

**CITY OF SALLISAW, OKLAHOMA
SALLISAW, OKLAHOMA**

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

**FOR THE YEAR ENDED
JUNE 30, 2024**

City of Sallisaw, Oklahoma
Annual Financial Statements
June 30, 2024

Table of Contents

	<u>Pages</u>
List of Principal Officials	i
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-11
Basic Financial Statements	
Government - Wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Governmental Funds -	
Balance Sheet	14
Statement of Revenues, Expenditures, and Changes in Fund Balances	15
Reconciliation of Governmental Funds and Government-Wide Financial Statements	16
Proprietary Funds -	
Statement of Net Position	17
Statement of Revenues, Expenses, and Changes in Net Position	18
Statement of Cash Flows	19
Notes to Financial Statements	20-45
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	46
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios Oklahoma Municipal Retirement Fund (OkMRF)	47
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios Oklahoma Police Pension & Retirement System (OPPRS)	48
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios Oklahoma Firefighters Pension & Retirement System (OFPRS)	49
Supplementary Information	
Combining Financial Statements	
Nonmajor Governmental Funds	
Balance Sheet	50-52
Statement of Revenues, Expenditures, and Changes in Fund Balances	53-55
Sallisaw Municipal Authority Combining Statement	
Statement of Net Position	56
Statement of Revenues, Expenses, and Changes in Net Position	57
Internal Control and Compliance Information	
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 <i>Government Auditing Standards</i>	58-59
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	60-61
Schedule of Expenditures of Federal Awards	62
Schedule of Findings and Questioned Costs	63-64

City of Sallisaw, Oklahoma
Year Ended June 30, 2024
List of Principal Officials

Mayor
Ernie Martens

Commissioner Ward 1
Kenny Moody

Commissioner Ward 2
Josh Bailey

Commissioner Ward 3
Julian Mendiola

Commissioner Ward 4
Brad Hamilton

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Sallisaw, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sallisaw, Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Sallisaw, Oklahoma'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, each major fund, and the aggregate remaining fund information of the City of Sallisaw, Oklahoma, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Sallisaw, Oklahoma 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 of Sallisaw, Oklahoma'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Sallisaw, Oklahoma'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 of Sallisaw, Oklahoma'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

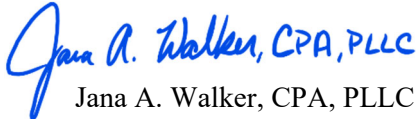
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and net pension liability schedules on pages 4–11, 46, and 47–49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sallisaw, Oklahoma's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2024, on our consideration of the City of Sallisaw, Oklahoma'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 of Sallisaw, Oklahoma'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 of Sallisaw, Oklahoma's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Jana A. Walker, CPA, PLLC". The signature is written in a cursive, flowing style.

Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
November 30, 2024

The following discussion and analysis of the City of Sallisaw, Oklahoma's (the "City") 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 basic financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$34,669,510 (net position), compared to \$29,690,891 in prior year, excluding prior period adjustment of \$99,343 for a capital project that was cancelled.
- The City has \$4,137,745 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- During the year, the government's total net position increased by \$1,001,507 while business-type activities net position increased by \$4,076,455.
- At the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$8,318,251, an increase of \$84,786 in comparison with the prior year. Approximately \$800 thousand is available for spending at the government's discretion (assigned and unassigned fund balance).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad view of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows and inflows, and liabilities, with the balance reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, and economic development. The business-type activities of the City include the Sallisaw Municipal Authority which includes the city's electric, water, wastewater, landfill, and sanitation utility operations, as well as telecommunication services.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City's, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows

of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty (20) individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital improvements fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for all major funds to demonstrate compliance with this budget.

Proprietary funds. There are two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Municipal Authority operation.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Sallisaw Municipal Authority. The Sallisaw Water Projects fund is part of the Sallisaw Municipal Authority but is used to account for the account balances (asset and debt) as well as the activities of its water system projects.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City does not have any internal service funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City does not report any fiduciary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's actual revenues and expenditures on a budgetary basis compared with the original and final budgets for the general fund, and a schedule of funding progress for the pension plan.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets plus deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$34,669,510 at the close of the most recent fiscal year.

One portion of the City's net position (\$48,112,116) reflects its investment in capital assets (e.g., land, buildings, improvements, vehicles, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The investment in capital assets increased significantly during the fiscal year due to the issuance of bonded debt for the purpose of constructing capital improvements.

City of Sallisaw Net Position Year Ended June 30,						
	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current assets	\$ 9,469,270	\$ 9,074,693	\$ 20,369,940	\$ 18,356,350	\$ 29,839,210	\$ 27,431,043
Capital and other noncurrent assets	10,318,055	9,870,066	38,356,667	37,808,129	48,674,722	47,678,195
Total assets	19,787,325	18,944,759	58,726,607	56,164,479	78,513,932	75,109,238
Deferred outflows	4,906,383	6,716,772	919,037	1,263,606	5,825,420	7,980,378
Current liabilities	1,336,021	884,968	4,431,127	4,581,341	5,767,148	5,466,309
Non-current liabilities	5,326,830	6,542,029	35,551,082	37,049,298	40,877,912	43,591,327
Total liabilities	6,662,851	7,426,997	39,982,209	41,630,639	46,645,060	49,057,636
Deferred inflows	2,621,270	3,826,454	403,512	514,635	3,024,782	4,341,089
Net position						
Net investment in capital assets	9,755,449	9,153,962	38,356,667	37,808,129	48,112,116	46,962,091
Restricted	4,347,035	4,192,299	(21,927,386)	(23,520,220)	(17,580,351)	(19,327,921)
Unrestricted	1,307,103	1,061,819	2,830,642	994,902	4,137,745	2,056,721
Total net position	\$ 15,409,587	\$ 14,408,080	\$ 19,259,923	\$ 15,282,811	\$ 34,669,510	\$ 29,690,891

The next portion of the City's net position (\$17,580,351) represents resources that are subject to external restrictions on how they may be used, for example, capital improvements and debt service. The remaining balance of unrestricted net position \$4,137,745 may be used to meet the government's ongoing obligations to citizens and creditors.

The City's total net position increased \$5 million during the fiscal year. When compared to prior year, revenues remained consistent with prior year, noting a 1% change or \$382 thousand dollars. Expenses moved in the same direction, reflecting a decrease of 3% or \$1.1 million dollars.

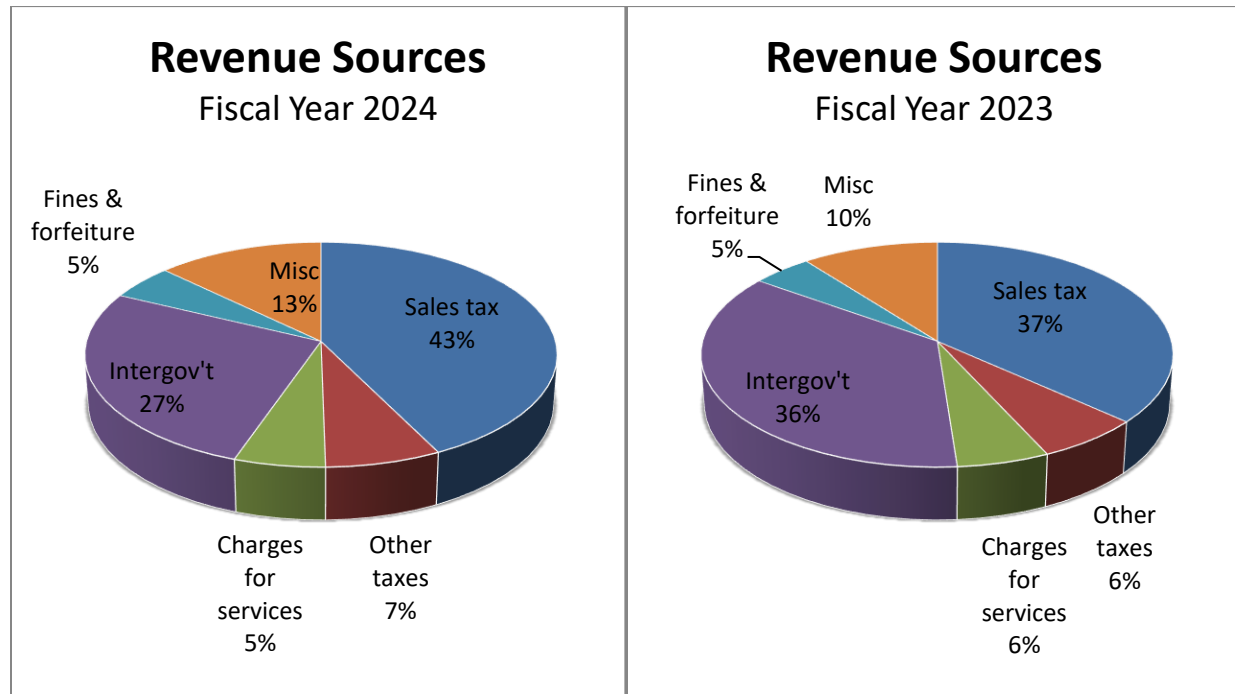
<p style="text-align: center;">City of Sallisaw Statement of Activities Years Ended June 30,</p>								
	Governmental Activities		Business-Type Activities		Totals		Change	
	2024	2023	2024	2023	2024	2023	\$	%
Revenues:								
Program revenues	\$ 2,620,705	\$ 3,528,816	\$ 24,041,249	\$ 24,965,947	\$ 26,661,954	\$ 28,494,763	\$ (1,832,809)	-6%
General revenues	4,298,991	3,444,299	5,459,836	4,864,080	9,758,827	8,308,379	1,450,448	17%
Total revenues	6,919,696	6,973,115	29,501,085	29,830,027	36,420,781	36,803,142	\$ (382,361)	-1%
Expenses:								
General government	3,313,827	3,368,468	-	-	3,313,827	3,368,468	(54,641)	-2%
Public safety	5,418,740	5,219,211	-	-	5,418,740	5,219,211	199,529	4%
Public works	1,872,865	1,940,405	-	-	1,872,865	1,940,405	(67,540)	-3%
Culture and recreation	1,531,525	1,244,464	-	-	1,531,525	1,244,464	287,061	23%
Economic development	526,314	502,996	-	-	526,314	502,996	23,318	5%
Electric	-	-	8,821,883	10,012,086	8,821,883	10,012,086	(1,190,203)	-12%
Water	-	-	1,337,446	1,365,227	1,337,446	1,365,227	(27,781)	-2%
Wastewater	-	-	1,462,925	1,300,891	1,462,925	1,300,891	162,034	12%
Landfill	-	-	1,408,376	1,910,845	1,408,376	1,910,845	(502,469)	-26%
Sanitation	-	-	1,193,568	732,022	1,193,568	732,022	461,546	63%
Telecommunications	-	-	2,765,272	2,824,396	2,765,272	2,824,396	(59,124)	-2%
Administration/other	-	-	1,690,078	2,025,836	1,690,078	2,025,836	(335,758)	-17%
Total expenses	12,663,271	12,275,544	18,679,548	20,171,303	31,342,819	32,446,847	\$ (1,104,028)	-3%
Increase (decrease) in net position before transfers	(5,743,575)	(5,302,429)	10,821,537	9,658,724	5,077,962	4,356,295	721,667	17%
Transfers, net	7,714,563	7,536,202	(6,745,082)	(6,961,289)	969,481	574,913	394,568	100%
Transfer to other gov't	(969,481)	(917,236)	-	-	(969,481)	(917,236)	(52,245)	6%
Increase in net position	\$ 1,001,507	\$ 1,316,537	\$ 4,076,455	\$ 2,697,435	\$ 5,077,962	\$ 4,013,972	\$ 1,063,990	27%

