980	60,332	-6%	68,794	71,126	-3%
Other non-current assets	308	216	42%	260	-	0%	568	216	162%
Total assets	28,712	25,236	14%	73,339	73,628	0%	102,052	98,864	3%
Deferred outflows	2,308	2,678	-14%	793	1,531	-48%	3,101	4,209	-26%
Current liabilities	310	284	9%	4,327	5,874	-26%	4,637	6,158	-25%
Non-current liabilities	4,417	5,104	-13%	19,102	23,056	-17%	23,520	28,160	-16%
Total liabilities	4,727	5,388	-12%	23,429	28,930	-19%	28,157	34,318	-18%
Deferred inflows	944	569	66%	675	717	-6%	1,619	1,286	26%
Net position									
Net investment in capital assets	11,700	10,622	10%	38,113	36,680	4%	49,813	47,302	5%
Restricted	416	376	11%	667	833	-20%	1,083	1,209	-10%
Unrestricted	13,233	10,960	21%	11,248	7,999	41%	24,481	18,959	29%
Total net position	\$ 25,349	\$21,958	15%	\$ 50,028	\$ 45,512	10%	\$75,377	\$ 67,470	12%

The largest portion of the City's net position reflects its net investment in capital assets. This year, the net investment in capital assets amounts to approximately \$50 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 those liabilities.

Changes in Net Position

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

TABLE 2
CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Busines: Activi	* *	% Inc. (Dec.)	To	otal	% Inc. (Dec.)
	2024	2023		2024	2023		2024	2023	
Revenues Charges for services	\$ 761	\$ 877	-13%	\$ 11.743	\$ 11.111	6%	\$ 12,504	\$ 11,988	4%
Operating grants and contributions	5 /61	\$ 8// 860	-13%	\$ 11,743	\$11,111	0%	581	\$11,988 860	-32%
Capital grants and contributions	1,647	156	-32% 956%	200	45	344%	1,847	201	-32% 819%
Taxes		9,770	-2%	200	43	344%	9,554	9,770	-2%
Intergovernmental revenue	9,554 168	1,209	-2% -86%	-	-	-	9,554 168	1,209	-2% -86%
Investment income	739	241	-86% 207%	484	151	221%	1,223	392	-80% 212%
M iscellaneous			104%			64%			82%
Miscellaneous	511	250	104%	496	302	. 64%	1,007	552	82%
Total revenues	13,961	13,363	4%	12,923	11,609	. 11%	26,884	24,972	8%
Expenses									
General government	1,993	2,286	-13%	-	-	-	1,993	2,286	-13%
Public safety	5,029	4,913	2%	-	-	-	5,029	4,913	2%
Streets	1,043	848	23%	-	-	-	1,043	848	23%
Culture, parks and recreation	867	859	1%	-	-	-	867	859	1%
Community development	562	471	19%	-	-	-	562	471	19%
Water	-	-	-	3,792	3,913	-3%	3,792	3,913	-3%
Wastewater	-	-	-	3,185	3,305	-4%	3,185	3,305	-4%
Sanitation	-	-	-	1,631	1,871	-13%	1,631	1,871	-13%
Economic development	-	-	-	54	52	4%	54	52	4%
Airport	-	-	-	749	681	10%	749	681	10%
Interest charge - governmental activities	4	6	-33%	68	83	-18%	72	89	-19%
Total expenses	9,498	9,383	1%	9,479	9,905	-4%	18,977	19,288	-2%
Excess (deficiency) before									
transfers	4,463	3,980	12%	3,444	1,704	102%	7,907	5,684	39%
Transfers	(1,072)	(1,840)	-42%	1,072	1,840	-42%			-
Change in net position	3,391	2,140	58%	4,516	3,544	27%	7,907	5,684	39%
Beginning net position	21,958	19,818	11%	45,512	41,968	8%	67,470	61,786	9%
Ending net position	\$ 25,349	\$21,958	15%	\$ 50,028	\$45,512	10%	\$75,377	\$ 67,470	12%

In the City's governmental activities, capital grants and contributions increased significantly from prior year due to \$1,551,265 of contributed capital from ODOT for their share of a bridge replacement project.

Business-type activities' capital grants and contributions increased significantly due to an FAA Airport Grant of \$115,684 and an OAC Airport Grant of \$84,134 received in the current year.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2024 fiscal year, the governmental funds reported a combined fund balance of \$15,957,447 or a 17.5% increase from the prior year. The enterprise funds reported total net position of \$50,028,393 or an 9.9% increase from the prior year.

Other fund highlights include:

- For the year ended June 30, 2024, the General Fund's total fund balance increased by \$2,258,517 or 21.7%.
- The Dedicated Sales Tax Fund's total fund balance increased by \$2,242 or 0.7%.
- The Okmulgee Community Trust Fund's total fund balance increased by \$117,689 or 4.1%.

Governmental Activities

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

For the year ended June 30, 2024, the City's governmental activities were funded as follows:

TABLE 3
Net Revenue (Expense) of Governmental Activities
(In Thousands)

	 Total E			% Inc. (Dec.)	(Exp	evenue ense) rvices	% Inc. (Dec.)
	2024		2023		<u>2024</u>	2023	
General government	\$ 1,993	\$	2,286	-13%	\$ (1,808)	\$ (2,049)	-12%
Public safety	5,029		4,913	2%	(4,368)	(3,878)	13%
Streets	1,043		848	23%	891	(463)	-292%
Culture, parks and recreation	867		859	1%	(659)	(624)	6%
Community development	562		471	19%	(561)	(471)	19%
Interest on Long-tern debt	4		6	-33%	(4)	(6)	-33%
Total	\$ 9,498	\$	9,383	1%	\$ (6,509)	\$ (7,491)	-13%

For the year ended June 30, 2024, total expenses for governmental activities amounted to \$9,497,821. Of these total expenses, those directly benefiting from the programs funded \$2,227,920 from grants and other contributions and \$761,141 from charges for services, while taxpayers and other general revenues funded the remaining \$10,972,035, excluding transfers.

Business-type Activities

In reviewing the business-type activities net expense/revenue, the following highlights should be noted:

- Total business-type activities reported net revenues of \$2,464,233 for the year ended June 30, 2024.
- All individual activities reported net expenses for the year ended June 30, 2024, with the exception of water and sanitation, which reported net revenues of \$2,551,965 and \$1,390,105, respectively.

TABLE 4
Net Revenue (Expense) of Business-Type Activities
(In Thousands)

		Expense rvices	% Inc. Dec.	(Exp	ervices		% Inc. Dec.
	<u>2024</u>	2023		<u>2024</u>	202	3	
Water	\$ 3,792	\$ 3,913	-3%	\$ 2,552	\$ 2,	,190	17%
Sewer	3,185	3,305	-4%	(1,134)	(1,	,243)	-9%
Sanitation	1,631	1,871	-13%	1,390		839	66%
Economic development	54	52	4%	(54)		(52)	4%
Airport	749	681	10%	(222)	((398)	-44%
Interest charges - governmental activities	68	83	-18%	(68)		(83)	-18%
Total	\$ 9,479	\$ 9,905	-4%	\$ 2,464	\$ 1,	,253	97%

Budgetary Highlights

For the year ended June 30, 2024, the General Fund reported actual budgetary basis revenues under final estimates by \$1,351,266 or a 11.7% negative variance. General Fund actual expenditures were under final appropriations by \$3,420,703 or a 30.2% positive variance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2024, the City had \$68,793,106 invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, water lines and sewer lines. (See table below). This represents a decrease of approximately \$2,332,337 or 3.3% from last year.

TABLE 5
Capital Assets
(In Thousands)
(Net of accumulated depreciation)

		nmental <u>vities</u>		ss-Type <u>vities</u>	<u>To</u>	tal
	2024	2023	2024	2023	<u>2024</u>	2023
Land	\$ 300	\$ 300	\$ 3,701	\$ 3,701	\$ 4,001	\$ 4,001
Buildings	1,536	1,716	726	794	2,262	2,510
Imp. other than buildings	1,987	1,923	-	-	1,987	1,923
Infrastructure	6,611	5,276	51,278	54,170	57,889	59,446
Machinery, furniture and equipment	1,379	1,579	1,275	1,667	2,654	3,246
Totals	\$11,813	\$10,794	\$56,980	\$60,332	\$68,793	\$71,126

This year's more significant capital asset additions included:

- FY24 Street Improvements
- Light Installation along Walking Path
- 2024 Chevy ³/₄ ton truck
- 2021 Dodge Charger
- Construct Hangers Airport Project

See Note 5 to the financial statements for more detailed information on the City's capital assets and changes therein.

Long- Term Debt

At year-end, the City had \$23,665,749 in long-term debt outstanding which represents a \$5,478,162 or 18.8% decrease from the prior year. The City's changes in long-term debt by type of debt are as follows:

TABLE 6
Long-Term Debt
(In Thousands)

		imental vities	Busines <u>Activ</u>		<u>To</u>	otal_	Total Percentage <u>Change</u>
	2024	2023	2024	<u>2023</u>	2024	2023	2023-2024
Accrued absences	\$ 706	\$ 667	\$ 162	\$ 179	\$ 868	\$ 846	3%
Meter deposit liability	-	-	445	442	445	442	1%
Notes payable	113	172	20,565	25,904	20,678	26,076	-21%
Landfill closure liability		-	1,675	1,780	1,675	1,780	-6%
Totals	\$ 819	\$ 839	\$ 22,847	\$ 28,305	\$ 23,666	\$ 29,144	-19%

See Note 6 to the financial statements for more detailed information on the City's long-term debt and changes therein.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During this fiscal year the city showed a decrease in the State Sales and Use Tax collections by 1.3%. Cities in Oklahoma are almost totally dependent on Sales and Use Tax to fund their operations and most cities, including the City of Okmulgee depend on Sales and Use Tax to pay for Capital Improvements as well.

The Okmulgee Municipal Authority did not raise rates on any of their utility services. The OMA last raised rates in FY 22/23 for commercial water rates by adding \$1.00 to the base rate and increasing the tiers by 5% each. Commercial sewer rates were raised only on the tiers by 5% each. After review of various communities, it was determined Okmulgee is low on the rates charged for commercial dumpsters, therefore, the Council increased the cost for a commercial dumpster by \$12/dumpster. At this time, the Council felt the rates for residential customers should not be raised.

Partial closeout of the old landfill cell was addressed in FY 15/16 in conjunction with ODEQ and because of this there has been sufficient funds to cover the annual financial assurance required for closure-post closure of the current cell. The Authority took over operation of the landfill at the beginning of FY 21/22. The only benefit Okmulgee received from having an outside operator was not having a charge for disposal of the City's refuge. The Authority in FY 21/22 leased/purchased two pieces of equipment necessary for operation of the landfill. In FY 23/24, a 310 E Dump Truck was rented for a period of six months before the Authority went through the process of a financed purchase. Employees were added to the budget along with the necessary expenses. Revenue for the landfill was up slightly from the previous year.

The stormwater fee approved in 2008 generated just over \$280,700 in FY 23/24, down from FY 22/23, for stormwater improvements but projected cost of improvements is far more than the revenue generated. The inequity of Cities being required by ODEQ/EPA to have ordinances and fees for stormwater while the State and Counties have no such requirement is very unfair and is proving to be a deterrent to commercial development within the Cities.