Financial Analysis of the Government's Funds

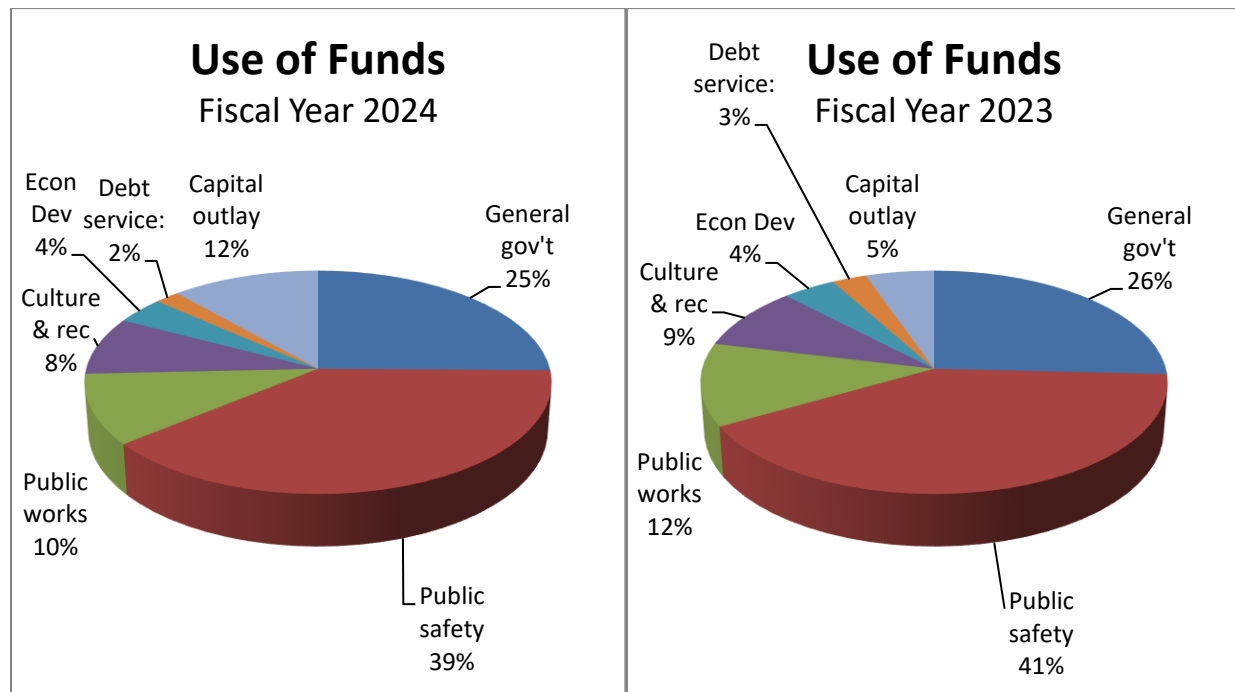
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirement's net requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Graphic presentation of the City's governmental funds revenue sources and uses follow to assist in analysis of the City's activities.

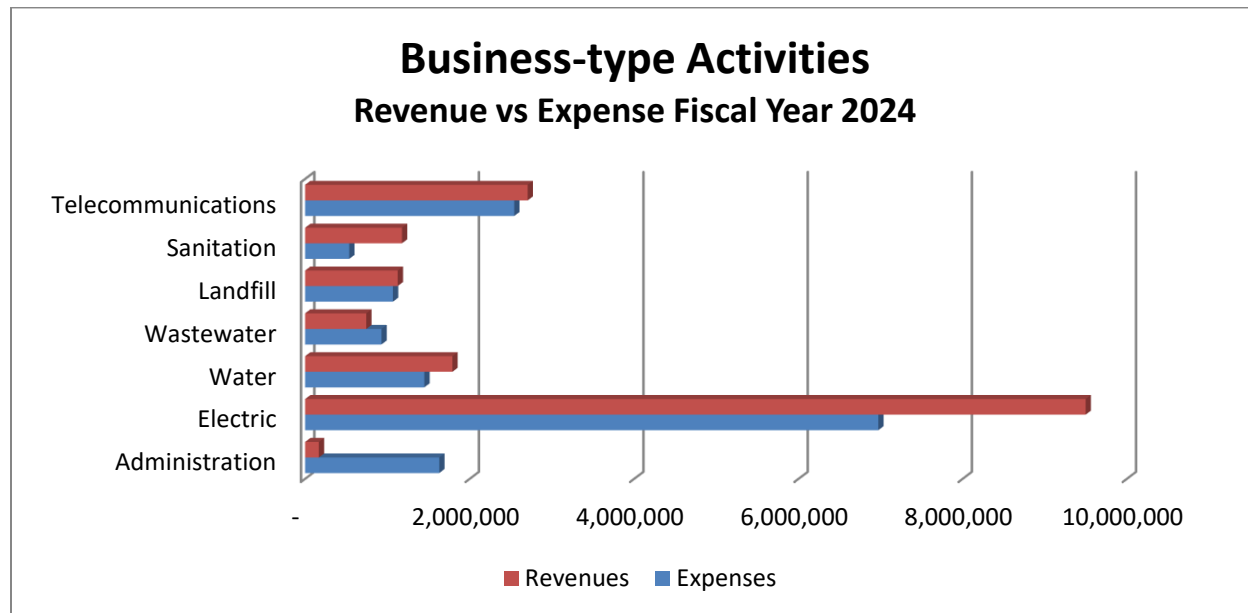


Revenue sources shifted in fiscal year 2024 compared to fiscal year 2023 due to the receipt of grant income. In fiscal year 2024, sales tax was the largest source of revenue at \$2.9 million or 43%; intergovernmental revenues was next at \$1.8 million or 27%.



Public safety was the largest use of funds for the City during fiscal year 2024, totaling over \$5.2 million or 39% of the City's expenditures. This is consistent with prior year allocation of expenses of 41%. General government was the next largest use at \$3.4 million or 25% of the use of funds, which is consistent with prior year. These costs, as well as all other governmental activity expenses, were primarily funded by tax revenues. It should be noted that governmental expenses are adjusted from the fund statements to the government-wide statements for the purchase and construction of capital assets. The government-wide statement is full accrual; capital outlay expenses are eliminated and capital assets are reported.

Business-type activities. The City's business-type activities account for operating activities that are primarily financed by revenues generated by the activities themselves.



Business-type activities are shown comparing costs to revenues generated by the related services. Telecommunications, Sanitation, Landfill, Wastewater, Water, and Electric activities are intended to be self-supporting with user charges and other revenues designed to recover costs. Other activities provide services with minimal user charges.

Budgetary Highlights of Major Governmental Funds

The original adopted General Fund budget for fiscal year 2024 was \$17,772,740 which is an increase of \$1.1 million or 7% over prior year's budget of \$16,622,963. Budget amendments were made during the fiscal year but did not increase total budgeted expenses of the City. The General Fund budget complied in all material respects with financial policies approved by the City and the Oklahoma Municipal Budget Act.

Capital Asset and Debt Administration

Capital assets. The City's total capital assets for its governmental and business-type activities as of June 30, 2024 is \$48,588,745 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, and infrastructure.

City of Sallisaw Capital Assets Year ended June 30 (net of depreciation)						
	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land and easements	\$ 1,622,874	\$ 1,616,874	\$ 2,036,784	\$ 2,036,784	\$ 3,659,658	\$ 3,653,658
Construction in progress	238,997	126,644	2,156,012	1,330,181	2,395,009	1,456,825
Buildings and improvements	590,502	639,139	503,862	585,829	1,094,364	1,224,968
Infrastructure and improvements	4,168,982	3,997,596	9,915,136	13,291,081	14,084,118	17,288,677
Equipment and computers	1,882,872	1,757,507	1,174,263	1,196,958	3,057,135	2,954,465
Water and sewer facilities	-	-	20,956,179	17,822,739	20,956,179	17,822,739
Vehicles	1,727,851	1,732,306	1,614,431	1,544,557	3,342,282	3,276,863
Capital assets, net	<u>\$ 10,232,078</u>	<u>\$ 9,870,066</u>	<u>\$ 38,356,667</u>	<u>\$ 37,808,129</u>	<u>\$ 48,588,745</u>	<u>\$ 47,678,195</u>

Long-term liabilities. For the year ended June 30, 2024, the City had total long-term liabilities of \$40,877,912.

City of Sallisaw Long-Term Liabilities Year ended June 30						
	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Capital lease obligations	\$ 476,629	\$ 716,104	\$ -	\$ -	\$ 476,629	\$ 716,104
Revenue bonds	-	-	30,005,000	32,850,810	30,005,000	32,850,810
Notes payable	-	-	3,372,595	2,193,908	3,372,595	2,193,908
Landfill liability	-	-	3,482,914	3,213,989	3,482,914	3,213,989
Accrued compensated absences	466,495	434,690	211,568	202,947	678,063	637,637
Net pension liability	4,568,708	5,651,155	932,521	925,826	5,501,229	6,576,981
Less current portion	(185,002)	(259,920)	(2,453,516)	(3,268,168)	(2,638,518)	(3,528,088)
Total outstanding long-term debt	<u>\$ 5,326,830</u>	<u>\$ 6,542,029</u>	<u>\$ 35,551,082</u>	<u>\$ 36,119,312</u>	<u>\$ 40,877,912</u>	<u>\$ 42,661,341</u>

Economic Factors and Next Year's Budgets and Rates

"As the US economy enters a new year, it faces a significant structural change driven by higher interest rates, persistent inflation and a more restrict policy framework, particularly in trade relations. Given the expansionary fiscal policy – which includes tax cuts and increased spending as well as less regulation – we think that the economy may continue to outperform" per the Chief Economist, Joe Brusuelas, RSM US LLP. The City has continued to be proactive and perform well despite the uncertainty of the US economy.

Mission Statement

"The mission of the City of Sallisaw is to provide superior municipal services to all residents of the City in the most efficient, cost-effective manner possible, and to promote growth and development of the community to enhance the quality of life for all citizens."

Requests for information

This financial report is designed to provide our citizens, taxpayers, customers, and investors 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 Office of the City Manager at the City of Sallisaw, Post Office Box 525, Sallisaw, Oklahoma 74955-0525. You may also visit our website at www.sallisawok.org for more budgetary and contact information.

City of Sallisaw, Oklahoma

Statement of Net Position

June 30, 2024

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 25,160	\$ 7,085,023	\$ 7,110,183
Investments	113,155	1,359,985	1,473,140
Receivables (net of allowance for uncollectible)	1,017,618	2,049,254	3,066,872
Inventory	28,420	-	28,420
Other assets	297,445	86,518	383,963
Restricted assets:			
Cash and cash equivalents	6,510,378	9,286,339	15,796,717
Investments	1,477,094	502,821	1,979,915
Pension asset	85,977	-	85,977
Capital assets (net of accumulated depreciation)	10,232,078	38,356,667	48,588,745
Total assets	19,787,325	58,726,607	78,513,932
Deferred outflows of resources			
Loss on refunding of debt	-	142,105	142,105
Deferred amounts related to pensions	4,906,383	776,932	5,683,315
Total deferred outflows of resources	4,906,383	919,037	5,825,420
Liabilities			
<u>Current liabilities</u>			
Accounts payable	533,193	1,114,825	1,648,018
Due to other funds	361,185	(361,185)	-
Salary payable	256,641	127,198	383,839
Capital leases, current	185,002	-	185,002
Notes payable, current	-	398,516	398,516
Bonds payable, current	-	2,055,000	2,055,000
<u>Payable from restricted assets</u>			
Accrued interest payable	-	304,530	304,530
Customer deposits	-	792,243	792,243
<u>Long-term liabilities</u>			
Compensated absences	466,495	211,567	678,062
Capital lease obligation	291,627	-	291,627
Notes payable	-	2,974,080	2,974,080
Bonds payable	-	27,950,000	27,950,000
Landfill closure	-	3,482,914	3,482,914
Pension liability	4,568,708	932,521	5,501,229
Total liabilities	6,662,851	39,982,209	46,645,060
Deferred inflows of resources			
Deferred amounts related to pensions	2,621,270	403,512	3,024,782
Total deferred inflows of resources	2,621,270	403,512	3,024,782
Net position			
Net investment in capital assets	9,755,449	38,356,667	48,112,116
Restricted	4,347,035	(21,927,386)	(17,580,351)
Unrestricted	1,307,103	2,830,642	4,137,745
Total net position	\$ 15,409,587	\$ 19,259,923	\$ 34,669,510