Debt Service payments on Authority loans were just over \$5.4 million dollars in FY 23/24. Payments for the 2018A and 2018B began in FY 20/21. In 2019, the City had an opportunity to refinance three of the Water Resources Board loans that were done in 2010. This refinance saved an approximate net amount of over \$382,000 and will shorten the term by four months. The Landfill Note was paid off in May 2023. Because the Authority will be required to build a new cell in the next few years, the Authority continued to make a payment of the same amount and placed it in a restricted account that will be used to help offset the cost of building a new cell. The 2008 Bond Note paid off in November 2023. Because of the structure of some of the Authority's other debt, the 2018A increased in October 2024.

The Okmulgee area has been struggling since COVID to provide an available, trained labor force for itself and other businesses in the area. Educational training opportunities are many and varied due to the presence of Oklahoma State University Institute of Technology (OSUIT), Green Country Technology Center and the College of the Muscogee (Creek) Nation. Both OSUIT and Green Country Technology Center continue to expand their physical campuses as well as their curriculum and degree programs.

The agreement between Okmulgee Area Development Corporation and the City of Okmulgee for the purpose of having an economic development director for Okmulgee is still ongoing. The funding for OADC was increased to \$52,000 per year in the FY 23/24. Immediate response to business and industrial prospects is vitally important. Economic Development does not recognize municipal or tribal boundaries and positively impacts the entire city. As a community, we must be well prepared when the national and state economies recover substantially.

The City has aptly responded to the requirements for short-term and medium-term infrastructure improvement, many of which were mandated by USEPA and others that were required for business development. One of the upgrades that has been addressed at the water treatment plant was to correct the issue of disinfection byproducts. The water treatment plant was changed to chloramines in December 2021. A new elevated water storage tank as well as the 18" water line going to the tank was completed and put into service early in 2022. This project was possible through funding through the Oklahoma Water Resources Board. The remaining funds were used to replace the existing water lines that run under 6th Street and to replace the UV system at the wastewater treatment plant. The Authority was able to take advantage of a program provided by the Oklahoma Department of Environmental Quality through the DWSRF program to receive loan forgiveness of \$700,000 to be used on the chloramine conversation at the water treatment plant. By receiving these funds, the project at the wastewater treatment plant was able to be funded from the 2018A loan as well.

In summary, the City of Okmulgee's overall revenue was down slightly which is a concern and given the existing situation of municipal funding in the State of Oklahoma and the state of the national economy and national political climate, difficult times are still ahead. The increases from other utility companies in costs to operate such facilities as the water treatment plant and the wastewater treatment plant have raised concerns on how this will affect the current budget. Materials the City needs to maintain services to the citizens of Okmulgee has increased in cost as well as delays in many materials being able to be received. Fuel cost increases have hurt all the City/OMA departments. One of the biggest concerns for the budget is the continued unknown increase for all goods and services needed to be able to maintain the same level of services to the community. All City services and facilities continue to operate in a safe and functional manner.

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 Okmulgee City Manager or Okmulgee City Clerk at City of Okmulgee, P. O. Box 250, Okmulgee, Oklahoma 74447-0250 or by phone at (918) 758-1100.



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Statement of Net Position-June 30, 2024

	Governmental Activities	Business-type Activities	Total	Component Unit Okmulgee Parking Authority
ASSETS				
Cash and cash equivalents	\$ 10,365,939	\$ 10,968,013	\$ 21,333,952	\$ -
Investments	4,683,423	2,619,795	7,303,218	-
Deposits with insurance pool	103,200	=	103,200	-
Interest receivable	-	6,611	6,611	-
Accounts receivable, net of allowance	-	1,619,271	1,619,271	=
Due from other governments	1,241,647	143,170	1,384,817	-
Other taxes receivable	32,743	-	32,743	-
Court fines receivable, net of allowance	238,368	=	238,368	=
Other receivables	177,457	21,813	199,270	-
Internal balances	(251,613)	251,613	-	-
Inventories	-	61,899	61,899	-
Lease receivable	-	407,021	407,021	-
Net pension asset	308,149	259,899	568,048	-
Capital assets:				
Land	300,282	3,700,556	4,000,838	_
Other capital assets, net of depreciation	11,512,621	53,279,647	64,792,268	22,782
Total assets	28,712,216	73,339,308	102,051,524	22,782
DEFERRED OUTFLOWS				
Deferred amounts related to pensions	2,307,927	792,898	3,100,825	=
Total deferred outflows	2,307,927	792,898	3,100,825	
LIABILITIES				
Accounts payable	16,365	121,913	138,278	-
Accrued payroll liabilities	121,306	45,483	166,789	-
Accrued interest payable	· -	127,004	127,004	-
Claim liability	68,409	-	68,409	-
Long-term liabilities				
Due within one year	104,284	4,032,585	4,136,869	-
Due in more than one year	714,740	19,101,695	19,816,435	-
Net pension liability	3,702,657	, , , <u>-</u>	3,702,657	-
Total liabilities	4,727,761	23,428,680	28,156,441	=
DETERDED INC. OWO	_	_		
DEFERRED INFLOWS Deferred amounts related to pensions	943,623	277,279	1,220,902	
Deferred amounts related to leases	943,023	397,854	397,854	-
Total deferred inflows	943,623	675,133	1,618,756	
Total deletted littlows	940,023	073,133	1,010,730	
NET POSITION				
Net investment in capital assets Restricted for:	11,700,208	38,113,070	49,813,278	22,782
Risk management	103,200	-	103,200	-
Capital projects and debt service	312,662	667,422	980,084	_
Unrestricted	13,232,689	11,247,901	24,480,590	_
Total net position	\$ 25,348,759	\$ 50,028,393	\$ 75,377,152	\$ 22,782

Statement of Activities - Year Ended June 30, 2024

					Progr	ram Revenu	e		Ne	t (Expense) Re	eveni	ue and Chang	jes in	Net Position	Con	nponent Unit
					0	perating	Ca	pital Grants								mulgee
			Ch	arges for	Gr	rants and		and		vernmental		siness-type				arking
Functions/Programs	E	xpenses	5	Services	Cor	ntributions	Co	ntributions		Activities	4	Activities		Total	Aι	ıthority
Primary government																
Governmental Activities	_		_		_		_		_		_		_		_	
General Government	\$	1,992,741	\$	184,535	\$.	\$.	\$	(1,808,206)	\$	-	\$	(1,808,206)	\$	-
Public Safety		5,028,553		97,562		467,771		95,704		(4,367,516)		-		(4,367,516)		-
Streets		1,043,455		279,496		103,916		1,551,265		891,222		-		891,222		-
Culture and Recreation		867,373		199,548		9,264		-		(658,561)		-		(658,561)		-
Community Development		561,558		-		-		-		(561,558)		-		(561,558)		-
Interest on Long-term debt		4,141				-		-		(4,141)				(4,141)		
Total governmental activities		9,497,821		761,141		580,951		1,646,969	_	(6,508,760)				(6,508,760)		
Business-Type Activities:																
Water		3,792,169		6,344,134		-		-		-		2,551,965		2,551,965		-
Sewer		3,185,085		2,050,988		-		-		-		(1,134,097)		(1,134,097)		-
Sanitation		1,630,772		3,020,877		-		-		-		1,390,105		1,390,105		-
Economic Development		54,114		-		-		-		-		(54,114)		(54, 114)		-
Airport		748,648		327,344		-		199,819		-		(221,485)		(221,485)		-
Interest charges - governmental activities		68,141		-		-		-		-		(68, 141)		(68, 141)		-
Total business-type activities	_	9,478,929	_	11,743,343		-	_	199,819	_	-		2,464,233		2,464,233		-
Total primary government	\$	18,976,750	\$	12,504,484	\$	580,951	\$	1,846,788		(6,508,760)		2,464,233		(4,044,527)		
Component Unit:																
Parking	\$	2,205	\$	-	\$	-	\$	-								(2,205)
Total component unit	\$	2,205	\$		\$		\$							-		(2,205)
	Gon	eral revenues														
		xes:	.													
		Sales and use	taxes							9.031.920		_		9.031.920		_
		Franchise taxe	s and	public servic	e taxe	s				427,239		-		427,239		_
		Hotel/motel tax								95,004		_		95.004		_
	Int	ergovernmenta	l rever	nue not restri	cted to	specific prod	arams			168.035		-		168.035		_
	Ur	restricted inve	stmen	t earnings			•			738,668		483,830		1,222,498		_
	Mi	scellaneous		ŭ						511,169		495,825		1,006,994		_
	Tran	sfers								(1,072,177)		1,072,177		· · ·		-
		Total general	reven	ues and tran	sfers					9,899,858		2,051,832		11,951,690		-
		Change in	net po	sition					_	3,391,098		4,516,065		7,907,163		(2,205)
	Net	position - begir	ning							21,957,661		45,512,328		67,469,989		24,987
	Net _l	position - endir	g						\$	25,348,759	\$	50,028,393	\$	75,377,152	\$	22,782



BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

Governmental Funds Balance Sheet - June 30, 2024

	Gen	eral Fund		kmulgee ommunity Trust		cated Sales ax Fund	Go	Total vernmental Funds
ASSETS								
Cash and cash equivalents	\$	10,305,132	\$	12,400	\$	48,407	\$	10,365,939
Investments		1,741,392		2,942,031		-		4,683,423
Deposits with insurance pool		103,200		-		-		103,200
Due from other governments		974,623		-		267,024		1,241,647
Due from other funds		81,711		-		-		81,711
Taxes receivable		32,743		-		-		32,743
Court fines receivable, net of allowance		238,368		-		-		238,368
Other receivables		177,457		-		-		177,457
Total assets	\$	13,654,626	<u>\$4,626</u> \$ 2,954,43		\$ 315,431		\$	16,924,488
LIABILITIES								
Liabilities:	•	40.005	•		•		•	40.005
Accounts payable	\$	16,365	\$	-	\$	-	\$	16,365
Accrued payroll payable		121,306		-		-		121,306
Claims liability		68,409		-		-		68,409
Due to other funds		333,324						333,324
Total liabilities		539,404		-		-		539,404
DEFERRED INFLOWS								
Unavailable revenue		427,637		<u>-</u>				427,637
FUND BALANCES								
Restricted for:								
Deposits with insurance pool		103,200		-		-		103,200
Capital projects and debt service		-		-		312,662		312,662
Committed for community improvements		-		929,005		-		929,005
Assigned for capital projects and debt service		-		2,025,426		2,769		2,028,195
Unassigned		12,584,385				<u>-</u>		12,584,385
Total fund balances		12,687,585		2,954,431		315,431		15,957,447
Total liabilities, deferred inflows and fund balances	\$	13,654,626	\$	2,954,431	\$	315,431	\$	16,924,488

<u>Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2024</u>

	Ge	neral Fund		kmulgee mmunity Trust	Sa	dicated les Tax Fund	Go	Total vernmental Funds
REVENUES	•		-					
Taxes	\$	7,499,130	\$	-	\$ 2	2,055,033	\$	9,554,163
Intergovernmental		1,175,056		-		-		1,175,056
Licenses and permits		85,492		-		-		85,492
Charges for services		130,975		-		-		130,975
Fines and forfeitures		79,172		-		-		79,172
Investment earnings		477,673		260,587		408		738,668
Miscellaneous		457,712		58,962		-		516,674
Total revenues		9,905,210		319,549	2	2,055,441		12,280,200
EXPENDITURES								
Current:								
General government		1,780,219		-		-		1,780,219
Public safety		4,813,840		-		-		4,813,840
Culture and recreation		729,768		-		-		729,768
Community development		541,192		-		-		541,192
Capital Outlay		271,090		201,860		-		472,950
Debt Service:								
Principal		58,950		-		-		58,950
Interest and other charges		4,141		-				4,141
Total expenditures		8,199,200		201,860		-		8,401,060
Excess of revenues over expenditures		1,706,010		117,689	2	2,055,441		3,879,140
OTHER FINANCING SOURCES (USES)								
Transfers in		800,000		-		-		800,000
Transfers out		(247,493)			(2	2,053,199)		(2,300,692)
Total other financing sources and uses		552,507			(2	2,053,199)		(1,500,692)
Net change in fund balances		2,258,517		117,689		2,242		2,378,448
Fund balances - beginning		10,429,068		2,836,742		313,189		13,578,999
Fund balances - ending	\$	12,687,585	\$	2,954,431	\$	315,431	\$	15,957,447