City of Sallisaw, Oklahoma

Statement of Activities
Year Ended June 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 3,313,827	\$ 92,190	\$ 80,189	\$ -	\$ (3,141,448)	\$ -	\$ (3,141,448)
Public safety	5,418,740	363,897	1,681,459	-	(3,373,384)	-	(3,373,384)
Public works	1,872,865	235,939	85,125	-	(1,551,801)	-	(1,551,801)
Culture and recreation	1,531,525	62,098	19,808	-	(1,449,619)	-	(1,449,619)
Economic development	526,314	-	-	-	(526,314)	-	(526,314)
Total governmental activities	12,663,271	754,124	1,866,581	-	(10,042,566)	-	(10,042,566)
Business-type activities:							
Administration	1,690,078	1,061,124	-	-	-	(628,954)	(628,954)
Electric	8,821,883	12,704,259	-	-	-	3,882,376	3,882,376
Water	1,337,446	2,388,760	-	-	-	1,051,314	1,051,314
Wastewater	1,462,925	1,036,131	-	-	-	(426,794)	(426,794)
Landfill	1,408,376	2,048,588	-	-	-	640,212	640,212
Sanitation	1,193,568	1,694,508	-	-	-	500,940	500,940
Telecommunications	2,765,272	3,107,879	-	-	-	342,607	342,607
Total business-type activities	18,679,548	24,041,249	-	-	-	5,361,701	5,361,701
Total primary government	\$ 31,342,819	\$ 24,795,373	\$ 1,866,581	\$ -	\$ (10,042,566)	\$ 5,361,701	\$ (4,680,865)
General revenues:							
Sales tax					2,949,548	3,877,924	6,827,472
Other taxes					491,734	952,277	1,444,011
Interest income					122,547	629,635	752,182
Miscellaneous					735,162	-	735,162
Transfers - internal activity					7,714,563	(6,745,082)	969,481
Transfers - other governments					(969,481)	-	(969,481)
Total general revenues and transfers					11,044,073	(1,285,246)	9,758,827
Change in net position					1,001,507	4,076,455	5,077,962
Net position, beginning					14,408,080	15,282,811	29,690,891
Prior period adjustment					-	(99,343)	(99,343)
Net position, ending					\$ 15,409,587	\$ 19,259,923	\$ 34,669,510

City of Sallisaw, Oklahoma

Balance Sheet
Governmental Funds
June 30, 2024

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 25,160	\$ -	\$ 25,160
Investments	113,155	-	113,155
Restricted cash	7,733	6,502,645	6,510,378
Restricted investments	1,159,951	317,143	1,477,094
Receivables:			
Taxes	833,124	8,689	841,813
Grant	-	149,910	149,910
Municipal court fines	4,795	-	4,795
Accrued interest	-	-	-
Other, net of allowance	21,100	-	21,100
Due from other funds	221,802	102,798	324,600
Inventory	28,420	-	28,420
Other assets	297,445	-	297,445
Total assets	<u>\$ 2,712,685</u>	<u>\$ 7,081,185</u>	<u>\$ 9,793,870</u>
Liabilities			
Accounts payable	\$ 107,381	\$ 424,616	\$ 531,997
Salary payable	256,641	-	256,641
Due to other funds	680,019	5,766	685,785
Court bonds payable	1,196	-	1,196
Total liabilities	<u>1,045,237</u>	<u>430,382</u>	<u>1,475,619</u>
Fund balance			
Nonspendable	28,420	-	28,420
Restricted	1,167,684	3,179,351	4,347,035
Committed	-	3,137,597	3,137,597
Assigned	-	333,855	333,855
Unassigned	471,344	-	471,344
Total fund balances	<u>1,667,448</u>	<u>6,650,803</u>	<u>8,318,251</u>
Total liabilities and fund balances	<u>\$ 2,712,685</u>	<u>\$ 7,081,185</u>	<u>\$ 9,793,870</u>

Amounts reported for governmental activities in the Statement of Net Position are different because:

Land and capital assets, net of accumulated depreciation, are not financial resources and, in the funds, and therefore, are not reported

Land and construction in process	1,861,871	
Capital assets	23,111,773	
Less: Accumulated depreciation	<u>(14,741,566)</u>	10,232,078

Long-term portion of liabilities are not due and payable in the current period and are not reported

Capital lease obligations	(476,629)	
Compensated absences	(466,495)	
Net deferred outflows (inflows) on pension obligations	2,285,113	
Net pension (obligation)/asset	<u>(4,482,731)</u>	<u>(3,140,742)</u>

Net position of governmental activities \$ 15,409,587

City of Sallisaw, Oklahoma

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds Year Ended June 30, 2024

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Sales tax	\$ 1,938,962	\$ 1,010,586	\$ 2,949,548
Other taxes	353,504	138,230	491,734
Licenses and permits	56,190	-	56,190
Intergovernmental	427,985	1,428,788	1,856,773
Fines and forfeitures	324,245	24,032	348,277
Charges for services	291,129	39,650	330,779
Rental	19,418	-	19,418
Donations	-	9,808	9,808
Other	678,414	56,748	735,162
Proceeds from debt issuance	-	-	-
Interest	96,595	25,952	122,547
Total revenues	4,186,442	2,733,794	6,920,236
Expenditures			
General government	3,423,256	-	3,423,256
Public safety	4,101,942	1,177,870	5,279,812
Public works	1,287,235	98,279	1,385,514
Culture and recreation	1,060,716	73,587	1,134,303
Economic development	526,314	-	526,314
Debt service:			
Principal	-	239,475	239,475
Interest	-	23,153	23,153
Capital outlay	1,566,654	2,051	1,568,705
Total expenditures	11,966,117	1,614,415	13,580,532
Excess of revenues over (under) expenditures	(7,779,675)	1,119,379	(6,660,296)
Other financing sources (uses)			
Transfers in	13,620,129	1,509,394	15,129,523
Transfers out	(5,440,297)	(1,974,663)	(7,414,960)
Transfers out to other governments	(969,481)	-	(969,481)
Total other financing sources (uses)	7,210,351	(465,269)	6,745,082
Net change in fund balances	(569,324)	654,110	84,786
Fund balances, beginning	2,236,772	5,996,693	8,233,465
Fund balances, ending	\$ 1,667,448	\$ 6,650,803	\$ 8,318,251

City of Sallisaw, Oklahoma

Reconciliation of Governmental Funds and Government-Wide Financial Statements Year Ended June 30, 2024

Net change in fund balances - total governmental funds	\$ 84,786
 Governmental funds report capital outlays as expenditures; whereas, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as a depreciation expense.	
Capital outlay expenditures capitalized	1,568,705
Depreciation expense	(1,202,202)
 In the statement of activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures.	
	342,548
 The proceeds of debt issuance provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Proceeds from capital lease obligations	-
Capital lease principal payments	239,475
 Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds.	
Accrued compensated absences, net change	(31,805)
Change in net position of governmental activities	<u>\$ 1,001,507</u>

City of Sallisaw, Oklahoma

Statement of Net Position

Proprietary Funds

June 30, 2024

	Business-type Activities		
	Sallisaw Municipal Authority	Sallisaw Economic Authority	Total
Assets			
Cash and cash equivalents	\$ 7,047,485	\$ 37,538	\$ 7,085,023
Investments	1,359,985	-	1,359,985
Receivables:			
Accounts (net of allowance for uncollectible)	2,049,254	-	2,049,254
Accrued interest	-	-	-
Due from other funds	660,537	-	660,537
Other assets	86,518	-	86,518
Restricted assets:			
Cash and cash equivalents	9,286,339	-	9,286,339
Investments	502,821	-	502,821
Capital assets (net of accumulated depreciation)	38,356,667	-	38,356,667
Total assets	59,349,606	37,538	59,387,144
Deferred outflows of resources			
Loss on refunding of debt	142,105	-	142,105
Deferred amounts related to pensions	776,932	-	776,932
Total deferred outflows of resources	919,037	-	919,037
Liabilities			
Accounts payable	1,114,825	-	1,114,825
Salary payable	127,198	-	127,198
Notes payable, current	398,516	-	398,516
Bonds payable, current	2,055,000	-	2,055,000
Payable from restricted assets:			
Accrued interest payable	304,530	-	304,530
Customer deposits	792,243	-	792,243
Due to other funds	299,352	-	299,352
Noncurrent liabilities:			
Compensated absences	211,567	-	211,567
Notes payable	2,974,080	-	2,974,080
Bonds payable	27,950,000	-	27,950,000
Landfill closure	3,482,914	-	3,482,914
Pension obligation	932,521	-	932,521
Total liabilities	40,642,746	-	40,642,746
Deferred inflows of resources			
Deferred amounts related to pensions	403,512	-	403,512
Net position			
Net investment in capital assets	38,356,667	-	38,356,667
Restricted:			
Debt service	(21,936,798)	-	(21,936,798)
Meter deposits	9,412	-	9,412
Unrestricted	2,793,104	37,538	2,830,642
Total net position	\$ 19,222,385	\$ 37,538	\$ 19,259,923

City of Sallisaw, Oklahoma

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

	Business-type Activities		
	Sallisaw Municipal Authority	Sallisaw Economic Authority	Total
Operating revenues			
Charges for services:			
Electric	\$ 12,704,259	\$ -	\$ 12,704,259
Water	2,388,760	-	2,388,760
Wastewater	1,036,131	-	1,036,131
Landfill	2,048,588	-	2,048,588
Sanitation	1,694,508	-	1,694,508
Telecommunications	3,107,879	-	3,107,879
Penalties	165,587	-	165,587
Other	895,537	-	895,537
Total operating revenues	<u>24,041,249</u>	<u>-</u>	<u>24,041,249</u>
Operating expenses			
Administration	495,869	-	495,869
Electric	8,483,822	-	8,483,822
Water	1,089,635	-	1,089,635
Wastewater	653,871	-	653,871
Landfill	1,070,631	-	1,070,631
Sanitation	1,074,103	-	1,074,103
Telecommunications	2,446,389	-	2,446,389
Depreciation and amortization	2,398,793	-	2,398,793
Bad debt expense	-	-	-
Total operating expenses	<u>17,713,113</u>	<u>-</u>	<u>17,713,113</u>
Total operating income (loss)	6,328,136	-	6,328,136
Nonoperating revenues (expenses)			
Sales tax	3,877,924	-	3,877,924
Other taxes	952,277	-	952,277
Interest income	629,635	-	629,635
Interest expense and fiscal charges	(966,435)	-	(966,435)
Loss on disposal of assets	-	-	-
Total nonoperating revenues (expenses)	<u>4,493,401</u>	<u>-</u>	<u>4,493,401</u>
Operating transfers			
Transfers in	11,333,130	-	11,333,130
Transfers (out)	(18,078,212)	-	(18,078,212)
Total operating transfers	<u>(6,745,082)</u>	<u>-</u>	<u>(6,745,082)</u>
Net income (loss)	4,076,455	-	4,076,455
Net position, beginning	15,245,273	37,538	15,282,811
Prior period adjustment	(99,343)	-	(99,343)
Net position, ending	<u>\$ 19,222,385</u>	<u>\$ 37,538</u>	<u>\$ 19,259,923</u>

City of Sallisaw, Oklahoma

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2024

	Enterprise Funds		
	Sallisaw Municipal Authority	Sallisaw Economic Authority	Total
<u>Cash flows from operating activities:</u>			
Receipts from customers	\$ 23,901,611	\$ -	\$ 23,901,611
Payments to suppliers	(11,581,342)	-	(11,581,342)
Payments to employees	(3,785,635)	-	(3,785,635)
Net cash provided (used) by operating activities	8,534,634	-	8,534,634
<u>Cash flows from non-capital financing activities:</u>			
Transfers from other funds	11,333,130	-	11,333,130
Transfers to other funds	(18,078,212)	-	(18,078,212)
Intergovernmental revenues	4,830,201	-	4,830,201
Net cash provided (used) by non-capital financing activities	(1,914,881)	-	(1,914,881)
<u>Cash flows from capital and related financing activities:</u>			
Purchase of assets	(2,993,107)	-	(2,993,107)
Disposal of assets	263,892	-	263,892
Issuance of debt	805,000	-	805,000
Principal paid on debt	(2,338,197)	-	(2,338,197)
Interest paid on debt	(1,088,528)	-	(1,088,528)
Net cash provided (used) by capital and related financing activities	(5,350,940)	-	(5,350,940)
<u>Cash flows from investing activities:</u>			
Investment income	629,635	-	629,635
Purchase of investments	(204,931)	-	(204,931)
Net cash provided (used) by investing activities	424,704	-	424,704
 Net increase (decrease) in cash and cash equivalents	 1,693,517	 -	 1,693,517
Cash & cash equivalents, beginning of the year	14,640,307	37,538	14,677,845
Cash & cash equivalents, end of year	\$ 16,333,824	\$ 37,538	\$ 16,371,362
Cash, including time deposits	\$ 7,047,485	\$ 37,538	\$ 7,085,023
Restricted cash, including time deposits	9,286,339	-	9,286,339
Total cash and cash equivalents, end of year	\$ 16,333,824	\$ 37,538	\$ 16,371,362
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>			
Operating income (loss)	\$ 6,328,136	\$ -	\$ 6,328,136
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	2,398,793	-	2,398,793
Bad debt	-	-	-
Changes in assets and liabilities:			
(Increase) decrease in receivables	(139,638)	-	(139,638)
Increase (decrease) in accounts payable	(378,095)	-	(378,095)
Increase (decrease) in payroll liabilities	56,513	-	56,513
Increase (decrease) in other liabilities	268,925	-	268,925
Total adjustments	2,206,498	-	2,206,498
Net cash provided (used) by operating activities	\$ 8,534,634	\$ -	\$ 8,534,634

I. Organization

The City of Sallisaw, Oklahoma, (the City) operates under a Council-Manager form of government under Title 11 of the *Oklahoma Statutes*. The City provides the following services to its citizens: public safety (police and fire), streets and highways, sanitation and solid waste services, culture and recreation, public improvements, electric and water utilities, cable television, internet, telephone, planning and zoning, and general administrative services.

II. Summary of significant accounting policies

A. Reporting entity

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. The City's financial statements do not include any discreetly presented component units which would be reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Component Units:

Sallisaw Municipal Authority ("SMA") was created as a public trust pursuant to Title 60 of the Oklahoma Statutes to finance, develop, and operate the electric, water, wastewater, solid waste, and telecommunications activities of the City. SMA is governed by a board comprised of the City's elected commissioners. The rates for user charges and bond issuance authorizations are approved by the city commission. SMA is reported as a blended component unit.

Sallisaw Economic Authority ("SEA") was created as a public trusts pursuant to Title 60 of the Oklahoma Statutes to finance and pursue economic development activities within the City of Sallisaw. The City Commissioners serve as the governing body. SEA is reported as blended component unit. In fiscal year 2015, all physical assets of the SEA were sold; land was maintained by SEA.

Sallisaw Library Trust Authority was organized as a public trust to help promote the library services and facilities in the City. The Library Trust Authority is reported as a special revenue fund in the combining governmental statements of the City. The City Commission serves as the governing body.

B. Basis of Presentation

Government-wide financial statements

The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and general revenues, from business-type activities, generally financed with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) operational grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or

segment, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Taxes and other revenue sources not properly included among program revenues are reported as general revenues.

Fund financial statements

Fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements with composite columns for non-major funds.

The City reports the following major governmental fund:

General Fund – The general fund is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

Sallisaw Municipal Authority – SMA accounts for the revenues generated by the City’s utility systems and the expenditures related to the operations and financing of such utilities. This includes the electric, water, wastewater, landfill, sanitation, and telecommunication services.

The City reports no fiduciary activities.

C. Measurement focus, basis of accounting, and financial statement presentation

Generally Accepted Accounting Principles (U.S. GAAP)

The financial statements of the City are prepared in accordance with U.S. GAAP. The City applies all relevant GASB pronouncements.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements include the statement of net position and the statement of activities and are reported on the accrual basis of accounting and economic resource focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

In proprietary funds, operating revenues and expenses are distinguished from non-operating items. Operating revenues and expenses generally result from providing services in connection with the principle ongoing operations of the fund. All revenues and expenses not meeting this definition are reported as non-operating items.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absence, claims, and judgements are recorded in the year payment is due.

Major revenue sources susceptible to accrual include sales and use taxes, franchise taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Police Pension and Retirement System (OPPRS) and the Oklahoma Firefighter' Pension and Retirement System (OFPRS) and additions to / deductions from OPPRS and OFPRS fiduciary net position have been determined on the same basis as they are reported by OPPRS and OFPRS. 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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Use of estimates

The preparation of financial statements in conformity with U.S. GAPP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure; accordingly, actual results could differ from those estimates.

D. Budget policy and practice

Annual budgets are adopted for governmental funds and the Sallisaw Municipal Authority. All unencumbered annual appropriations will lapse at fiscal year-end. Actual expenditures within a fund may not exceed 90% of the budget until actual revenues equal to the estimated amount have been received. No expenditure can exceed the actual amount on hand.

Prior to June of each year, all department heads of the City submit requests for appropriations to the city manager so that a budget may be prepared. The city manager meets with each of the department heads to review their needs, estimates, and requests. The Commissioners hold a public hearing prior to June 15 and a final budget must be prepared and adopted no later than June 23.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations within a department or between departments may be approved by the city manager. Once the budget is established, the Commission must authorize any amendments that change the total legal appropriations of the fund previously approved in the budget. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities as the commitments will be re-appropriated and honored during the subsequent year.

E. Policies Related to Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

City policy is that deposits can only be made in financial institutions insured by the Federal Deposit Insurance Corporation. The City invests its funds in an effort to ensure preservation of capital, remain sufficiently liquid and attain a reasonable market rate of return, while remaining within the guidelines provided by the City's investment policy.

Investments for the City, as well as for its component units, are reported at fair value. Cash deposits are reported at carrying amount which reasonably estimates fair value.

Receivables and payables

Receivables in governmental funds and governmental activities include tax accruals and intergovernmental revenues such as grant requests, as they are both measurable and available. These receivables are due within one year.

Proprietary fund and business-type activities receivables include revenues earned at year end but not yet received. Utility accounts receivable, both billed and unbilled, comprise the majority of the receivables.

All trade receivables are shown net of an allowance for uncollectible. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectible.

Inventories

Inventories are similarly reported in government-wide and fund financial statements.

Inventories in governmental funds consist of airport fuel held for future sale. The fuel is reported at cost and recorded as an expense at the time the fuel is sold.

Restricted assets

Restricted assets include assets legally restricted for capital projects funded through long-term debt, debt service reserves, facility charges, and Federal, State, and private grants. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements. Assets restricted for acquisition or construction of non-current assets or assets restricted for liquidation of long-term debt are reported with non-current assets.

It is the City's policy when purchasing goods or services, or servicing debt for which resources have been restricted, to use restricted resources first and then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with the current assets and current liabilities in the financial statements.

Capital assets

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Proprietary and component unit capital assets are also reported in their respective fund and combining component units' financial statements. Donated assets are stated at fair value on the date

donated. Capital assets are defined by the City as assets with an initial, individual cost of more than the following amounts, along with an estimated useful life in excess of one year.

Assets	Cost Threshold
Buildings and improvements	\$ 25,000
Equipment and vehicles	5,000
Telecommunications, computer, and other personal property	10,000
Infrastructure	50,000

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Assets	Years
Buildings	30-50
Improvements other than buildings	15-30
Infrastructure	30-40
Equipment and vehicles	3-12

Major outlays for capital assets and improvements are recorded as construction in progress and are not depreciated until placed in service.

Interfund balances

Generally, outstanding balances between funds reported as due to/due from other funds include outstanding charges by one fund to another for goods or services outstanding at year end, or other miscellaneous receivables/payable between funds.

All activity between governmental and business-type activities are eliminated and any residual balances outstanding between the activities are reported in the government-wide financial statements as internal balances.

Deferred outflows of resources and deferred inflows of resources

In addition to assets and liabilities, the statement of financial position and the governmental fund balance sheet may report separate sections of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period which will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net position that applies to a future period which will not be recognized as an inflow of resources until that time.

Compensated absences

All full-time City employees earn vacation at varying rates depending upon years of eligible service. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. Vacation leave which is unused and vested to the employee in good standing, is payable upon termination. Except as described below, employees are not compensated for unused sick leave upon their termination of employment. In governmental funds, amounts accrued are expected to be liquidated with available financial resources and are reported as an expenditure. For governmental activities, compensated absences are generally liquidated by the general fund.

Full-time employees with at least one year of service earn vacation of five (5) to twenty (20) days per year depending on years of service completed. Employees may carry over up to 480 hours of

unused vacation. Full-time employees are granted sick leave at a rate of 4.615 hours per pay period, with no limitation on the amount that can be accrued or carried over. Upon retirement, employees will be compensated for hours accrued in excess of 1,000 hours, up to a maximum of 2,500 hours, at a rate of \$2,500 for the first 1,000 hours, and \$5.00/hour for the next 1,500 hours.

Fund equity

Fund balance

Nonspendable Fund Balance

Fund balances reported as non-spendable includes amounts that cannot be spent because they are either not in spendable form or not expected to be converted to cash including inventories and non-current receivables.

Restricted Fund Balance

Restricted fund balance includes amounts that are constrained for a specific purpose which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed Fund Balance

Committed fund balance 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.

Assigned Fund Balance

Assigned fund balance includes amounts that are intended 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 had designated that authority.

Unassigned Fund Balance

Unassigned fund balance includes balances that has not been assigned to other funds and had not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City's policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Position

Net investment in capital assets and legally restricted amounts are separated from unrestricted net position.

Net investment in capital assets

The amount reported is calculated as total capital assets less accumulated depreciation and outstanding debt used to purchase the assets net of unspent portions. Unspent portions of debt, along with any amounts used to fund debts reserves, are included with restricted net position.

Restricted

Amounts reported as restricted net position include 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.

F. Policies Related to Revenues and Expenses

Program Revenues

Charges for Services

Program revenues reported with governmental activities include charges for services like permits and fees, parks charges, and fines and forfeitures. Business-type activity charges for services include all operating income of proprietary funds.

Grants and Contributions

Governmental grants and contributions primarily consist of grants from Federal and state agencies. The nature of the grant determines if it is reported as operating or capital program revenues.

Business-type activities' grants and contributions include restricted investment income, donations from others, as well as grants from Federal and state agencies.

General Revenues

General revenues reported with governmental activities include tax revenues. Both governmental and business-type activities report unrestricted investment income as general revenues.

Sales Tax

The City received 4% tax on sales within the City. The tax is allocated as follows:

- 1.00% in the General Fund to fund City operations.
- 1.00% to the Sallisaw Municipal Authority for operations.
- 0.50% to the Sallisaw Municipal Authority for debt service on water projects.
- 0.50% to the Sallisaw Municipal Authority for debt service on the sports complex.
- 0.50% to the Capital improvements fund for capital outlay and debt service.
- 0.50% to the Sallisaw Hospital.

III. Detail Notes on Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

A. Deposits and investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned, or the City will not be able to recover collateral securities in the possession of an outside party. The City's deposits are secured by collateral values at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service. At June 30, 2024, the City was fully collateralized.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

Investments

The City invests primarily in certificates of deposit.

B. Receivables

Receivables as of June 30, 2024, for the City's major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Activities</u>	<u>Business-type Activities</u>
Receivables:				
Taxes	\$ 833,124	\$ 8,689	\$ 841,813	\$ -
Grants	-	149,910	149,910	-
Municipal court fines	20,723	-	20,723	-
Utilities	-	-	-	2,284,575
Other	21,412	-	21,412	-
Total gross receivables	875,259	158,599	1,033,858	2,284,575
Less: allowance for uncollectible	(16,240)	-	(16,240)	(235,321)
Net receivables	<u>\$ 859,019</u>	<u>\$ 158,599</u>	<u>\$ 1,017,618</u>	<u>\$ 2,049,254</u>

C. Capital assets

Capital asset balances and activities for the year ended June 30, 2024 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Governmental activities</u>				
Capital assets, not being depreciated:				
Land	\$ 1,616,874	\$ 6,000	\$ -	\$ 1,622,874
Construction in progress	126,644	238,997	(126,644)	238,997
Total capital assets, not being depreciated	1,743,518	244,997	(126,644)	1,861,871
Capital Assets, being depreciated:				
Buildings and improvements	4,220,771	577,585	-	4,798,356
Infrastructure and improvements	7,644,020	109,714	-	7,753,734
Equipment and computers	5,088,252	370,024	(17,375)	5,440,901
Vehicles	4,708,378	410,404	-	5,118,782
Total capital assets, being depreciated	21,661,421	1,467,727	(17,375)	23,111,773
Less accumulated depreciation	(13,534,873)	(1,202,202)	(4,491)	(14,741,566)
Total capital assets being depreciated, net	8,126,548	265,525	(21,866)	8,370,207
Governmental activities capital assets, net	<u>\$ 9,870,066</u>	<u>\$ 510,522</u>	<u>\$ (148,510)</u>	<u>\$ 10,232,078</u>

CITY OF SALLISAW, OKLAHOMA
Notes to the Financial Statements
June 30, 2024

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Land and easements	\$ 2,036,784	\$ -	\$ -	\$ 2,036,784
Construction in progress	1,330,181	1,089,723	(263,892)	2,156,012
Total capital assets, not being depreciated	3,366,965	1,089,723	(263,892)	4,192,796
Capital Assets, being depreciated:				
Buildings and improvements	1,215,725	814,804	-	2,030,529
Land improvements	5,005,595	-	-	5,005,595
Infrastructure and improvements	21,579,293	730,793	-	22,310,086
Water and sewer treatment facilities	33,187,112	-	-	33,187,112
Equipment	5,192,610	239,538	(9,970)	5,422,178
Vehicles	4,202,125	382,141	(76,266)	4,508,000
Total capital assets, being depreciated	70,382,460	2,167,276	(86,236)	72,463,500
Less accumulated depreciation	(35,941,296)	(2,390,028)	31,695	(38,299,629)
Total capital assets being depreciated, net	34,441,164	(222,752)	(54,541)	34,163,871
Business-type activities capital assets, net	<u>\$ 37,808,129</u>	<u>\$ 866,971</u>	<u>\$ (318,433)</u>	<u>\$ 38,356,667</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 26,323
Public safety	304,410
Public works	474,247
Cultural and recreation	397,222
Economic development	-
Total depreciation expense - governmental activities	<u>\$ 1,202,202</u>
Business-type activities:	
Administration	\$ 219,009
Electric	338,061
Water	247,811
Wastewater	809,054
Landfill	337,745
Sanitation	119,465
Telecommunications	318,883
Total depreciation expense - business-type activities	<u>\$ 2,390,028</u>