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position	Reconciliation:
------------------------------------	------------------------

Total fund balance, governmental funds	\$	15,957,447
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 this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		11,812,903
Certain other long-term assets are not available to pay current period liabilities and therefore are either reported as deferred, or not reported at all, in this fund financial statement.		
Court fines receivable		228,914
Grants receivable		26,377
Settlement receivable		172,346
Net pension asset		308,149
Deferred outflows of resources are not outflows that relate to the current period and therefore are not reported in the funds:		
Pension related deferred outflows		2,307,927
Certain long-term liabilities and certain deferred inflows are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmenta activities of the Statement of Net Position.	ıl	
Net pension liability		(3,702,657)
Pension related deferred inflows		(943,623)
Notes payable		(112,695)
Accrued compensated absences		(706,329)
Net Position of Governmental Activities in the Statement of Net Position	\$	25,348,759

Changes in Fund

et change in fund balances - total governmental funds:	\$ 2,378,448
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	
Capital asset purchases capitalized Capital assets contributed Depreciation expense	584,780 1,551,265 (1,116,795)
In Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.	34,086
Revenues in the Statement of Activities that do not provide current financial resources are	
not reported as revenues in the funds: Change in unavailable revenue - fines	8,155
Change in unavailable revenue - grants Change in unavailable revenue - settlement	(241,064) 172,346
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:	
Principal payments on long-term debt	58,950
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Change in accrued compensated absences	(39,073)
Change in net position of governmental activities	\$ 3,391,098



BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

Proprietary Funds Statement of Net Position - June 30, 2024

		Enterpri				
		OMA		OEDA		Total
ASSETS	_		_		_	
Current assets:						
Cash and cash equivalents	\$	7,491,738	\$	1,123	\$	7,492,861
Investments		2,619,795		-		2,619,795
Restricted:						
Cash and cash equivalents		3,475,152		-		3,475,152
Accrued interest receivable		6,611		-		6,611
Due from other funds		333,324		-		333,324
Accounts receivable, net of allowance		1,619,271		-		1,619,271
Due from other governments		143,170		-		143,170
Other receivables		21,813		-		21,813
Inventories		61,899		-		61,899
Lease receivable-current portion		18,249		-		18,249
Total current assets		15,791,022	_	1,123	_	15,792,145
Non-current assets:			_		_	
Lease receivable		388,772		_		388,772
Capital Assets:		,				,
Land		3,692,556		8,000		3,700,556
Other capital assets, net of accumulated depreciation		53,277,953		1,694		53,279,647
Net pension asset		259,899		- 1,001		259,899
Total non-current assets		57,619,180		9,694		57,628,874
Total assets		73,410,202		10,817		73,421,019
Total assets		70,410,202		10,017		70,421,010
DEFERRED OUTFLOWS						
Deferred amounts related to pensions		792,898		_		792.898
Total deferred outflows		792,898	_			792,898
Total doloned callette		. 02,000			_	. 02,000
LIABILITIES						
Current liabilities:						
Accounts payable		121,913		-		121,913
Accrued payroll liabilities		45,483		-		45,483
Accrued interest payable		127,004		_		127,004
Due to other funds		81,711		_		81,711
Current portion of:		,				,
Deposits subject to refund		89,017		-		89,017
Compensated absences		16,187		_		16,187
Landfill closure liability		167,475		_		167,475
Notes payable		3,759,906		_		3,759,906
Total current liabilities		4,408,696		_		4,408,696
Non-current liabilities:		1,100,000				.,,
Deposits subject to refund		356,069		_		356,069
Compensated absences		145,682		_		145,682
Landfill closure liability		1,507,276		_		1,507,276
Notes payable		17,092,668		_		17,092,668
Total non-current liabilities		19,101,695			_	19,101,695
Total liabilities		23,510,391			_	23,510,391
Total habilities		20,010,001				20,010,001
DEFERRED INFLOWS						
Deferred amounts related to pensions		277,279		_		277,279
Deferred amounts related to leases		397,854		_		397,854
Total deferred inflows		675,133				675,133
. Star dolored illione		5, 5, 100			-	0.0,100
NET POSITION						
Net investment in capital assets		38,103,376		9,694		38,113,070
Restricted for debt service		667,422		-		667,422
Unrestricted		11,246,778		1,123		11,247,901
Total net position	\$	50,017,576	\$	10,817	\$	50,028,393
1	<u> </u>	,,	<u> </u>	-,		,,

<u>Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position - Year Ended</u> <u>June 30, 2024</u>

		Enterpri			
		OMA		OEDA	Total
REVENUES				,	
Water	\$	6,196,422	\$	-	\$ 6,196,422
Water taps		24,750		-	24,750
Sewer		1,979,752		-	1,979,752
Sewer taps		31,950		-	31,950
Sanitation		1,880,884		-	1,880,884
Stormwater		279,496		-	279,496
Landfill		1,102,668		-	1,102,668
Penalties		157,312		-	157,312
Airport		327,344		-	327,344
Other		42,261		_	42,261
Total operating revenues		12,022,839			12,022,839
OPERATING EXPENSES					
Public works operations		244,255		-	244,255
Utility billing		363,710		-	363,710
Public works director		183,990		-	183,990
Water treatment plant		1,256,925		-	1,256,925
Water and sewer line maintenance		456,981		_	456,981
Wastewater treatment plant		833,296		-	833,296
Sanitation		446,250		-	446,250
Landfill		557,128		-	557,128
Streets		538,067		-	538,067
Airport		379,113		-	379,113
Economic development		· <u>-</u>		54,000	54,000
Depreciation		3,621,329		114	3,621,443
Total operating expenses		8,881,044		54,114	 8,935,158
Operating income (loss)		3,141,795		(54,114)	3,087,681
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment revenue		483,830		-	483,830
Miscellaneous revenue		370,605		_	370,605
Gain on sale of capital assets		125,220		-	125,220
Interest expense		(1,081,838)		-	(1,081,838)
Total non-operating revenue (expenses)		(102,183)			 (102,183)
Income (loss) before contributions and transfers	-	3,039,612	-	(54,114)	 2,985,498
Capital contributions		199,819			199,819
Transfers in		2,246,692		54,000	2,300,692
Transfers out		(969,944)		-	(969,944)
Change in net position		4,516,179		(114)	4,516,065
Total net position - beginning		45,501,397		10,931	45,512,328
Total net position - ending	\$	50,017,576	\$	10,817	\$ 50,028,393

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2024

	Enterprise Funds					
		OMA		OEDA		<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES	\$	12,222,385	•		\$	12,222,385
Receipts from customers Payments to employees	Ф	(2,740,650)	\$	-	Ф	(2,740,650)
Payments to employees Payments to suppliers		(2,740,030)		(54,000)		(2,603,187)
Receipts of customer meter deposits		85,710		(34,000)		85,710
Refunds of customer meter deposits		(82,924)		-		(82,924)
Interfund receipts/payments		(19,421)		-		(19,421)
Net cash provided by (used in) operating activities	_	6,915,913	_	(54,000)	_	6,861,913
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds		2,246,692		54,000		2,300,692
Transfers to other funds		(969,944)		- ,		(969,944)
Net cash provided by noncapital financing activities		1,276,748		54,000		1,330,748
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets		(294,636)		_		(294,636)
Proceeds from sale of capital assets		150,000				150,000
Capital grant received		56,649		_		56,649
Principal paid on debt		(5,339,181)		-		(5,339,181)
Interest and fiscal agent fees paid on debt		(755,616)		-		(755,616)
Net cash provided by (used in) capital and related financing activities		(6,182,784)				(6,182,784)
CARL EL ONG EDOM INVESTING ACTIVITIES						
CASH FLOWS FROM INVESTING ACTIVITIES Purchase of investments		(1,032,450)		_		(1,032,450)
Interest and dividends		477,219				477,219
Net cash provided by (used in) investing activities	_	(555,231)			-	(555,231)
Net increase in cash and cash equivalents		1,454,646				1,454,646
Delegan basississ of the		0.540.044		4.400		0.540.007
Balances - beginning of year	_	9,512,244	_	1,123		9,513,367
Balances - end of year	\$	10,966,890	\$	1,123	\$	10,968,013
Reconciliation to Statement of Net Position:						
Cash and cash equivalents	\$	7,491,738	\$	1,123	\$	7,492,861
Restricted cash and cash equivalents - current		3,475,152		-		3,475,152
Total cash and cash equivalents, end of year	\$	10,966,890	\$	1,123	\$	10,968,013
Reconciliation of operating income (loss) to net cash provided by (used i	n)					
operating activities:	\$	2 144 705		(E4.44.4)	•	3 007 001
Operating income (loss) Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	\$	3,141,795	\$	(54,114)	\$	3,087,681
Depreciation expense		3,621,329		114		3,621,443
Miscellaneous revenue		370,605		-		370,605
Change in assets, liabilities, and deferrals:						
Due from other funds		(51,328)		-		(51,328)
Due to other funds		31,907		-		31,907
Accounts receivable		(155,786)		-		(155,786)
Other receivables		(5,464)		-		(5,464)
Lease receivable		(9,809)		-		(9,809)
Net pension changes		23,386		-		23,386
Accounts payable		40,968		-		40,968
Inventory		12,191		-		12,191
Deposits, subject to refund		2,786		-		2,786
Accrued payroll payable		15,223		-		15,223
Landfill closure liability Accrued compensated absences		(105,209) (16,681)		-		(105,209) (16,681)
·						
Net cash provided by (used in) operating activities	\$	6,915,913	\$	(54,000)	\$	6,861,913



FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of Okmulgee), three blended component units, and one discretely presented component unit as noted below. This annual report includes all activities for which the Okmulgee City Council is fiscally responsible.

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

The City of Okmulgee – that operates the public safety, culture and recreation, community development and administrative activities.

The City of Okmulgee is an incorporated municipality with a population of approximately 11,404 located in northeastern Oklahoma. The City is a Council-Manager form of government and operates under a charter that provides for three branches of government:

- Legislative the City Council is a five-member governing body elected by the citizens at large
- 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, removable by Council action

Component Units:

Blended:

The component units blended into the presentation of the primary government include:

The Okmulgee Economic Development Authority – that operates the economic development activities of the City.

The Okmulgee Municipal Authority – that operates the water, sewer, sanitation, street and airport services of the City.

The Okmulgee Community Trust Authority – that accounts for the funds from the sale of the Creek Council House and Square and/or any other subsequently donated funds for the benefit of the City of Okmulgee for any park purposes.

All component units (Authorities) above have the City Council as their governing body (trustees) and therefore the City is able to impose its will on the Authorities. The City Council is also able to impose its will through required approval of all debt obligations issued by these entities.

CITY OF OKMULGEE, OKLAHOMA ANNUAL FINANCIAL REPORT As of and for the Year Ended June 30, 2024

Discretely-Presented:

The component unit that is discretely presented in the City's report in a separate column is presented below.