D. Long-term liabilities

Governmental activities

Capital Leases

The City has entered into several lease agreements as lessee for financing the acquisition of buildings, land, and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The governmental activities capital lease obligations are as follows:

Firststar Bank dated November 2018 for Wheeler property lease/purchase for an original amount of \$475,000, monthly payments of \$4,776 at an interest rate of 3.85% over a 10 year period.	\$ 233,970
Firststar Bank dated January 2021 for 2020 Altec Digger lease/purchase for an original amount of \$234,731 at an interest rate of 3.14% maturing June 30, 2022.	36,406
National Bank of Sallisaw dated December 2021 for a 2022 International Roll-off truck with an original amount of \$163,605 at an interest rate of 2.12% payable in monthly installments beginning January 2022 maturing December 2024.	28,012
National Bank of Sallisaw dated November 2022 for a 2020 Peterbuilt Side Load Sanitation Truck with an original amount of \$285,000 at an interest rate of 4.5% payable in monthly installments beginning November 2022 maturing December 2022.	178,241
	<hr/>
Total capital lease obligations	<u>\$ 476,629</u>

Business-type activities

Revenue bonds:

\$9,495,000 Sallisaw Municipal Authority Sales Tax Revenue Bonds, Series 2020, due semi-annually in amounts from \$130,000 to \$690,000 plus semi-annual interest of 3.00% with a final maturity January 2040, secured by ½ cent sales tax, proceeds used for capital improvement. \$ 8,480,000

\$18,745,000 Sallisaw Municipal Authority Refunding Revenue Bonds, Series 2021, due annually in amounts ranging from \$685,000 to \$1,425,000 plus semi-annual interest of 4.00% with a final maturity September 2037, secured by ½ cent sales tax, proceeds used to refund Series 2012A Tax Exempt Refunding Revenue Bonds and Series 2012C Tax Exempt Refunding Revenue Bonds, as well as provide payment to the Grand River Dam Authority for the power cost adjustment and excess cost of electricity during the winter storm of February 2021. As of the date of the report, the funds for payoff on the Series 20212A Bonds were held in a restricted cash account. 17,010,000

\$5,905,000 Sallisaw Municipal Authority Sales Tax Revenue Bonds, Series 2022, due annually in amounts ranging from \$655,000 to \$830,000 plus semi-annual interest of 4.00% with a final maturity June 2030, secured by ½ cent sales tax, proceeds used for constructing, designing and equipping an aquatic/swim center and skateboard park within city limits. 4,515,000

Total revenue bonds		\$ 30,005,000
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Notes payable:

Note payable to Oklahoma Water Resources Board, dated March 2, 2010, authorized in the amount of \$5,360,000, due and payable in semi-annual installments of \$15,747 including interest at 2.58%, plus an administrative fee of 0.5%, secured by water system. \$ 1,894,329

Participation note payable with Armstrong Bank, Firststar Bank, and Bank NBS with an original amount of \$750,000 for 60 months at an interest rate equal to Wall Street Journal Prime rate for the purchase of property to be used for economic development. 673,267

Note payable to National Bank of Sallisaw issued in May 2024 for the purchase of the Cookson building with an original amount of \$360,000 for 120 months at an interest rate of 5.1%. 360,000

Note payable to National Bank of Sallisaw issued in June 2024 for the purchase of the Wheeler property with an original amount of \$445,000 for 120 months at an interest rate of 5.05%. 445,000

Total notes payable		\$ 3,372,596
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Total business-type activities		\$ 33,377,596
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The following is a summary of changes in long-term debt for the year ended June 30, 2024:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities					
Compensated absences	\$ 434,690	\$ 31,805	\$ -	\$ 466,495	\$ -
Capital leases	716,104	-	(239,475)	476,629	185,002
Pension liability	4,725,329	-	(156,621)	4,568,708	-
Total governmental activities	<u>\$ 5,876,123</u>	<u>\$ 31,805</u>	<u>\$ (396,096)</u>	<u>\$ 5,511,832</u>	<u>\$ 185,002</u>
Business-type activities					
Compensated absences	\$ 202,947	\$ 8,621	\$ -	\$ 211,568	\$ -
Revenue bonds:					
Series 2020	8,785,000	-	(305,000)	8,480,000	315,000
Series 2021	18,060,000	-	(1,050,000)	17,010,000	1,060,000
Series 2022	5,170,000	-	(655,000)	4,515,000	680,000
Notes payable					
OWRB	2,193,908	-	(299,579)	1,894,329	308,562
Land purchases	701,885	805,000	(28,618)	1,478,267	89,954
Landfill liability	3,213,989	268,925	-	3,482,914	-
Pension liability	925,826	6,695	-	932,521	-
Total business-type activities	<u>\$ 39,253,555</u>	<u>\$ 1,089,241</u>	<u>\$ (2,338,197)</u>	<u>\$ 38,004,599</u>	<u>\$ 2,453,516</u>
Total long-term debt	<u>\$ 45,129,678</u>	<u>\$ 1,121,046</u>	<u>\$ (2,734,293)</u>	<u>\$ 43,516,431</u>	<u>\$ 2,638,518</u>

For governmental activities, liability for incurred claims, compensated absences, and net pension liability are generally liquidated by the General Fund.

Annual debt service requirements to maturity for long-term debt are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities			
	Capital Leases		Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	185,002	15,262	2,055,000	875,142	401,515	93,185
2026	125,797	9,494	2,190,000	823,440	414,859	80,495
2027	85,188	4,576	2,245,000	764,938	428,691	68,182
2028	55,178	2,134	2,315,000	702,611	442,896	55,532
2029	25,464	258	2,385,000	631,851	456,586	43,473
2030-2034	-	-	9,620,000	2,228,238	897,462	130,365
2035-2039	-	-	8,505,000	813,714	220,071	36,554
2040-2041	-	-	690,000	20,700	110,516	4,253
Total	\$ 476,629	\$ 31,724	\$ 30,005,000	\$ 6,860,634	\$ 3,372,596	\$ 512,039

The following is a summary of pledged revenues of the City for the year ended June 30, 2024:

Debt	Revenue Pledged	Total Pledged Revenue in Current Year	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principle and Interest	Period Revenue Will Not Be Available for Other Purposes
<i>Revenue Bonds:</i>						
Series 2020	1% cent sales tax	\$ 1,938,692	\$ 573,700	30%	\$ 7,906,300	Until 2040
Series 2021	1/2 cent sales tax	969,481	1,495,842	154%	15,514,158	Until 2037
Series 2022	1/2 cent sales tax and 1/2 cent use tax	1,207,550	860,000	71%	3,655,000	Until 2030
<i>Note Payable</i>						
OWRB	Net revenues of water system	665,797	340,926	51%	1,553,403	Until 2030

E. Defeased debt

On June 1, 2012, the Sallisaw Municipal Authority issued the Series 2012 Sallisaw Municipal Authority Revenue Refunding Bonds of \$22,875,000 with interest rates ranging from 0.96% to 4.00% to advance refund the Series 2005 Revenue Bonds with interest rates from 3.80% to 5.00%. The Series 2005 bonds mature annually through 2035. The Series 2012 bonds were issued at a discount of \$269,501, and after paying issuance costs of \$894,875, the net proceeds were \$21,741,066, including accrued interest. The net proceeds, along with available cash funds from the old debt, were used to purchase U.S. Government-backed securities in the amount of \$23,416,761, which were deposited into an irrevocable trust with an escrow agent to provide debt service payments when due over the remaining term of the Series 2005 bonds. The advance refunding met the requirements of an in-substance debt defeasance and the Series 2005 bonds were removed from the City of Sallisaw's financial statements.

As a result of the advance refunding of the Series 2005 Revenue Bonds, the Sallisaw Municipal Authority reduced its total debt service requirements by \$3,588,112.

In June 2020, the Sallisaw Municipal Authority issued the Sales Tax Revenue and Refunding Bonds, Series 2020 in the amount of \$9,495,000 with an interest rate of 3% to advance refund the Series 2009 Revenue Bonds with an interest rate of 4.45%. The Series 2009 bonds mature annually through 2028. The Series 2020 bonds were issued at a premium of \$352,372, and after paying issuance costs of \$293,375, the net proceeds were \$5,493,712, including accrued interest. The net proceeds, along with available cash funds from the old debt, were used to purchase U.S. Government-backed securities, which were deposited

into an irrevocable trust with an escrow agent to provide debt service payments when due over the remaining term of the Series 2020 bonds. The advance refunding met the requirements of an in-substance debt defeasance and the Series 2020 bonds were removed from the City of Sallisaw's financial statements.

As a result of the advance refunding of the Series 2009 Revenue Bonds, the Sallisaw Municipal Authority reduced its total debt service requirements by \$5,398,173.

In June 2020, the Sallisaw Municipal Authority issued the Sales Tax Revenue and Refunding Bonds, Series 2020 in the amount of \$9,495,000 with an interest rate of 3% to advance refund the Series 2009 Revenue Bonds with an interest rate of 4.45%. The Series 2009 bonds mature annually through 2028. The Series 2020 bonds were issued at a premium of \$352,372, and after paying issuance costs of \$293,375, the net proceeds were \$5,493,712, including accrued interest. The net proceeds, along with available cash funds from the old debt, were used to purchase U.S. Government-backed securities, which were deposited into an irrevocable trust with an escrow agent to provide debt service payments when due over the remaining term of the Series 2020 bonds. The advance refunding met the requirements of an in-substance debt defeasance and the Series 2020 bonds were removed from the City of Sallisaw's financial statements.

As a result of the advance refunding of the Series 2009 Revenue Bonds, the Sallisaw Municipal Authority reduced its total debt service requirements by \$5,398,173.

F. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2024, is as follows:

	Transfer From			
	General Fund	Municipal Authority	All others	Total
General Fund	\$ -	\$ 11,958,277	\$ -	\$ 11,958,277
Municipal Authority	-	-	253,355	253,355
All others	306,802	658,851	-	965,653
Total	\$ 306,802	\$ 12,617,128	\$ 253,355	\$ 13,177,285

The City records a transfer to other governments in the amount of \$917,236 to reflect the restricted sales tax for the Hospital as discussed in Note II.F.

G. Landfill closure and post-closure liability

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

The \$3,482,914 reported as a long-term liability for the accrued landfill closure cost liability as of June 30, 2024, represents the cumulative amount of such cost reported to date based on the use of approximately 88.6453 of the estimated capacity of the landfill. The Sallisaw Municipal Authority will recognize the remaining estimated costs of closure and post-closure care in the amount of \$451,248 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and

post-closure care in 2024. Actual costs may be more or less at that time than are currently estimated. The estimated closure and post-closure costs and the accrued liability as of June 30, 2024, are as follows:

Estimated closure cost	\$ 1,915,579
Estimated post-closure cost	2,018,584
Total estimated cost	<u>\$ 3,934,163</u>
Accrued closure cost	\$ 3,482,914
Current estimated cost charged to expense	\$ 268,925

The City has qualified under the State of Oklahoma Department of Environmental Quality (DEQ) financial assurance test relating to these future closure and post-closure costs, whereby the City's overall financial condition and other submitted information serves as evidence of the City's ability to pay for the closure and post-closure care costs when the landfill is closed. As such, the City is not required to fund an escrow trust account for the costs.

IV. Other information

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City has insurance for the major risks such as property, general liability, workers' compensation, and unemployment. Commercial insurance is used to cover general liability claims and the risk of loss to City buildings and mobile equipment. Judgements against the City may be paid by a property tax assessment over a three-year period.

B. Employee retirement systems and pension plans

The City participates in four employee pension systems as follows:

Name of Plan/System	Type of Plan
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Municipal Retirement Fund	Agent Multiple Employer – Defined Benefit Plan
ICMA Section 457 Deferred Compensation Plan	Single Employer Deferred Compensation Plan

Oklahoma Police Pension and Retirement System (OPPRS)

Plan Description – The City of Sallisaw, as the employer, participates in the Oklahoma Police Pension and Retirement plan, a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/OPPRS

Benefits Provided – The OPPRS provides retirement, death, and disability benefits to plan members and beneficiaries. 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 if

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 balance 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 employments continued uninterrupted, whichever is first.

Monthly retirement benefits are calculated at 2.5% of the final average salary (as defined) multiplied by the years of credited service.

Monthly benefits for any participant due to permanent disability incurred in the line of duty are 2.5% of the participant's 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 based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

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

Contributions – The contribution requirements of the plan are at an established rate determined by Oklahoma Statute and are not based in actuarial calculations. Plan members are required to contribute 8.0% of their annual covered salary and the City of Sallisaw contributes 13.0% of annual covered payroll. Contributions to the OPPRS for the year ended June 30, 2024, for the employees and employer were \$92,071 and \$149,615, respectively, on covered payroll of \$1,150,881.

Pension liabilities, pension expense, and deferred outflows and inflows of resources related to pensions – As of June 30, 2024, the City reported an asset of \$85,977 for its proportionate share of the net pension liability/(asset). 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 proportionate share was 0.270%.

For the year ended June 30, 2024, the City recognized \$229,852 in pension expense. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual expenses	\$ 235,363	\$ 13,260
Changes of assumptions	-	160,486
Net difference between projected and actual earnings on pension plan investments	1,076,121	650,138
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	149,615	-
	<u>\$ 1,461,099</u>	<u>\$ 823,884</u>

Amortization of Pension Deferrals - \$149,615 reported as net deferred inflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2024. Amounts reported as deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30,		
2024	\$	79,956
2025		1,367
2026		331,923
2027		75,495
2028		(1,140)

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

Inflation:	3%
Salary increases:	4.5% to 17% average, including inflations
Investment rate of return:	7.5% net of pension plan investment expense
Mortality rates:	Active employees (pre-retirement): RP-2000 Combined Blue Collar Healthy Employees with (fully generational using scale AA) with age set back four years. Active employees (post retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Employees with fully generational projection. Disabled pensioners: RP-2000 Blue Collar Healthy Combined with age set back four years.

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:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	5.53%
Domestic equity	7.42%
International equity	9.74%
Real estate	7.23%
Private equity	10.58%
Commodities	4.68%

The current allocation policy is that approximately 60% of assets are in equity investments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets are 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 are in real assets, to include real estate, commodities, and other strategies.

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

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the City, calculated using the discount rate of 7.5%, as well as what the plan's net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	<u>1% Decrease</u> <u>(6.5%)</u>	<u>Current</u> <u>Discount</u> <u>Rate (7.5%)</u>	<u>1% Increase</u> <u>(8.5%)</u>
City's net pension liability (asset)	\$ 811,769	\$ (85,977)	\$ (846,086)

Payables to the pension plan – There are no payables to the pension plan for the year ended June 30, 2024.

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 OPFRS; which can be located at www.ok.gov/OPFRS.

Oklahoma State Firefighters' Pension and Retirement System (OFPRS)

Plan Description – The City of Sallisaw, as the employer, participates in the Firefighters Pension and Retirement System, a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension and Retirement System (OFPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OFPRS. OFPRS issues a publicly available financial report that can be obtained at www.ok.gov/FPRS.

Benefits Provided – The OPFRS provides retirement, death and disability benefits to plan members. Benefits for members hired prior to November 1, 2013 are determined as 2.5% of the employee's final average compensation times the employee's years of service and when the employee has reached the age of 50 or has completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service.

Benefits for members hired after November 1, 2013 are determined as 2.5% of the employee's final average compensation times the employee's years of service and have reached the age of 50 or has completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more of service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty benefit is calculated based on 2.5% of final average monthly compensations, 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, with a maximum of payout benefit of 30 years.

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

Contributions – The contribution requirements of the plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Plan members are required to contribute 9.0% of their annual covered salary and the City of Sallisaw contributes 14.0% of annual covered payroll. Contributions to the OFPRS for the year ended June 30, 2024, for employees and employer were \$32,184 and \$50,064, respectively, on covered payroll of \$357,602.

Pension liabilities, pension expense, and deferred outflows and inflows of resources related to pensions – As of June 30, 2024, the City reported a net pension liability of \$1,060,655 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 the pension plan for all participating employers as of June 30, 2023. Based upon this information, the City's proportionate share was 0.082205 percent.

For the year ended June 30, 2024, the City recognized \$181,040 in pension expense. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual expenses	\$ 126,141	\$ 1,347
Changes of assumptions	-	1,701
Net difference between projected and actual earnings on pension plan investments	346,336	276,366
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	50,064	-
	<u>\$ 522,541</u>	<u>\$ 279,414</u>

Amortization of Pension Deferrals – \$50,064 reported as deferred inflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30,	
2024	\$ 58,783
2025	19,746
2026	118,109
2027	(3,575)
2028	-

Actuarial assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2023 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9% average, including inflations
Investment rate of return:	7.5% net of pension plan investment expense
Mortality rates:	Based on RP-2000 combined healthy with blue collared adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July1, 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:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	5.18%
Domestic equity	8.70%
International equity	10.87%
Real estate	7.23%
Other assets	6.24%

Discount rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the City will be made at contractually required rates, determined by Oklahoma 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.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the City, calculated using the discount rate of 7.5%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's net pension liability (asset)	\$ 1,382,073	\$ 1,060,655	\$ 791,856

Payables to the Pension Plan – There are no payables to the pension plan for the year ended June 30, 2024.

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.

Agent Multiple Employer – Defined Benefit Plan

Oklahoma Municipal Retirement Fund Employee Retirement System of Sallisaw, Oklahoma

Plan Description – The Oklahoma Municipal Retirement Fund Employee Retirement System of Sallisaw, Oklahoma (the Plan) is a defined benefit retirement plan covering City employees not covered by other plans. The City contributes to the OMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The OMRF plan issues a separate financial report and can be obtained from OMRF or from their website: www.okmrf.org/reports.html. Benefits are established or amended by the City Commission in accordance with O.S. Title 11, Section 48-101-102.

Summary of Significant Accounting Policies – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City’s plan and additions to/deductions from the City’s fiduciary net position have been determined on the same basis as they are reported by OMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OMRP plans’ fiduciary net position is available in the separately issued OMRF financial report.

Eligibility Factors and Benefit Provisions

Provision	July 1, 2023 through June 30, 2024
Eligibility	All regular, full-time employees except police, firefighters, and other employees who are covered under an approved system.
Contributions	7% of pay
Service:	
Credited service	The last period of continuous employment with the City
Vesting	Credited service plus transferred service from other OMRF employers.
Benefit eligibility	10 or more years of service
Final average compensation	Average of 5 highest consecutive years of salaries out of the last 10 years of service
Accrued benefit	Plan AAA 3% of final average compensation multiplied by the number of years of credited service.
Normal retirement age	The earlier of: Age 65 with 10 or more years of vesting service Age 55 with 80 points and 10 or more years of vesting service (Points are equal to age plus completed years of service)
Normal retirement	
Eligibility	Termination after age 55 with 10 or more years of vesting service.
Benefit	The accrued benefit payable starting at normal retirement age, or the accrues benefit reduced 5% per year for commencement prior to normal retirement age

Disability retirement	
Eligibility	Total and permanent disability after 10 or more years of service.
Benefit	The accrued benefit is payable upon disablement without reduction for early payment.
Termination before retirement age	
Before vesting	Return of employee contributions, if any, with interest
After vesting	The accrued benefit payable starting at normal retirement age, or a reduced benefit payable at an early retirement age.
In-service death	
Before vesting	Return of employee contributions, if any, with interest.
After vesting (married participants only)	50% of the accrued benefit is payable to the spouse until death or remarriage.
After vesting (other participants)	50% of the accrued benefit is payable for 5 years certain.
Payment options	
Normal form	Monthly lifetime annuity with 5 years certain
Optional forms	Disability retirement benefits paid under normal form. Actuarially equivalent optional forms: Joint & 50% survivor annuity Joint & 66 2/3rds% last survivor annuity Joint & 100% survivor annuity
Cost of living	This plan has not elected the automatic post-retirement cost-of-living adjustments.

Employees covered by benefit terms:

Active employees	115
Deferred vested former employees	5
Disabled participants	4
Retirees or retiree beneficiaries	53
Total	177

Contribution Requirements

The City Commission has the authority to set and amend contribution rates by ordinance for the OMRF 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 11.33% of covered payroll as of July 1, 2023 through June 30, 2024. For the year ended June 30, 2024, the City recognized \$ 524,512 of employer contributions to the plan which equals the actuarially determined amount based on covered payroll of \$5,573,255.

Actuarial assumptions

Date of last actuarial valuation	July 1, 2024
a. Actuarial cost method	Entry age level
b. Rate of return on investments & discount rate	7.75%
c. Projected salary increase based on age	4% - 7.42%
d. Post retirement cost-of-living increase	None
e. Inflation rate	3%
f. Mortality table	UP 1994, with projected mortality improvement
g. Percent of married employ	100%
h. Spouse age difference	3 years (female spouses younger)
i. Turnover	Select & 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

Discount rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.75% 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 (3.0%).

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:

	<u>Target allocation</u>	<u>Real return</u>	<u>Weighted return</u>
Large cap stocks	25%	4.55%	1.14%
S&P 500			
Small/mid cap stocks	10%	5.00%	0.50%
Russel 2500			
International developed mkts equity	20%	6.20%	1.24%
MSCI AEAFF			
International emerging mkts equity	5%	6.40%	0.32%
MSCI EM net div			
Private equity	5%	6.05%	0.30%
MSCI ACWI net div			
US fixed income bonds	20%	2.55%	0.51%
Barclay's US			
Real estate	15%	4.95%	0.74%
NCREIF			
Cash equivalents	0%	15.00%	0.00%
3-month Treasury			
Total	100%		
Average Real Return			4.75%
Inflation			2.75%
Long-term expected return			7.50%

Changes in Net Pension Liability – 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.

The following table reports the components of changes in pension liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 7/1/2022	\$ 23,227,909	\$ 18,819,214	\$ 4,408,695
Changes for the year:			
Service cost	530,474	-	530,474
Interest	1,699,340	-	1,699,340
Differences between expected and actual experience	489,193	-	489,193
Assumption changes	-	-	-
Contributions - employer	-	624,695	(624,695)
Contributions - employee	-	385,955	(385,955)
Net investment income	-	1,718,318	(1,718,318)
Benefit payments, including refunds of employee contributions	(1,161,075)	(1,161,075)	-
Administrative expense	-	(41,840)	41,840
Other changes	-	-	-
Net changes	1,557,932	1,526,053	31,879
Balance at 7/1/2023	\$ 24,785,841	\$ 20,345,267	\$ 4,440,574

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50 percent) or 1-percentage point higher (8.50 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Total Pension Liability	\$ 27,895,384	\$ 24,785,841	\$ 22,234,850
Plan Fiduciary Position	20,345,267	20,345,267	20,345,267
Net Pension Liability	\$ 7,550,117	\$ 4,440,574	\$ 1,889,583

The City reported \$933,804 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual expenses	\$ 478,378	\$ 160,964
Changes of assumptions	-	141,123
Net difference between projected and actual earnings on pension plan investments	2,696,787	1,619,399
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	\$ 524,511	-
	<u>\$ 3,699,676</u>	<u>\$ 1,921,486</u>

\$524,511 will be reported as net deferred inflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2025	\$ 267,602
2026	150,312
2027	806,512
2028	19,661
2029	9,592

C. Commitments and contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

As described in Note II.E., full-time employees will be compensated for unused hours accrued in excess of 1,000 hours, up to a maximum of 2,500 hours at retirement. No accrual has been made in the accompanying financial statements for any such payments since the number of hours or time of retirement for any employee cannot be reasonably determined.

D. Prior period adjustment

A prior period adjustment was recorded for the recognition of expense in the amount of \$99,343 related to cost associated with construction in process. The project was cancelled.