The Okmulgee Parking Authority – that operates the parking activities of the City.

Each of these 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. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has 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.

2. 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 economic resources focus, all assets, deferred outflows, liabilities and deferred inflows are reported, including current and non-current. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation) are recorded when the liability is incurred or economic asset used.

Program revenues in the Statement of Activities are derived directly from each activity or from parties outside of the City's taxpayers. The City has the following program revenues in each activity:

- Public Safety Fire, Police, Legal and Municipal Court fines and forfeitures, false alarm fees, and restricted operating and capital grants
- Streets and Transportation Streets Commercial vehicle and gasoline excise tax shared by the State and restricted capital grants, charges for services include stormwater fees
- Culture and Recreation Library, lake fees, operating and capital grants
- Community Development None
- General Government City Administration, General Government, Finance, Central Repair, Property Maintenance license and permits, weed abatements

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

CITY OF OKMULGEE, OKLAHOMA ANNUAL FINANCIAL REPORT As of and for the Year Ended June 30, 2024

Governmental Funds:

The City's governmental funds include:

Major Funds:

- General Fund accounts for all activities not accounted for in other special-purpose funds
- Okmulgee Community Trust Fund (blended component unit) accounts for the funds from the sale of the Creek Council House and Square and/or any other subsequently donated funds for the benefit of the City of Okmulgee for any park purposes
- Dedicated Sales Tax Fund (capital project fund) accounts for a one-cent sales tax restricted by voter approval for capital improvements or debt service on capital debt

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (within 60 days of period end) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

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.

The General Fund, Okmulgee Community Trust Fund and Dedicated Sales Tax Fund are considered major funds and are therefore displayed in separate columns. There are no other governmental funds of the City.

Proprietary Funds:

The City's proprietary funds include:

- OEDA that accounts for the activities of the Okmulgee Economic Development Authority public trust in providing economic development services to the public
- OMA that accounts for the activities of the Okmulgee Municipal Authority public trust in providing water, sewer, sanitation and airport services to the public.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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.

Discretely Presented Component Unit:

The Okmulgee Parking Authority, reported as a discretely presented component unit, follows the same accounting principles as the proprietary funds noted above.

Pensions:

For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (FPRS), Oklahoma Police Pension & Retirement System (OPPRS), and Oklahoma Municipal Retirement Fund (OkMRF) and additions to/deductions from the respective fiduciary net positions have been determined on the same basis as they are reported by FPRS, OPPRS, and OkMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

3. 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 or short-term investments with an original maturity of three-months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents for reporting purposes.

Marketable investments are reported at their fair value, based on quoted market prices.

At June 30, 2024, the reporting entity held the following deposits and investments:

		Carrying
Туре	Credit Rating	Value
Deposits:		
Cash on hand		\$ 3,300
Demand deposits		18,300,586
Time deposit		 4,361,187
		22,665,073
Investments:		
Money Market Funds	Aaa	3,030,066
Equities	N/A	1,861,894
Fixed Income (mutual funds)	N/A	 1,080,137
		 5,972,097
Total deposits and investments		\$ 28,637,170
Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 21,333,952
Investments		 7,303,218
		\$ 28,637,170

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's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. At June 30, 2024, the City was not exposed to custodial credit risk as defined above.

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 has no formal investment policy; therefore, the City sets no specific limit on investment maturities. As of June 30, 2024, maturities of the City's securities, in years, were as follows:

	Fair Value		Less than 1		1 to 5		6 to 10			More Than 10		
Money Market Mutual Funds Fixed Income (mutual funds)	\$	3,030,066 1,080,137	\$	3,030,066	\$	- 666,735	\$	- 400,128	\$	<u>-</u>		
	\$	4,110,203	\$	3,030,066	\$	666,735	\$	400,128	\$	-		

Investment Credit Risk – The City has no investment policy that limits its investment choices other than the limitation of state law as follows:

- 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 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, d and e.

CITY OF OKMULGEE, OKLAHOMA ANNUAL FINANCIAL REPORT As of and for the Year Ended June 30, 2024

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.

At June 30, 2024, the City had no concentration of credit risk as defined above.

Fair Value Measurements - Generally accepted accounting principles define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a three-level hierarchy for measuring fair value.

The fair value hierarchy for valuation inputs gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Inputs to the valuation methodology are unobservable. An entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities are used for determining the fair value of the assets or liabilities.

The City has the following recurring fair value measurements as of June 30, 2024:

	e	5/30/2024	Marke	Prices in Active ts for Identical Assets (Level 1)	Observa	cant Other able Inputs evel 2)	Unobser	nificant vable Inputs evel 3)
Money Market Mutual Funds Fixed Income (mutual funds) Equity Securities	\$	3,030,066 1,080,137 1,861,894	\$	3,030,066 1,080,137 1,861,894	\$		\$	- - -
Total investments at fair value	\$	5,972,097	\$	5,972,097	\$		\$	

Restricted Cash and Investments - The amounts reported as restricted assets on the proprietary fund statement of net position are comprised of cash and investments held by the trustee bank on behalf of the OMA public trust (Authority) related to their required revenue bond accounts, promissory note accounts, meter deposits and landfill bonds. The restricted assets as of June 30, 2024 were as follows:

	Cas	Current h and cash uivalents
Utility Deposits	\$	445,086
Trustee Accounts:		
Series 2016 Revenue Account		51,157
Series 2016 Bond Account		250,199
Series 2018 A Bond Account		273,320
Series 2018B OWRB Bond Account		29
Series 2018B OWRB Revenue Account		266,607
Series 2019 OWRB Revenue Account		106,163
Landfill Account		1,985,441
Series 2010 A Revenue Account		87,609
Series 2010E OWRB Account		9,541
Total	\$	3,475,152

4. Receivables and Related Deferred Inflows

In the government-wide statements, receivables consist of all revenues earned at period-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, police fines, and hotel/motel tax. Business-type activities report utilities as its major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, grants, and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at periodend and not yet received. Utility accounts receivable (such as water, wastewater, and sanitation revenues) comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Primary Government Accounts Receivables:

Accounts receivable of the business-type activities consists of customer utilities receivable. Accounts receivable of the governmental activities consists of sales tax, franchise tax, police fines and hotel/motel tax receivables. Receivables detail at June 30, 2024, is as follows:

	-	Accounts eceivable	for U	: Allowance Uncollectible Accounts	_	Net Accounts eceivable
Governmental Activities:						
Due from other governments	\$	1,241,647	\$	-	\$	1,241,647
Franchise taxes		23,316		-		23,316
Hotel/motel tax		9,427		-		9,427
Court fines		2,979,594		(2,741,226)		238,368
Other		177,457				177,457
Total Governmental Activities	\$	4,431,441	\$	(2,741,226)	\$	1,690,215
Business-Type Activities: Utilities	\$	2,491,523	\$	(872,252)	\$	1,619,271
Due from other governments		143,170		-		143,170
Other		21,813		-		21,813
Total Business-Type Activities	\$	2,656,506	\$	(872,252)	\$	1,784,254

Leases:

The OMA as a lessor, has entered into lease agreements involving land. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$18,557.

5. Capital Assets and Depreciation

Capital Assets:

Capital assets consist of land, buildings, improvements, machinery and equipment, and infrastructure. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. A capitalization threshold of \$1,500 is used to report capital assets. The City's inventory of capital assets is incomplete with regards to assets purchased prior to 2005. As a result, the amount of capital assets reported in the financial statements does not represent the historical cost of all capital assets of the reporting entity.

For the year ended June 30, 2024, reported capital assets balances changed as follows:

	Balance at July 1, 2023		Additions		Disposals		_	alance at se 30, 2024
Governmental activities:								
Capital assets not being depreciated:								
Land	\$	300,282	\$	-	\$	-	\$	300,282
Total capital assets not being depreciated		300,282		-		-		300,282
Other capital assets:								
Buildings		4,595,643		-		-		4,595,643
Improvements		3,598,588		237,444		-		3,836,032
Infrastructure		7,973,185		1,658,835		-		9,632,020
Machinery, furniture and equipment		7,358,965		239,766				7,598,731
Total other capital assets at historical cost		23,526,381		2,136,045		-		25,662,426
Less accumulated depreciation for:								
Buildings		2,879,563		180,617		-		3,060,180
Improvements		1,675,822		172,832		-		1,848,654
Infrastructure		2,697,820		322,765		-		3,020,585
Machinery, furniture and equipment		5,779,805		440,581		-		6,220,386
Total accumulated depreciation		13,033,010		1,116,795		-		14,149,805
Other capital assets, net		10,493,371		1,019,250		-		11,512,621
Governmental activities capital assets, net	\$	10,793,653	\$	1,019,250	\$	-	\$	11,812,903

Business-type activities:		Balance at June 30, 2023		Additions		Disposals		Balance at June 30, 2024	
**									
Capital assets not being depreciated: Land	¢	2 700 556	e		ď		ø	2 700 556	
	\$	3,700,556	\$_	-	\$	-	\$	3,700,556	
Total capital assets not being depreciated Other capital assets:		3,700,556	_	-				3,700,556	
Other capital assets: Buildings		2 274 214						2 274 214	
2		2,374,314		00.025		249.210		2,374,314	
Machinery, furniture and equipment		8,918,163		99,925		248,319	1	8,769,769	
Utility property improvements		103,417,523		194,711		249 210		103,612,234	
Total other capital assets at historical cost		114,710,000		294,636		248,319		14,756,317	
Less accumulated depreciation for:		1 570 000		69.070				1 (47.050	
Buildings Machinery formitims and assignment		1,579,889 7,250,989		68,070 467,452		223,539		1,647,959	
Machinery, furniture and equipment						223,339		7,494,902	
Utility property improvements Total accumulated depreciation		49,247,888		3,085,921		222.520		52,333,809	
1		58,078,766		3,621,443		223,539		61,476,670	
Other capital assets, net	Ф.	56,631,234	-	(3,326,807)	ф.	24,780	Ф.	53,279,647	
Business-type activities capital assets, net	\$	60,331,790	\$	(3,326,807)	\$	24,780	\$	56,980,203	
Discretely Presented Component Unit:									
Other capital assets:									
Buildings	\$	55,348	\$	-	\$	-	\$	55,348	
Infrastructure		359,173						359,173	
Total other capital assets at historical cost		414,521		-		-		414,521	
Less accumulated depreciation for:									
Buildings		33,209		1,384		-		34,593	
Infrastructure		356,326		820				357,146	
Total accumulated depreciation		389,535		2,204		-		391,739	
Other capital assets, net		24,986		(2,204)		-		22,782	
Discretely presented component unit capital assets, net	\$	24,986	\$	(2,204)	\$	-	\$	22,782	

Depreciation:

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

- Buildings 25 years
- Improvements other than buildings 20 years
- Machinery, furniture and equipment 3-20 years
- Utility property and improvements 6-60 years
- Infrastructure 5-30 years

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:

Governmental Activities:		Business-Type Activities	s:	
General government	\$ 181,691	Water	\$	1,287,688
Public safety	290,257	Sewer		1,508,809
Streets	505,388	Sanitation		455,297
Culture and recreation	122,315	Airport		369,535
Community development	 17,144	Economic development		114
	\$ 1,116,795		\$	3,621,443

6. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2024, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance July 1, 2023 Additions Ded		eductions	Balance June 30, 2024		Due Within One Year				
Governmental Activities:		uly 1, 2025		dutions		eductions		30, 2021	<u> </u>	one rear
Notes payable (direct borrowings)	\$	171.645	\$	_	\$	(58,950)	\$	112,695	\$	33,651
Accrued compensated absences		667,256		345,649		(306,576)		706,329		70,633
Total Governmental Activities	\$	838,901	\$	345,649	\$	(365,526)	\$	819,024	\$	104,284
Business-Type Activities:										
Notes Payable (direct borrrowings/placements)	\$	25,904,200	\$	-	\$	(5,339,181)	\$	20,565,019	\$	3,759,906
Deposits subject to refund		442,300		85,710		(82,924)		445,086		89,017
Landfill closure liability		1,779,960		-		(105,209)		1,674,751		167,475
Accrued compensated absences		178,550		63,399		(80,080)		161,869		16,187
Total Business-Type Activities		28,305,010		149,109		(5,607,394)		22,846,725		4,032,585
Total Long-Term Debt	\$	29,143,911	\$	494,758	\$	(5,972,920)	\$	23,665,749	\$	4,136,869
Reconciliation to Statement of Net Position: Governmental Activities: Due within one year Due in more than one year Total Governmental Activities Long-term liabi	ilities						\$	104,284 714,740 819,024		
Business-Type Activities:										
Due within one year							\$	4,032,585		
Due in more than one year								19,101,695		
Statement of Net Position Business-Type Act	ivities	Long-term lia	bilities					23,134,280		
Less unamortized premium								287,555		
Total Business-Type Activities Long-term lial	bilities						\$	22,846,725		

Governmental activities long-term debt:

Notes Payable (direct borrowing):

Note Payable to Mabrey Bank, dated July 8, 2020, original amount of \$250,305 with an annual interest rate of 2.65% due in monthly installments of \$3,275, final installment due July 2027. This direct borrowing contains a provision that in the event of default, outstanding amounts become immediately due if the City is unable to make payment. This note is secured with collateral of equipment purchased.

Total Notes Payable	\$ 112,695
Current portion Noncurrent portion	33,651 79,044
Total Notes Payable	\$ 112,695

\$

112,695

Accrued Compensated Absences:

Current portion	\$ 70,633
Noncurrent portion	 635,696
Total Accrued Compensated Absences	\$ 706,329

Business-type activities long-term debt:

Notes Payable (direct borrowing):

2010E Series CWSRF Promissory Note to Oklahoma Water Resources Board, original issue amount available for draw of \$650,000, secured by utility revenues, payable in semi-annual installments, interest rate at 2.86%, final maturity March 15, 2031. In the event of default, the lender may: 1) file suit to require any or all of the borrower covenants to be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint temporary trustees to take over, operate and maintain the system on a profitable basis; or 4) file suit to enforce or enjoin action or inaction of the borrower under the provisions of the loan agreement.

\$ 211,934

2010A Series CWSRF Promissory Note to Oklahoma Water Resources Board, original issue amount available for draw of \$5,100,000, secured by utility revenues, payable in semi-annual installments, interest rate at 2.54%, final maturity September 15, 2032. In the event of default, the lender may: 1) file suit to require any or all of the borrower covenants to be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint temporary trustees to take over, operate and maintain the system on a profitable basis; or 4) file suit to enforce or enjoin action or inaction of the borrower under the provisions of the loan agreement.

2.359,876

Note Payable to Armstrong Bank, dated April 4, 2023, original amount of \$265,331 with an annual interest rate of 4.57% due in monthly installments of \$4,963, final installment due April 2028. This note is collateralized by the purchased equipment. In the event of default, the borrower may accelerate the payment of principal and interest accrued on the note; take possession of collaterized property; or file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement.

204,646

Note Payable to Arvest Bank, dated July 11, 2019, original amount of \$257,799 with an annual interest rate of 4.56% due in monthly installments of \$3,590.08, final installment due June 2026. This note is collateralized by the purchased equipment. In the event of default, the borrower may accelerate the payment of principal and interest accrued on the note; take possession of collaterized property; or file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement.

80,978

Note Payable to Armstrong Bank, dated November 22, 2021, original amount of \$709,160 with an annual interest rate of 2.00% due in monthly installments of \$12,438, final installment due November 2026. This note is collateralized by the purchased equipment. In the event of default, the borrower may accelerate the payment of principal and interest accrued on the note; take possession of collaterized property; or file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement.

351,722

Note Payable to Armstrong Bank, dated September 24, 2021, original amount of \$423,500 with an annual interest rate of 1.99% due in monthly installments of \$7,426, final installment due September 2026. This note is collateralized by the purchased equipment. In the event of default, the borrower may accelerate the payment of principal and interest accrued on the note; take possession of collaterized property; or file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement.

195,863

2016 Sales Tax and Revenue Note payable to BancFirst dated October 12, 2016, original amount of \$2,600,000, secured by pledged sales tax, with an annual interest rate of 2.15% due in semi-annual installments of principal and interest beginning December 2016, final installment due June 2026. In the event of default, the lender may accelerate the payment of the principal and interest accrued on the note; or file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement.

1,115,000

CITY OF OKMULGEE, OKLAHOMA ANNUAL FINANCIAL REPORT

As of and for the Year Ended June 30, 2024

2018A Series SRF Promissory Note to Oklahoma Water Resources Board, original issue amount of \$6,555,000, secured by utility revenues, payable in semi-annual installments beginning March 2019, with an annual interest rate ranging from 3.2% to 5.2%, final installment due September 2029. In the event of default, the lender may: 1) file suit to require any or all of the borrower covenants to be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint temporary trustees to take over, operate and maintain the system on a profitable basis; or 4) file suit to enforce or enjoin action or inaction of the borrower under the provisions of the loan agreement.

6,535,000

2018B Utility System and Sales Tax Revenue Note payable to BancFirst dated September 5, 2018, original amount of \$16,335,000, secured by pledged revenues, with an annual interest rate of 3.48% due in semi-annual installments of principal and interest beginning June 2018, final installment due December 2024. In the event of default, the lender may accelerate the payment of the prinicipal and interest accrued on the note; or file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement.

1,410,000

2019 Utility System and Sales Tax Revenue Note payable to BancFirst dated November 26, 2019, original amount of \$12,270,000, secured by pledged revenues, with an annual interest rate of 2.5% due in semi-annual installments of principal and interest beginning June 2020, final installment due December 2031. In the event of default, the lender may accelerate the payment of the principal and interest accrued on the note; file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement; or appoint a temporary trustee to take over, operate and maintain the system on a profitable basis.

8,100,000

Total Notes Payable	\$ 20,565,019
Current portion	\$ 3,759,906
Noncurrent portion	16,805,113
Total Notes Payable	\$ 20,565,019

Accrued Compensated Absences:

Current portion	\$ 16,187
Noncurrent portion	 145,682
Total Accrued Compensated Absences	\$ 161,869

Deposits Subject to Refund:

Current portion	\$ 89,017
Noncurrent portion	356,069
Total Deposits Subject to Refund	\$ 445,086

Long-term debt service requirements to maturity:

	Governmental Activities							
Year Ending June 30,								
	Notes Payable (direct borrowings)						
	<u>Principal</u>	<u>Interest</u>						
2025	33,651	2,374						
2026	37,659	1,641						
2027	38,670	630						
2028	2,715	6						
Totals	\$ 112,695	\$ 4,651						
								
	Business Ty	pe Activities						
Year Ending June 30,								
Tear Ending June 30,	Notes Payable (direct l	porrowings/placements)						
	Principal Principal	Interest						
2025	3,759,906	600,826						
2026	2,995,036	500,626						
2027	2,769,320	396,690						
2028	2,777,552	297,793						
2029	2,823,996	239,849						
2030-2034	5,439,209	188,431						
Totals	\$ 20,565,019	\$ 2,224,215						

Landfill Closure Liability:

State and federal laws and regulations require the City to place a final cover on its construction and demolition landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for eight years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these costs as an operating expense of the Municipal Authority in each fiscal year. The current period expense amount is based upon the amount of landfill capacity used as of each fiscal year end.

The \$1,674,751 reported as accrued landfill closure cost liability at June 30, 2024, represents the cumulative amount of such costs reported to date based on the use of 100% of the estimated capacity of the prior cells of the landfill and 80.26% of the estimated capacity of the new cells of the landfill. The City operates under OMA to run the landfill. The City has built a new cell at the landfill in prior years as the landfill was previously at capacity.

The Department of Environmental Quality has issued a Consent Order on the landfill and has required the City to set aside money in a trust to cover financial assurance. The City has set aside \$1,985,441, including interest, in trust, as of June 30, 2024, which makes up more than the total \$1,674,751 closure and post closure liability.

Current portion	\$ 167,475
Noncurrent portion	 1,507,276
Total Landfill Closure Liability	\$ 1,674,751
Total Landfill Closure Liability	\$ 1,

Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge - The City has pledged two cents (or 1/2) of future sales tax revenues and net utility revenues to repay the \$2,600,000 Series 2016 Sales Tax and Revenue Note, the \$16,335,000 of the 2018B Utility System and Sales Tax Revenue Note, the \$650,000 of the OWRB 2010E Series CWSRF promissory note, the \$5,100,000 2010A Series CWSRF, the \$6,555,000 of the 2018A Series OWRB FAP Note Payables, and the \$12,270,000 of the 2019 Utility System and Sales Tax Revenue Note. The notes are payable from pledged sales tax revenues and net utility revenues. The bonds and notes are payable through 2026, 2024, 2031, 2032, 2029, and 2031, respectively. The total principal and interest payable for the remainder of the life of these bonds and notes are \$21,883,665. Pledged sales taxes received in the current year were \$4,110,064 and net utility revenues were \$7,073,464. Debt service payments of \$5,270,809 for the current fiscal year were 47.1% of pledged sales taxes and net utility revenues of \$11,183,528.

7. Net Position and Fund Balances

Net Position:

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

- a. Net investment in capital assets Consists of capital assets, net of accumulated depreciation, 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, net of unexpended debt proceeds.
- 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 is available. *Fund Balances*:

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 placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws 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, while the Okmulgee Community Trust Authority highest level of decision-making authority is made by resolution.
- 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. 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 the 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.

8. Sales Tax Revenue

Sales tax revenue represents a four-cent tax on each dollar of taxable sales. One cent (or 25%) is voter-restricted to secure debt payments on capital debt and is recorded in the Dedicated Sales Tax Fund. The other three cents (or 75%) are recorded in the General Fund. Two cents are pledged to cover debt service coverage requirements on the 2008, 2013, 2016, 2018B, and 2019 Series Sales Tax and Utility System Revenue Notes, as well as the 2010 and 2018 Oklahoma Water Resources Board Notes.

9. Internal and Interfund Balances and Transfers

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 and then offset in the total column in the government-wide statements. Interfund transfers and balances between funds are not eliminated in the fund financial statements.