City of Sallisaw, Oklahoma

Statement of Revenues, Expenditures, and Changes in Fund Balances -
General Fund - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2024

	<u>Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES					
Sales tax	\$ 7,220,000	\$ -	\$ 7,220,000	\$ 1,938,962	\$ (5,281,038)
Other taxes	1,205,100	-	1,205,100	353,504	(851,596)
Licenses and permits	-	-	-	56,190	56,190
Intergovernmental	390,000	-	390,000	427,985	37,985
Fines and forfeitures	218,900	-	218,900	324,245	105,345
Charges for services	160,000	-	160,000	291,129	131,129
Rental	12,000	-	12,000	19,418	7,418
Other	343,500	300,000	643,500	678,414	34,914
Interest	1,500	-	1,500	96,595	95,095
Total revenues	9,551,000	300,000	9,851,000	4,186,442	(5,664,558)
EXPENDITURES					
<u>General government:</u>					
Administration	918,409	90,000	1,008,409	1,006,396	2,013
Admin - Grants	411,093	-	411,093	356,541	54,552
Customer Service	390,305	-	390,305	362,173	28,132
Fleet Maintenance	400,989	20,000	420,989	420,139	850
Tree trimming	466,755	-	466,755	247,957	218,798
Information services	650,232	-	650,232	527,964	122,268
Finance	734,744	-	734,744	684,109	50,635
General sundry	605,637	(110,000)	495,637	177,109	318,528
<u>Public safety:</u>					
Police	2,378,812	-	2,378,812	2,338,447	40,365
Police Auxillary	671,505	-	671,505	603,906	67,599
Animal Welfare	204,254	-	204,254	157,411	46,843
Municipal Court	73,583	-	73,583	71,128	2,455
Fire	619,046	-	619,046	567,681	51,365
<u>Public works:</u>					
Streets	1,173,857	-	1,173,857	1,027,363	146,494
Meter reading	218,281	-	218,281	211,832	6,449
Sanitation	677,658	15,000	692,658	691,348	1,310
Landfill	1,189,403	(55,000)	1,134,403	1,070,531	63,872
Electric	1,419,800	-	1,419,800	1,309,519	110,281
Telecommunications	786,944	-	786,944	695,438	91,506
Water production	588,806	-	588,806	567,057	21,749
Water distribution	536,717	-	536,717	524,810	11,907
Wastewater collection	98,950	-	98,950	66,730	32,220
Wastewater treatment	547,431	40,000	587,431	584,908	2,523
<u>Culture and recreation:</u>					
Library	13,500	-	13,500	6,788	6,712
Airport	288,350	-	288,350	261,577	26,773
Parks	840,503	-	840,503	779,111	61,392
Swimming Pool	120,986	-	120,986	410	120,576
Cemetery	12,200	-	12,200	10,546	1,654
<u>Economic Development:</u>					
Economic Development	154,896	-	154,896	129,851	25,045
Building development	579,094	-	579,094	526,988	52,106
Total expenditures	17,772,740	-	17,772,740	15,985,768	1,786,972
Revenue over (under) expenditures	(8,221,740)	300,000	(7,921,740)	(11,799,326)	3,877,586
OTHER FINANCING SOURCES (USES)					
Operating transfers in/(out)	8,221,740	(300,000)	7,921,740	12,926,156	5,004,416
Net other financing sources (uses)	8,221,740	(300,000)	7,921,740	12,926,156	5,004,416
Revenues and other financing sources over (under) expenditures and other uses	\$ -	\$ -	\$ -	\$ 1,126,830	\$ 8,882,002
Fund balance at beginning of year (Non-GAAP budgetary basis)				(1,675,268)	
Fund balance at end of year (Non-GAAP budgetary basis)				\$ (548,438)	
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and transfer accruals				2,215,886	
Fund balance at end of year (GAAP basis)				\$ 1,667,448	

City of Sallisaw, Oklahoma
Schedules of Required Supplementary Information

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	Oklahoma Municipal Retirement Fund SINCE INITIAL APPLICATION									
	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2023*	2024*
Total pension liability										
Service cost	\$ 366,952	\$ 408,732	\$ 425,998	\$ 412,468	\$ 404,894	\$ 424,540	\$ 481,232	\$ 529,095	\$ 588,033	\$ 530,474
Interest	1,223,894	1,250,385	1,291,059	1,304,887	1,318,346	1,360,786	1,483,772	1,559,843	1,652,420	1,699,340
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(227,314)	(559,807)	(174,613)	(160,360)	536,514	43,398	180,315	(263,489)	489,193
Changes in assumptions	-	-	-	210,427	-	301,499	-	-	(231,011)	-
Benefit payments, including refunds of employee contributions	(904,499)	(858,806)	(956,975)	(1,001,518)	(1,023,236)	(969,828)	(997,728)	(990,363)	(1,081,075)	(1,161,075)
Net change in total pension liability	686,347	572,997	200,275	751,651	539,644	1,653,511	1,010,674	1,278,890	664,878	1,557,932
Total pension liability - beginning	15,869,042	16,555,389	17,128,386	17,328,661	18,080,312	18,619,956	20,273,467	21,284,141	22,563,031	23,227,909
Total pension liability - ending (a)	\$ 16,555,389	\$ 17,128,386	\$ 17,328,661	\$ 18,080,312	\$ 18,619,956	\$ 20,273,467	\$ 21,284,141	\$ 22,563,031	\$ 23,227,909	\$ 24,785,841
Plan fiduciary net position										
Contributions - employer	593,615	623,077	640,405	604,182	607,837	581,492	564,725	683,771	667,007	624,695
Contributions - employee	228,564	248,235	251,139	259,627	265,928	290,746	315,488	355,337	362,503	385,955
Net investment income	1,805,094	356,175	116,710	1,610,821	1,070,688	1,060,473	678,401	4,688,709	(2,696,231)	1,718,318
Benefit payments, including refunds of employee contributions	(904,499)	(858,806)	(956,975)	(1,001,518)	(1,023,236)	(969,828)	(997,728)	(990,363)	(1,081,075)	(1,161,075)
Administrative expense	(26,721)	(26,404)	(25,775)	(28,185)	(30,045)	(31,812)	(33,890)	(34,711)	(37,188)	(41,840)
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	1,696,053	342,277	25,504	1,444,927	891,172	931,071	526,996	4,702,743	(2,784,984)	1,526,053
Plan fiduciary net position - beginning	11,043,455	12,739,508	13,081,785	13,107,289	14,552,216	15,443,388	16,374,459	16,901,455	21,604,198	18,819,214
Plan fiduciary net position - ending (b)	\$ 12,739,508	\$ 13,081,785	\$ 13,107,289	\$ 14,552,216	\$ 15,443,388	\$ 16,374,459	\$ 16,901,455	\$ 21,604,198	\$ 18,819,214	\$ 20,345,267
City's net pension liability - ending (a) - (b)	\$ 3,815,881	\$ 4,046,601	\$ 4,221,372	\$ 3,528,096	\$ 3,176,568	\$ 3,899,008	\$ 4,382,686	\$ 958,833	\$ 4,408,695	\$ 4,440,574
Plan fiduciary net position as a percentage of the total pension liability	76.95%	76.37%	75.64%	80.49%	82.94%	80.77%	79.41%	95.75%	81.02%	82.08%
Covered-employee payroll	\$ 3,329,223	\$ 3,503,183	\$ 3,564,633	\$ 3,511,459	\$ 3,752,847	\$ 4,092,306	\$ 4,535,072	\$ 4,962,910	\$ 4,948,518	\$ 5,331,935
City's net pension liability as a percentage of covered-employee payroll	114.62%	115.51%	118.42%	100.47%	84.64%	95.28%	96.64%	19.32%	89.09%	83.28%

* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Municipal Retirement Plan

	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2023*	2024*
Actuarially determined contribution	\$ 593,615	\$ 623,077	\$ 640,405	\$ 604,182	\$ 607,837	\$ 581,492	\$ 564,725	\$ 683,771	\$ 667,007	\$ 624,695
Contributions in relation to the actuarially determined contribution	(593,615)	(639,165)	(696,228)	(636,690)	(581,452)	(564,725)	(639,288)	(683,771)	(667,007)	(624,695)
Contribution deficiency (excess)	\$ -	\$ (16,088)	\$ (55,823)	\$ (32,508)	\$ 26,385	\$ 16,767	\$ (74,563)	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 3,329,223	\$ 3,503,183	\$ 3,564,633	\$ 3,511,459	\$ 3,752,847	\$ 4,092,306	\$ 4,535,072	\$ 4,962,910	\$ 4,948,518	\$ 5,331,935
Contributions as a percentage of covered-employee payroll	17.83%	17.79%	17.97%	17.21%	16.20%	14.21%	12.45%	13.78%	13.48%	11.72%

City of Sallisaw, Oklahoma
Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
Oklahoma Police Pension Retirement Plan
Year Ended June 30, 2024

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>	<u>2024*</u>
City's portion of the net pension liability (asset)	0.2792%	0.2768%	0.2427%	0.2603%	0.2753%	0.2908%	0.2944%	0.2701%	0.2696%	0.2700%
City's proportionate share of the net pension liability (asset)	\$ (94,003)	\$ 11,288	\$ 371,631	\$ 20,051	\$ (131,143)	\$ (18,566)	\$ 338,118	\$ (1,295,927)	\$ (216,180)	\$ (85,977)
City's covered-employee payroll	\$ 753,098	\$ 759,023	\$ 753,272	\$ 838,373	\$ 989,550	\$ 1,027,549	\$ 952,729	\$ 911,329	\$ 1,034,907	\$ 1,150,881
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-12.48%	1.49%	49.34%	2.39%	-13.25%	-1.81%	35.49%	-142.20%	-20.89%	-7.47%
Plan fiduciary net position as a percentage of the total pension liability or asset	139.12%	100.00%	99.76%	100.00%	100.01%	100.00%	99.99%	100.05%	100.01%	100.00%

* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Police Pension Retirement Plan

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>	<u>2024*</u>
Contractually required contribution	\$ 97,903	\$ 98,673	\$ 93,034	\$ 108,988	\$ 128,641	\$ 133,581	\$ 123,855	\$ 118,473	\$ 134,538	\$ 149,615
Contributions in relation to the contractually required contribution	(97,903)	(98,673)	(93,034)	(108,988)	(128,641)	(133,581)	(123,855)	(118,473)	(134,538)	(149,615)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 753,098	\$ 759,023	\$ 753,272	\$ 838,373	\$ 989,550	\$ 1,027,549	\$ 952,729	\$ 911,329	\$ 1,034,907	\$ 1,150,881
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	12.35%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

** Only the current fiscal year is presented because 10-year data is not yet available

City of Sallisaw, Oklahoma
Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Fire Pension Retirement Plan
Year Ended June 30, 2024

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>	<u>2024*</u>
City's portion of the net pension liability (asset)	0.0874%	0.089412%	0.089085%	0.087642%	0.079737%	0.085029%	0.086153%	0.094644%	0.095009%	0.095009%
City's proportionate share of the net pension liability (asset)	\$ 899,045	\$ 949,024	\$ 1,088,360	\$ 1,102,295	\$ 897,555	\$ 898,472	\$ 1,061,336	\$ 623,294	\$ 1,242,460	\$ 1,060,655
City's covered-employee payroll	\$ 231,105	\$ 246,186	\$ 239,007	\$ 228,035	\$ 264,111	\$ 288,247	\$ 296,390	\$ 280,260	\$ 294,769	\$ 357,602
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	389%	385%	455%	483%	340%	312%	358%	222%	422%	297%
Plan fiduciary net position as a percentage of the total pension liability or asset	99.30%	100.00%	99.91%	99.97%	99.98%	99.98%	99.97%	99.98%	99.97%	99.97%

* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Fire Pension Retirement Plan

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>	<u>2024*</u>
Contractually required contribution	\$ 32,354	\$ 34,466	\$ 34,886	\$ 31,925	\$ 36,976	\$ 40,355	\$ 39,661	\$ 39,236	\$ 41,268	\$ 50,064
Contributions in relation to the contractually required contribution	(32,354)	(34,466)	(34,886)	(31,925)	(36,976)	(40,355)	(39,661)	(39,236)	(41,268)	(50,064)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 231,105	\$ 246,186	\$ 239,007	\$ 228,035	\$ 264,111	\$ 288,247	\$ 296,390	\$ 280,260	\$ 294,769	\$ 357,602
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.60%	14.00%	14.00%	14.00%	13.38%	14.00%	14.00%	14.00%

** Only the current fiscal year is presented because 10-year data is not yet available

City of Sallisaw, Oklahoma

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Street and Alley Fund	Library Trust Authority	Youth & Recreation Fund	Fire Department Fund	Police Department Fund	Sallisaw NOW PFS Grant	Police Drug Fund	Sallisaw NOW
Assets								
Cash and cash equivalents	\$ 44,600	\$ -	\$ 558,504	\$ 236,661	\$ 99,288	\$ 23,340	\$ 51,613	\$ 17,019
Investments	-	95,808	-	-	-	-	-	-
Receivables:								
Taxes	5,017	-	-	3,672	-	-	-	-
Grants	-	-	-	-	-	-	-	4,386
Accrued interest	-	-	-	-	-	-	-	-
Due from other funds	-	45	13,473	-	-	-	-	-
Total assets	<u>\$ 49,617</u>	<u>\$ 95,853</u>	<u>\$ 571,977</u>	<u>\$ 240,333</u>	<u>\$ 99,288</u>	<u>\$ 23,340</u>	<u>\$ 51,613</u>	<u>\$ 21,405</u>
Liabilities								
Accounts payable	-	-	-	-	-	-	-	1,923
Current portion of capital leases	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	5,766	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,766</u>	<u>-</u>	<u>-</u>	<u>1,923</u>
Fund balance:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	49,617	95,853	-	-	-	23,340	-	19,482
Committed	-	-	571,977	-	-	-	51,613	-
Assigned	-	-	-	240,333	93,522	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balance	<u>49,617</u>	<u>95,853</u>	<u>571,977</u>	<u>240,333</u>	<u>93,522</u>	<u>23,340</u>	<u>51,613</u>	<u>19,482</u>
Total liabilities and fund balance	<u>\$ 49,617</u>	<u>\$ 95,853</u>	<u>\$ 571,977</u>	<u>\$ 240,333</u>	<u>\$ 99,288</u>	<u>\$ 23,340</u>	<u>\$ 51,613</u>	<u>\$ 21,405</u>

See accompanying notes to the financial statements.