Transfers:

Internal transfers between funds and activities for the year ended June 30, 2024 were as follows:

	Tran	nsfer To	Amount		Purpose of Transfer	
OMA	General Fund		\$	800,000	Operating	
OMA	Governmental a	activities-GW		169,944	Capital assets	trans ferred
General Fund	OMA			193,493	Transfer for de	bt service
General Fund	OEDA			54,000	Operating	
Dedicated Sales Tax Fund	OMA			2,053,199	Transfer for de	bt service
Total			\$	3,270,636		
Reconciliation to Fund Financial		s fers In	Tr	ansfers Out	N	et Transfers
Governmental Funds	\$	800,000	\$	(2,300,692)	\$	(1,500,692)
	*	2,300,692	*	(969,944)	*	
Proprietary Funds						1,330,748
Proprietary Funds	\$	3,100,692	\$	(3,270,636)	\$	1,330,748 (169,944)
Reconciliation to Statement of A Governmental Funds Transfers Capital assets transferred from to Street activity moved from busing	business-type activities	3,100,692 to governmental activit	\$ ies		\$	

Balances:

Interfund receivable and payables at June 30, 2024 were comprised of the following:

Due From	1	Due To	 Amount	Natur	re of Balance
OMA	Genera	al Fund	81,711	Payroll ex	penses
General Fund	OMA		333,324	Operating	subsidy to be reimbursed
Total			\$ 415,035		
Reconciliation to Fund F		Statements:	Due To	Net Int	ernal Balances
Governmental Funds	\$	81,711	\$ (333,324)	\$	(251,613)
Proprietary Funds		333,324	(81,711)		251,613
Total	\$	415,035	\$ (415,035)	\$	-

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 Covered through participation in the Oklahoma Municipal Assurance Group risk entity pool.
- Workers' Compensation Workers' compensation is covered through participation in the Oklahoma Municipal Assurance Group risk entity pool.
- Employee's Group Medical Self-insured up to \$70,000 per employee. Additional coverage for claims exceeding \$70,000 per employee.

The City's general liability, physical property and workers compensation risks are transferred to the risk entity pool except for claim deductible amounts. The risk pool maintains deposits for claims reserves and other purposes for the benefit of the City. The portion of the reserves to which the City has access is reported as Deposits with Insurance Pool.

Management believes such insurance coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

Claims Liability Analysis:

The claims liabilities related to the risks of loss that are retained are determined in accordance with the requirements of Statement of Financial Accounting Standards 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. Such accrued losses include an estimated liability for incurred but not reported claims based on past historical experience.

For the risk management health activity reported in the General Fund, changes in the estimated claims liability for the City from July 1, 2021, to June 30, 2024, are as follows:

Claims Liability, June 30, 2021 Claims incurred and changes in estimates Claims paid	\$ 70,182 1,666,415 (1,676,516)
Claims Liability, June 30, 2022 Claims incurred and changes in estimates Claims paid	\$ 60,081 1,485,312 (1,494,037)
Claims Liability, June 30, 2023 Claims incurred and changes in estimates Claims paid	\$ 51,356 1,566,880 (1,549,827)
Claims Liability, June 30, 2024	\$ 68,409

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.

Asset Retirement Obligation

The City has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonably estimated as of June 30, 2024, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs, if any, and obtaining an estimate of those costs in a subsequent fiscal year.

12. Pension Plan Participation

The City of Okmulgee 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. Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust (OkMRF) an agent multiple-employer defined benefit plan
- 4. Oklahoma Municipal Retirement System Defined Contribution Plan (OkMRF) an agent multiple-employer defined contribution plan

A summary of all the amounts recorded in the City's financial statements for the plans is as follows:

	Governmental		Bus	Business-type		
		Activities	A	ctivities	P	lan Totals
Net Pension Asset:						
OkMRF	\$	230,239	\$	259,899	\$	490,138
Police		77,910		-		77,910
Total	\$	308,149	\$	259,899	\$	568,048
Net Pension Liability:						
Firefighters	\$	3,702,657	\$	-	\$	3,702,657
Total	\$	3,702,657	\$	-	\$	3,702,657
Deferred Outflows of Resource	es:					
OkMRF	\$	680,668	\$	792,898	\$	1,473,566
Police		750,224		-		750,224
Firefighters		877,035		-		877,035
Total	\$	2,307,927	\$	792,898	\$	3,100,825
Deferred Inflows of Resources	s:					
OkMRF	\$	262,640	\$	277,279	\$	539,919
Police		168,750		-		168,750
Firefighters		512,233		-		512,233
Total	\$	943,623	\$	277,279	\$	1,220,902
Pension Expense (Benefit):						
OkMRF	\$	13,972	\$	23,386	\$	37,358
Police		213,872		-		213,872
Firefighters		462,845		-		462,845
Total	\$	690,689	\$	23,386	\$	714,075

<u>Summary of Significant Accounting Policies</u>- For purposes of measuring the net pension asset, net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (benefit), information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (OFPRS), Oklahoma Police Pension & Retirement System (OPPRS) and Oklahoma Municipal Retirement Fund (OkMRF) and additions to/deductions from OFPRS, OPPRS and OkMRF's fiduciary net position have been determined on the same basis as they are reported by OFPRS, OPPRS and OkMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by these funds are reported at fair value.

Firefighters' Plan:

<u>Plan description</u>- The City of Okmulgee, 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.

<u>Benefits provided</u> - 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.

<u>Contributions</u> - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$162,268. The State of Oklahoma also made onbehalf contributions to OFPRS in the amount of \$403,411 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 onbehalf contributions on an accrual basis of \$327,984. 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, 2024, the City reported a liability of \$3,702,657 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2023. Based upon this information, the City's proportion was 0.286972%.

For the year ended June 30, 2024, the City recognized pension expense of \$462,845. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Differences between expected and actual experience \$ 440,349 \$ 4,701 Changes of assumptions - 5,937 Net difference between projected and actual earnings on pension plan investments 244,261 - Changes in proportion 27,465 501,574			Deferred Outflows		Deferred Inflows	
experience \$ 440,349 \$ 4,701 Changes of assumptions - 5,937 Net difference between projected and actual earnings on pension plan investments 244,261 - Changes in proportion 27,465 501,574		of I	Resources	of Resources		
Net difference between projected and actual earnings on pension plan investments 244,261 - Changes in proportion 27,465 501,574	*	\$	440,349	\$	4,701	
actual earnings on pension plan investments 244,261 - Changes in proportion 27,465 501,574	Changes of assumptions		-		5,937	
Changes in proportion 27,465 501,574	* 5					
, , , , , , , , , , , , , , , , ,	investments		244,261		-	
City contributions during measurement	Changes in proportion		27,465		501,574	
enj vennicanone avime massarement	City contributions during measurement					
date 2,692 21	date		2,692		21	
City contributions subsequent to the	City contributions subsequent to the					
measurement date 162,268 -	measurement date		162,268		-	
Total \$ 877,035 \$ 512,233	Total	\$	877,035	\$	512,233	

The \$162,268 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ 53,976
2026	(72,934)
2027	284,128
2028	(62,636)
	\$ 202,534

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

Inflation: 2.75%

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

Mortality rates were based on the Pub-2010 Public Safety Table, with adjustments for generational mortality improvement using scale MP-2018 for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2023, 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, 2023, are summarized in the following table:

	Target	Long-Term Expected
Asset Class	Allocation	Real Rate of Return
Fixed income	20%	5.80%
Domestic equity	42%	9.49%
International equity	20%	11.55%
Real estate	10%	8.48%
Other assets	8%	6.47%

<u>Discount Rate</u>- 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 of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

<u>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</u>- 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%	6 Decrease	Curr	ent Discount	19	6 Increase
		6.5%	F	Rate 7.5%		8.5%
Employers' net pension liability	\$	4,824,722	\$	3,702,657	\$	2,764,314

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 OFPRS; which can be located at www.ok.gov/FPRS.

Police Plan:

<u>Plan description</u>- Pursuant to the requirements of Title 11, section 22-102, the City of Okmulgee 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.

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.

<u>Contributions</u> - 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% 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 \$121,113. The State of Oklahoma also made onbehalf contributions to OPPRS in the amount of \$127,285 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 onbehalf contributions on an accrual basis of \$113,410. 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. 63rd Street, Oklahoma City, OK, 73116-7335.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions- At June 30, 2024, the City reported a net pension asset of \$77,910 for its proportionate share of the total net pension asset. The net pension asset was measured as of June 30, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2023. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2023. Based upon this information, the City's proportion was 0.255107%.

For the year ended June 30, 2024, the City recognized pension expense of \$213,872. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Outflows of Resources Differences between expected and actual experience Solution of Resources Resources Page 12,015 Changes of assumptions Changes of assumptions Net difference between projected and actual earnings on pension plan investments Changes in proportion Changes in proportion City contributions during measurement date City contributions subsequent to the measurement date Total Total Contributions Difflows of Resources Resources 145,427 145,427 145,427 145,427 145,427 152,227 153,227 168,750		Γ	Deferred		Deferred	
Differences between expected and actual experience \$ 213,278 \$ 12,015 Changes of assumptions - 145,427 Net difference between projected and actual earnings on pension plan investments 386,011 - Changes in proportion 28,270 10,283 City contributions during measurement date 1,552 1,025 City contributions subsequent to the measurement date 121,113 -		Ου	Outflows of		flows of	
changes of assumptions Changes of assumptions Net difference between projected and actual earnings on pension plan investments Changes in proportion 28,270 10,283 City contributions during measurement date 1,552 1,025 City contributions subsequent to the measurement date 121,113 -		Re	esources	Resources		
Changes of assumptions Changes of assumptions Net difference between projected and actual earnings on pension plan investments 386,011 Changes in proportion 28,270 10,283 City contributions during measurement date 1,552 1,025 City contributions subsequent to the measurement date 121,113 -	Differences between expected and actual					
Net difference between projected and actual earnings on pension plan investments 386,011 - Changes in proportion 28,270 10,283 City contributions during measurement date 1,552 1,025 City contributions subsequent to the measurement date 121,113 -	experience	\$	213,278	\$	12,015	
Net difference between projected and actual earnings on pension plan investments 386,011 - Changes in proportion 28,270 10,283 City contributions during measurement date 1,552 1,025 City contributions subsequent to the measurement date 121,113 -						
actual earnings on pension plan investments 386,011 - Changes in proportion 28,270 10,283 City contributions during measurement date 1,552 1,025 City contributions subsequent to the measurement date 121,113 -	Changes of assumptions		-		145,427	
investments 386,011 - Changes in proportion 28,270 10,283 City contributions during measurement date 1,552 1,025 City contributions subsequent to the measurement date 121,113 -	Net difference between projected and					
Changes in proportion 28,270 10,283 City contributions during measurement date 1,552 1,025 City contributions subsequent to the measurement date 121,113 -	actual earnings on pension plan					
City contributions during measurement date 1,552 1,025 City contributions subsequent to the measurement date 121,113 -	investments		386,011		-	
date 1,552 1,025 City contributions subsequent to the measurement date 121,113 -	Changes in proportion		28,270		10,283	
City contributions subsequent to the measurement date 121,113 -	City contributions during measurement					
measurement date 121,113 -	date		1,552		1,025	
121,113	City contributions subsequent to the					
Total \$ 750.224 \$ 168.750	measurement date		121,113			
\$ 750,224 \$ 100,750	Total	\$	750,224	\$	168,750	

The \$121,113 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 the net pension liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ 77,945
2026	5,485
2027	303,724
2028	71,697
2029	1,510
	\$ 460,361

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

Inflation: 2.75%

Salary increases: 3.5% to 12% 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, 2023, 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, 2023, are summarized in the following table:

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

<u>Discount Rate</u>- 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.

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As of and for the Year Ended June 30, 2024

<u>Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate</u>- 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:

	1%	Decrease	Curre	nt Discount	1%	6 Increase
		6.5%	R	ate 7.5%		8.5%
Employers' net pension liability (asset)	\$	735,597	\$	(77,910)	\$	(766,694)

<u>Pension plan fiduciary net position</u>- 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.

Employee Plans:

OkMRF Defined Benefit Plan:

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

Eligibility Factors and Benefit Provisions

illy I uciois una benefa i iovisions	
Provision a. Eligible to participate	As of 07/01/23 OkMRF Plan Full-time employees except police, firefighters and other employees who are covered under an approved system.
b. Period Required to Vest	10 years of credited service
c. Eligibility for Distribution	-Normal retirement age shall be the earlier of (i) and (ii) as follows: (i) age 65 (ii) the later of age 62 and the age at which the Participant has completed 25 years of service -Early retirement at age 55 with 10 years of service -Disability retirement upon disability with 10 years of service -Death benefit with 10 years of service for married employees
d. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last

10 calendar years of service

CITY OF OKMULGEE, OKLAHOMA ANNUAL FINANCIAL REPORT

As of and for the Year Ended June 30, 2024

e. Benefit Determination Methods:

Normal Retirement -2.625% of final average salary multiplied by

credited years of service

Early Retirement -Actuarially reduced benefit based upon age, final

average salary, and years of service at termination

Disability Retirement -Same as normal retirement

Death Benefit -50% of employees accrued benefit, but

terminates upon spouse re-marriage

Prior to 10 Years of Service -No benefits

f. Benefit Authorization -Benefits are established and amended by City

Council adoption of an ordinance in accordance

with O.S. Title, 11, Section 48-101-102

g. Form of Benefit Payments

Normal form is a 60 months certain and life

thereafter basis. Employee may elect, with City consent, option form based on actuarial

equivalent.

Employees Covered by Benefit Terms

Active Employees	82
Deferred Vested Former Employees	11
Retirees or Retiree Beneficiaries	43
Total	<u>136</u>

<u>Contribution Requirements</u>- The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 7.16% of covered payroll as of 7-1-23. For the year ended June 30, 2024, the City recognized \$353,856 of employer contributions to the plan which exceeds the actuarially determined amount based on covered payroll of \$3,216,879. Employees cannot contribute to the plan in accordance with the plan provisions adopted by the City Council.

Actuarial Assumptions

Date of Last Actuarial Valuation

a. Actuarial cost method

July 1, 2023

Entry age normal

b. Rate of Return on Investments and Discount Rate 7.5%

c. Projected Salary Increase Varies between 7.50% and 4.50% based

on age

d. Post Retirement Cost-of-Living Increase

Benefits (attributable to service prior to 1/1/2010) in payment status are adjusted each July 1st based on the percentage change in the CPI. The maximum increase or decrease in any year is 3%.

e. Inflation Rate 3%

f. Mortality Table UP 1994, with projected mortality improvement

g. Percent of married employees 100%

h. Spouse age difference 3 years (female spouses younger)

i. Turnover Select and ultimate rates
Ultimate rates are age-related as shown

Additional rates per thousand are added during the first 5 years:

Year 1: 225 Year 2: 140 Year 3: 100 Year 4: 70 Year 5: 40

<u>Discount Rate</u> – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.5% since the plan's net fiduciary position is projected to be sufficient to make projected benefit payments.

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

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

S&P 500 Small/mid cap stocks 10% 5.00% 0.50% Russell 2500 International emerging mrkts equity 5% 6.40% 0.32% MSCI EM net div International stocks 20% 6.20% 1.24% MSCI EAFE Fixed income bonds 20% 2.55% 0.51% Barclay's Capital Aggregate 15% 4.95% 0.74% NCREIF Private Equity 5% 6.05% 0.30% MSCI ACWI net div		Target Allocation	Real Return	Weighted Return
Russell 2500 International emerging mrkts equity 5% 6.40% 0.32% MSCI EM net div	• .	25%	4.55%	1.14%
MSCI EM net div International stocks	•	10%	5.00%	0.50%
MSCI EAFE Fixed income bonds 20% 2.55% 0.51% Barclay's Capital Aggregate 15% 4.95% 0.74% NCREIF 5% 6.05% 0.30% Private Equity 5% 6.05% 0.30% MSCI ACWI net div 0% 0.00% 0.00% Cash equivalents 0% 0.00% 0.00% 3 month Treasury 0 0.00% 0.00%		5%	6.40%	0.32%
Real estate		20%	6.20%	1.24%
NCREIF Private Equity 5% 6.05% 0.30% MSCI ACWI net div Cash equivalents 0% 0.00% 0.00% 3 month Treasury		20%	2.55%	0.51%
MSCI ACWI net div Cash equivalents 0% 0.00% 0.00% 3 month Treasury		15%	4.95%	0.74%
3 month Treasury	• •	5%	6.05%	0.30%
TOTAL 100%		0%	0.00%	0.00%
	TOTAL	100%		
•	•			4.75%
				7.50%

<u>Changes in Net Pension Liability/(Asset)</u>— The total pension liability was determined based on an actuarial valuation performed as of July 1, 2023 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2023 and the City's report ending date of June 30, 2024, that would have had a significant impact on the net pension liability/(asset). The following table reports the components of changes in net pension liability/(asset):

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)

		Increase (Decrease)											
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability(Asset) (a) - (b)										
Balances Beginning of Year	\$ 19,082,360	\$ 19,029,013	\$ 53,347										
Changes for the Year:													
Service cost	289,673	-	289,673										
Interest expense	1,400,035	-	1,400,035										
Changes of assumptions	(223,136)		(223,136)										
Contributions City	-	336,550	(336,550)										
Net investment income	-	1,715,456	(1,715,456)										
Benefits paid	(845,750)	(845,750)	-										
Plan administrative expenses	-	(41,949)	41,949										
Net Changes	620,822	1,164,307	(543,485)										
Balances End of Year	\$ 19,703,182	\$ 20,193,320	\$ (490,138)										

<u>Sensitivity of the net pension liability (asset) to changes in the discount rate</u>. The following presents the net pension liability of the City, calculated using the discount rate of 7.5 percent, as well as what the City'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:

	1%	Current	1%
	Decrease	Discount	Increase
	6.50%	Rate 7.50%	8.50%
Net Pension Liability (Asset)	\$ 2,128,311	\$ (490,138)	\$ (2,651,850)

The City reported \$37,358 in pension expense for the year ended June 30, 2024. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Defer	red Outflows	Defe	red Inflows
	of	Resources	ofF	Resources
Differences between expected and actual experience	\$	1,859	\$	214,249
Changes of assumptions Net difference between projected and actual		-		294,371
earnings on pension plan investments		1,077,757		-
Changes in proportion		40,094		31,299
City contributions subsequent to the measurement date		353,856		
Total	\$	1,473,566	\$	539,919

The \$353,856 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 the net pension liability (asset) in the year ended June 30, 2025.

<u>Amortization of Pension Deferrals</u> - Amounts reported as deferred outflows of resources (excluding deferred outflows of resources related to contributions made subsequent to the measurement date) and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ 9,783
2026	(89,254)
2027	728,100
2028	(68,839)
	\$ 579,790

OKMRF Defined Contribution Plan:

The City has also provided a defined contribution plan and trust known as the City of Okmulgee Plan and Trust (the "Plan") in the form of the Oklahoma Municipal Retirement System Master Defined Contribution Plan. OKMRF operations are supervised by a nine-member Council of Trustees elected by the participating municipalities. The Plan is administered by JP Morgan Chase Bank. The defined contribution plan is available to all full-time employees who are not already participating in another plan. According to City Ordinance, the employee must contribute to the Plan 5% of their gross wages. The City, as employer, contributes, per ordinance, a variable amount based on budget. This fiscal year the employer contributed 0% of pay to this plan. If an employee terminates before becoming fully vested, the employer's contributions that are forfeited are allocated to the remaining employees. The authority to establish and amend the provisions of the plan rests with the City Council. For the year ended June 30, 2024, the City contributed \$0 to the plan, while the employee contributions totaled \$163,185.

Summary of Contributions – Defined Contribution Plan:

For the year ended June 30, 2024, the following amounts related to the defined contribution plan:

	 2024	 2023	 2022
Employee contributions made	\$ 163,185	\$ 165,711	\$ 167,280
Employer (City) contributions made	\$ -	\$ 11,442	\$ 10,600

OKMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 525 Central Park Dr., Suite 320, Oklahoma City, Oklahoma, 73105.

13. 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.



REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules (Budgetary Basis)— Year Ended June 30, 2024

GENERAL FUND

		GENER	AL FUND	
		l Amounts	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
Beginning Budgetary Fund Balance	Original \$ 66,862	<u>Final</u> \$ -	\$ 10,429,068	\$ 10,429,068
Resources (Inflows):				
TAXES:				
Sales tax	7,550,000	7,550,000	6,165,097	(1,384,903)
Use tax	750,000	750,000	811,790	61,790
Franchise tax	460,000	460,000	427,239	(32,761)
Hotel/Motel tax	120,000	120,000	95,004	(24,996)
Total Taxes	8,880,000	8,880,000	7,499,130	(1,380,870)
INTERGOVERNMENTAL:				
Alcoholic beverage tax	120,000	120,000	117,155	(2,845)
Gas excise tax	22,000	22,000	20,145	(1,855)
Commercial vehicle tax	80,000	80,000	83,771	3,771
Cigarette/tobacco tax	65,000	65,000	50,880	(14,120)
Grants	295,488	351,430	291,706	(59,724)
Total Intergovernmental	582,488	638,430	563,657	(74,773)
LICENSES AND PERMITS:	69,200	69,200	85,492	16,292
FINES AND FORFEITURES:	138,500	138,500	79,172	(59,328)
CHARGES FOR SERVICES:				
Lake fees	11,000	11,000	17,750	6,750
Weed abatements	85,000	85,000	89,390	4,390
Nutrition center rent	1,800	1,800	1,500	(300)
Insufficient check charge fees	2,500	2,500	2,225	(275)
Police department service fees	2,500	2,500	1,255	(1,245)
Fire subscriptions	6,000	6,000	5,910	(90)
Fire county special sales tax	80,000	80,000	80,703	703
Shelter fees	4,000	4,000	3,070	(930)
Library fees	9,000	9,000	9,875	875
Total Charges for Services	201,800	201,800	211,678	9,878
INVESTMENT INCOME:	30,000	300,000	477,673	177,673
MISCELLANEOUS:				
Stop loss refunds	2,000	2,000	91,667	89,667
Miscellaneous	290,850	295,850	366,045	70,195
Total Miscellaneous	292,850	297,850	457,712	159,862
OTHER FINANCING SOURCES:				
Transfers in	1,000,000	1,000,000	800,000	(200,000)
Total Other Financing Sources	1,000,000	1,000,000	800,000	(200,000)
Total Resources (Inflows)	11,194,838	11,525,780	10,174,514	(1,351,266)
Amounts available for appropriation	11,261,700	11,525,780	20,603,582	9,077,802
Charges to Appropriations (Outflows):				
General Government:	202 525	202 725	254.564	20.171
City Administration General Government	393,735 581,575	393,735	354,564 454,673	39,171 126,902
Finance	273,223	581,575 273,223	253,856	19,367
Central Repair	270,960	270,960	203,553	67,407
Property Maintenance	544,710	544,710	434,419	110,291
Technology Services	176,690	176,690	153,841	22,849
Public Safety and Judiciary:				
Police	2,702,293	2,704,793	2,313,098	391,695
Fire	2,222,732	2,245,232	2,035,052	210,180
Legal and Municipal Court	140,755	140,755	119,019	21,736
Culture and Recreation:			*** 05=	** ***
Library	531,702	571,702	519,077	52,625
Lake Department Community:	394,234	394,234	286,160	108,074
Community: Community Development	645,091	645,091	541,192	103,899
Transfers to Other Funds	2,384,000	2,394,000	247,493	2,146,507
Total Charges to Appropriations	11,261,700	11,336,700	7,915,997	3,420,703
Fund balances - ending	\$ -	\$ 189,080	\$ 12,687,585	\$ 12,498,505

Footnotes to Budgetary Comparison Schedules:

- 1. The budgetary comparison schedules are reported using the modified accrual basis of accounting, with the exception of on-behalf payments.
- 2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within departments require the approval of the City Manager. All other transfers require the approval of the City Council. All supplemental appropriations require the approval of the City Council and are to be filed with the Office of the State Auditor and Inspector.
- 3. The General Fund budgetary comparison differs from the modified cash basis Statement of Revenues, Expenditures and Changes in Fund Balance as follows:

	R	evenues,						
	Expe	nditures and	C	n-Behalf	Per Budgetary			
	Char	nges in Fund	P	ayments	Comparison			
		Balance	Ma	de by State	Schedule			
General Fund:						_		
Total Revenues	\$	9,905,210	\$	(530,696)	\$	9,374,514		
Transfers In		800,000				800,000		
Total Revenues and Other Financing Sources		10,705,210		(530,696)		10,174,514		
Total Expenditures		8,199,200		(530,696)		7,668,504		
Transfers Out		247,493		-		247,493		
Total Expenditures and Other Financing Uses		8,446,693		(530,696)		7,915,997		
Net Change in Fund Balance	\$	2,258,517	\$	-	\$	2,258,517		

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City's proportion of the net pension liability	0.366018%	0.3666721%	0.3630563%	0.3613360%	0.3724810%	0.3536580%	0.347440%	0.355254%	0.333875%	0.286972%
City's proportionate share of the net pension liability	\$ 3,763,940	\$ 3,891,883	\$ 4,435,522	\$ 4,544,605	\$ 4,192,827	\$ 3,736,988	\$4,280,165	\$2,339,582	\$ 4,366,195	\$ 3,702,657
City's covered-employee payroll	\$ 994,004	\$ 1,001,836	\$ 1,015,550	\$ 1,027,050	\$ 1,067,786	\$ 1,093,657	\$1,115,259	\$1,154,066	\$ 1,105,116	\$ 1,109,692
City's proportionate share of the net pension liability as a percentage of its covered- employee payroll	379%	388%	437%	442%	393%	342%	384%	203%	395%	334%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%	69.49%	70.85%

^{*}The amounts present for each fiscal year were determined as of 6/30

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorially required contribution	\$ 140,257	\$ 142,177	\$ 143,787	\$ 149,490	\$ 153,111	\$ 156,136	\$ 161,569	\$ 154,716	\$ 155,357	\$ 162,268
Contributions in relation to the statutorially required contribution	\$ 140,257	\$ 142,177	\$ 143,787	\$ 149,490	\$ 153,111	\$ 156,136	\$ 161,569	\$ 154,716	\$ 155,357	\$ 162,268
Contribution deficiency (excess)	\$ -	s -	\$ -	\$ -	s -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,001,836	\$ 1,015,550	\$ 1,027,050	\$ 1,067,786	\$ 1,093,657	\$ 1,115,259	\$1,154,066	\$1,105,116	\$1,109,692	\$1,159,057
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

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

	2015	2016	2016 2017		2019	2020	2021	2022	2023	2024
City's proportion of the net pension liability (asset)	0.2912%	0.3136%	0.3048%	0.3218%	0.32896%	0.31568%	0.29621%	0.25720%	0.26988%	0.25511%
City's proportionate share of the net pension liability (asset)	\$ (98,054)	\$ 12,787	\$ 466,774	\$ 24,752	\$ (156,702)	\$ (20,153)	\$ 340,177	\$(1,233,806)	\$ (216,420)	\$ (77,910)
City's covered-employee payroll	\$ 843,031	\$ 886,415	\$ 898,838	\$ 966,846	\$ 1,011,838	\$ 1,026,562	\$ 992,018	\$ 890,745	\$ 966,681	\$ 959,787
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.63%	1.44%	51.93%	2.56%	15.49%	1.96%	34.29%	138.51%	22.39%	8.12%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%	102.74%	101.02%

^{*}The amounts present for each fiscal year were determined as of 6/30

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorially required contribution	\$ 115,234	\$ 116,849	\$ 125,690	\$ 131,539	\$ 133,453	\$ 128,962	\$ 115,703	\$ 125,669	\$ 124,772	\$ 121,113
Contributions in relation to the statutorially required contribution	\$ 115,234	\$ 116,849	\$ 125,690	\$ 131,539	\$ 133,453	\$ 128,962	\$ 115,703	\$ 125,669	\$ 124,772	\$ 121,113
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 886,415	\$ 898,838	\$ 966,846	\$ 1,011,838	\$ 1,026,562	\$ 992,018	\$ 890,745	\$ 966,681	\$ 959,787	\$ 931,638
Contributions as a percentage of covered-employee payroll	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%

Required Supplementary Information Oklahoma Municipal Retirement Fund

Schedule of Changes in Net Pension Liability (Asset) and Related Ratio	os																	Last	t Ten l	iscal Years
		2015		2016		2017		2018		2019	:	2020		2021		2022		2023		2024
Total pension liability					_		_		_						_		_		_	
Service cost	S	247,470	\$	271,726	\$	255,184	\$	260,852	\$	237,433	\$	264,892	S	284,771	\$	283,211	\$	293,628	\$	289,673
Interest		937,098		973,139		1,003,246		1,038,654		1,062,064	1	1,151,623		1,258,512		1,309,183		1,377,977		1,400,035
Benefit changes due to plan amendments		-		-		-		-		269,784		-		-		-		-		-
Differences between expected and actual experience		-		(337,126)		(250,406)		(100,425)		238,296		113,186		(210,214)		6,708		(51,509)		(223,136)
Changes of assumptions		-		-		-		138,917		-		532,865		-		-		(557,202)		-
Benefit payments, including refunds of member contributions		(447,884)		(497,153)		(542,224)		(560,376)		(598,257)		(629,209)		(645,852)	_	(669,509)	_	(694,593)		(845,750)
Net change in total pension liability		736,684		410,586		465,800		777,622		1,209,320	1	1,433,357		687,217		929,593		368,301		620,822
Total pension liability - beginning		12,063,880		12,800,565		13,211,151		13,676,950		14,454,572	15	5,663,892		17,097,249		17,784,466		18,714,059		19,082,360
Total pension liability - ending (a)	S	12,800,564	\$	13,211,151	\$	13,676,951	\$	14,454,572	\$	15,663,892	\$ 17	7,097,249	\$	17,784,466	\$	18,714,059	\$	19,082,360	\$	19,703,182
Plan fiduciary net position																				
Contributions - employer	S	315,468	\$	307,020	\$	302,846	\$	314,744	\$	291,491	\$	257,057	S	291,189	S	328,366	\$	341,635	\$	336,550
Net investment income		2,036,434		398,468		124,993		1,757,695		1,163,344	1	1,127,882		708,790		4,853,234		(2,729,163)		1,715,456
Benefit payments, including refunds of member contributions		(447,884)		(497,153)		(542,224)		(560,376)		(598,257)		(629,209)		(645,852)		(669,509)		(694,593)		(845,750)
Administrative expense		(30,131)		(29,626)		(28,504)		(30,822)		(32,958)		(34,037)		(35,726)		(36,767)		(37,904)		(41,949)
Net change in plan fiduciary net position		1,873,887		178,709		(142,889)		1,481,241		823,620		721,693		318,401		4,475,324		(3,120,025)		1,164,307
Plan fiduciary net position - beginning		12,419,052		14,292,939		14,471,648		14,328,759		15,810,000	16	5,633,620		17,355,313		17,673,714		22,149,038		19,029,013
Plan fiduciary net position - ending (b)	S	14,292,939	\$	14,471,648	\$	14,328,759	\$	15,810,000	\$	16,633,620	\$ 17	7,355,313	S	17,673,714	\$	22,149,038	\$	19,029,013	S	20,193,320
Net pension liability (asset) - ending (a) - (b)	S	(1,492,375)	S	(1,260,497)	\$	(651,808)	\$	(1,355,428)	\$	(969,728)	\$	(258,064)	S	110,752	S	(3,434,979)	\$	53,347	\$	(490,138)
Plan fiduciary net position as a percentage of the total pension liability		111.66%		109.54%		104.77%		109.38%		106.19%		101.51%		99.38%		118.36%		99.72%		102.49%
Covered employee payroll	\$	2,604,509	s	2,679,058	\$	2,642,625	\$	2,796,579	\$	2,855,971	\$ 2	2,909,438	s	2,988,773	s	3,101,024	\$	3,173,324	\$	3,216,879
Net pension liability (asset) as a percentage of covered- employee payroll		57.30%		47.05%		24.67%		48.47%		33.95%		8.87%		-3.71%		110.77%		-1.68%		15.24%

Required Supplementary Information Oklahoma Municipal Retirement Fund

Schedule of Employer Contributions Last Ten Fiscal Year										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution	\$ 277,015	\$ 249,728	\$ 217,519	\$ 195,481	\$ 195,634	\$ 230,137	\$ 319,201	\$ 280,953	\$ 287,503	\$ 230,329
Contributions in relation to the actuarially determined contribution	307,020	302,846	314,747	279,848	257,040	289,869	327,766	340,834	349,066	353,856
Contribution deficiency (excess)	\$ (30,005	\$ (53,118)	\$ (97,228)	\$ (84,367)	\$ (61,406)	\$ (59,732)	\$ (8,565)	\$ (59,881)	\$ (61,563)	\$ (123,527)
Covered employee payroll	\$ 2,679,058	\$ 2,642,625	\$ 2,746,455	\$ 2,796,579	\$ 2,855,971	\$ 2,909,438	\$ 2,988,773	\$ 3,101,024	\$ 3,173,324	\$ 3,216,879
Contributions as a percentage of covered-employee payroll	11.46%	11.46%	11.46%	10.01%	9.00%	9.96%	10.97%	10.99%	11.00%	11.00%

Notes to Schedule:

- 1. Latest Valuation Date: July 1, 2023
- 2. Actuarially determined contributions are is calculated as of July 1, 2016, July 1, 2017, July 1, 2018, July 1, 2019, July 1, 2020, July 1, 2021, July 1, 2022, and July 1, 2023. FY15-16 contributions were at a rate of 9.45%
 FY16-17 contributions were at a rate of 6.69%
 FY17-18 contributions were at a rate of 6.69%
 FY18-19 contributions were at a rate of 6.85%
 FY19-20 contributions were at a rate of 10.68%
 FY2-21 contributions were at a rate of 10.68%
 FY21-22 contributions were at a rate of 9.06%
 FY22-24 contributions were at a rate of 7.16%

3. Methods and assumptions used to determine contribution rates:

ethods and assumptions used to determine contribution rate Actuarial cost method - Entry age normal Amortization method - Level percent of payroll, closed Remaining amortization period - 28 years Asset valuation method - Actuarial: Smoothing period - 4 years Recognition method - Non-asymptotic Corridor - 70% - 130% Salary increase - 4,00% to 7.42% (varies by attained age) Investment rate of return - 7.50%



INTERNAL CONTEOL AND COMPLIANCE INFORMATION

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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 of the City of Okmulgee, 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 discretely presented component unit, and each major fund of the City of Okmulgee, Oklahoma (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 12, 2025.

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 and therefore, 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*.

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.

Oklahoma City, Oklahoma

February 12, 2025