City of Sallisaw, Oklahoma

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Department of Justice Grants	Sallisaw NOW DFC Grant	Capital Improvements Fund	Cemetery Fund	Infrastructure Improvements Fund	FAA Grant	CDBG Fund
Assets							
Cash and cash equivalents	\$ -	\$ 27,793	\$ 2,529,292	\$ 199,160	\$ 2,520,107	\$ -	\$ -
Investments	-	-	-	221,335	-	-	-
Receivables:							
Taxes	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-
Due from other funds	-	-	89,280	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 27,793</u>	<u>\$ 2,618,572</u>	<u>\$ 420,495</u>	<u>\$ 2,520,107</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities							
Accounts payable	-	-	65,819	-	6,100	160,133	44,000
Current portion of capital leases	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>65,819</u>	<u>-</u>	<u>6,100</u>	<u>160,133</u>	<u>44,000</u>
Fund balance:							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	27,793	2,552,753	420,495	-	(160,133)	(44,000)
Committed	-	-	-	-	2,514,007	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balance	<u>-</u>	<u>27,793</u>	<u>2,552,753</u>	<u>420,495</u>	<u>2,514,007</u>	<u>(160,133)</u>	<u>(44,000)</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 27,793</u>	<u>\$ 2,618,572</u>	<u>\$ 420,495</u>	<u>\$ 2,520,107</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

City of Sallisaw, Oklahoma

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Police Technology Fund	PFS Grant	CARA Grant	State CBPS	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 35,292	\$ -	\$ -	\$ 159,976	\$ 6,502,645
Investments	-	-	-	-	317,143
Receivables:					
Taxes	-	-	-	-	8,689
Grants	-	24,222	100,469	20,833	149,910
Accrued interest	-	-	-	-	-
Due from other funds	-	-	-	-	102,798
Total assets	<u>\$ 35,292</u>	<u>\$ 24,222</u>	<u>\$ 100,469</u>	<u>\$ 180,809</u>	<u>\$ 7,081,185</u>
Liabilities					
Accounts payable	-	29,761	114,845	2,035	424,616
Current portion of capital leases	-	-	-	-	-
Due to other funds	-	-	-	-	5,766
Total liabilities	<u>-</u>	<u>29,761</u>	<u>114,845</u>	<u>2,035</u>	<u>430,382</u>
Fund balance:					
Nonspendable	-	-	-	-	-
Restricted	35,292	(5,539)	(14,376)	178,774	3,179,351
Committed	-	-	-	-	3,137,597
Assigned	-	-	-	-	333,855
Unassigned	-	-	-	-	-
Total fund balance	<u>35,292</u>	<u>(5,539)</u>	<u>(14,376)</u>	<u>178,774</u>	<u>6,650,803</u>
Total liabilities and fund balance	<u>\$ 35,292</u>	<u>\$ 24,222</u>	<u>\$ 100,469</u>	<u>\$ 180,809</u>	<u>\$ 7,081,185</u>

See accompanying notes to the financial statements.

City of Sallisaw, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2024

	Street and Alley Fund	Library Trust Authority	Youth & Recreation Fund	Fire Department Fund	Police Department Fund	Sallisaw NOW PFS Grant	Police Drug Fund	Sallisaw NOW
Revenues								
Intergovernmental	\$ 83,020	\$ -	\$ -	\$ 74,894	\$ 59,204	\$ -	\$ -	\$ 40,939
Sales Tax	-	-	-	41,105	-	-	-	-
Hotel tax	-	-	138,230	-	-	-	-	-
Fines and forfeitures	-	-	-	-	1,890	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Donations	-	-	9,808	-	-	-	-	-
Proceeds from debt issuance	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	-	-	701	-
Interest	-	5,401	-	-	-	-	605	-
Total Revenues	<u>\$ 83,020</u>	<u>\$ 5,401</u>	<u>\$ 148,038</u>	<u>\$ 115,999</u>	<u>\$ 61,094</u>	<u>\$ -</u>	<u>\$ 1,306</u>	<u>\$ 40,939</u>
Expenditures								
Public safety	-	-	-	58,587	5,359	-	-	41,355
Public works	41,603	-	-	-	-	-	-	-
Culture and recreation	-	-	73,587	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	2,051	-	-	-	-	-
Total expenditures	<u>41,603</u>	<u>-</u>	<u>75,638</u>	<u>58,587</u>	<u>5,359</u>	<u>-</u>	<u>-</u>	<u>41,355</u>
Excess of revenues over (under) expenditures	41,417	5,401	72,400	57,412	55,735	-	1,306	(416)
Other financing sources (uses)								
Transfers in	-	-	113,264	-	-	-	-	-
Transfers (out)	(85,614)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(85,614)</u>	<u>-</u>	<u>113,264</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(44,197)	5,401	185,664	57,412	55,735	-	1,306	(416)
Fund balances, beginning	93,814	90,452	386,313	182,921	37,787	23,340	50,307	19,898
Fund balances, ending	<u>\$ 49,617</u>	<u>\$ 95,853</u>	<u>\$ 571,977</u>	<u>\$ 240,333</u>	<u>\$ 93,522</u>	<u>\$ 23,340</u>	<u>\$ 51,613</u>	<u>\$ 19,482</u>

See accompanying notes to the financial statements.

City of Sallisaw, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2024

	Department of Justice Grants	Sallisaw NOW DFC Grant	Capital Improvements Fund	Cemetery Fund	Infrastructure Improvements Fund	FAA Grant	CDBG Fund
Revenues							
Intergovernmental	\$ 4,874	\$ 38,464	\$ -	\$ -	\$ -	\$ -	\$ 18,750
Sales Tax	-	-	969,481	-	-	-	-
Hotel tax	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Charges for services	-	-	-	39,650	-	-	-
Donations	-	-	-	-	-	-	-
Proceeds from debt issuance	-	-	-	-	-	-	-
Miscellaneous income	-	-	56,022	25	-	-	-
Interest	-	-	2,296	12,498	5,152	-	-
Total Revenues	<u>\$ 4,874</u>	<u>\$ 38,464</u>	<u>\$ 1,027,799</u>	<u>\$ 52,173</u>	<u>\$ 5,152</u>	<u>\$ -</u>	<u>\$ 18,750</u>
Expenditures							
Public safety	4,874	38,465	558	-	-	-	-
Public works	-	-	27,000	4,326	6,600	-	18,750
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	239,475	-	-	-	-
Interest	-	-	23,153	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>4,874</u>	<u>38,465</u>	<u>290,186</u>	<u>4,326</u>	<u>6,600</u>	<u>-</u>	<u>18,750</u>
Excess of revenues over (under) expenditures	-	(1)	737,613	47,847	(1,448)	-	-
Other financing sources (uses)							
Transfers in	-	-	564,328	-	825,000	6,802	-
Transfers (out)	-	-	(1,120,384)	-	(557,730)	(166,935)	(44,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(556,056)</u>	<u>-</u>	<u>267,270</u>	<u>(160,133)</u>	<u>(44,000)</u>
Net change in fund balances	-	(1)	181,557	47,847	265,822	(160,133)	(44,000)
Fund balances, beginning	-	27,794	2,371,196	372,648	2,248,185	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ 27,793</u>	<u>\$ 2,552,753</u>	<u>\$ 420,495</u>	<u>\$ 2,514,007</u>	<u>\$ (160,133)</u>	<u>\$ (44,000)</u>

See accompanying notes to the financial statements.

City of Sallisaw, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2024

	Police Technology Fund	PFS Grant	CARA Grant	State CBPS	Total Governmental Funds
Revenues					
Intergovernmental	\$ -	\$ 255,139	\$ 661,504	\$ 192,000	\$ 1,428,788
Sales Tax	-	-	-	-	1,010,586
Hotel tax	-	-	-	-	138,230
Fines and forfeitures	22,142	-	-	-	24,032
Charges for services	-	-	-	-	39,650
Donations	-	-	-	-	9,808
Proceeds from debt issuance	-	-	-	-	-
Miscellaneous income	-	-	-	-	56,748
Interest	-	-	-	-	25,952
Total Revenues	<u>\$ 22,142</u>	<u>\$ 255,139</u>	<u>\$ 661,504</u>	<u>\$ 192,000</u>	<u>\$ 2,733,794</u>
Expenditures					
Public safety	-	260,140	659,589	108,943	1,177,870
Public works	-	-	-	-	98,279
Culture and recreation	-	-	-	-	73,587
Debt service:					
Principal	-	-	-	-	239,475
Interest	-	-	-	-	23,153
Capital outlay	-	-	-	-	2,051
Total expenditures	<u>-</u>	<u>260,140</u>	<u>659,589</u>	<u>108,943</u>	<u>1,614,415</u>
Excess of revenues over (under) expenditures	22,142	(5,001)	1,915	83,057	1,119,379
Other financing sources (uses)					
Transfers in	-	-	-	-	1,509,394
Transfers (out)	-	-	-	-	(1,974,663)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(465,269)</u>
Net change in fund balances	22,142	(5,001)	1,915	83,057	654,110
Fund balances, beginning	13,150	(538)	(16,291)	95,717	5,996,693
Fund balances, ending	<u>\$ 35,292</u>	<u>\$ (5,539)</u>	<u>\$ (14,376)</u>	<u>\$ 178,774</u>	<u>\$ 6,650,803</u>

See accompanying notes to the financial statements.

City of Sallisaw, Oklahoma
Statement of Net Position
Sallisaw Municipal Authority Combining Statement
June 30, 2024

	Business-type Activities			
	Municipal Authority	SMA Capital Project Fund	Meter Deposit Fund	TOTAL
Assets				
Cash and cash equivalents	\$ 7,047,485	\$ -	\$ -	\$ 7,047,485
Investments	1,359,985	-	-	1,359,985
Receivables:				
Accounts (net of allowance for uncollectible)	2,049,254	-	-	2,049,254
Accrued interest	-	-	-	-
Due from other funds	660,537	-	-	660,537
Other assets	-	86,518	-	86,518
Restricted assets:				
Cash and cash equivalents	-	8,987,282	299,057	9,286,339
Investments	-	-	502,821	502,821
Capital assets (net of accumulated depreciation)	-	38,356,667	-	38,356,667
Total assets	11,117,261	47,430,467	801,878	59,349,606
Deferred outflows of resources				
Loss on refunding of debt	-	142,105	-	142,105
Deferred amounts related to pensions	-	776,932	-	776,932
Total deferred outflows of resources	-	919,037	-	919,037
Liabilities				
Accounts payable	1,114,825	-	-	1,114,825
Salary payable	127,198	-	-	127,198
Notes payable, current	-	398,516	-	398,516
Bonds payable, current	-	2,055,000	-	2,055,000
Payable from restricted assets:				
Accrued interest payable	-	304,530	-	304,530
Customer deposits	-	-	792,243	792,243
Due to other funds	299,129	-	223	299,352
Noncurrent liabilities:				
Compensated absences	-	211,567	-	211,567
Notes payable	-	2,974,080	-	2,974,080
Bonds payable	-	27,950,000	-	27,950,000
Landfill closure	3,482,914	-	-	3,482,914
Pension obligation	-	932,521	-	932,521
Total liabilities	5,024,066	34,826,214	792,466	40,642,746
Deferred inflows of resources				
Deferred amounts related to pensions	-	403,512	-	403,512
Net position				
Net investment in capital assets	-	38,356,667	-	38,356,667
Restricted:				
Debt service	-	(21,936,798)	-	(21,936,798)
Meter deposits	-	-	9,412	9,412
Unrestricted	6,093,195	(3,300,091)	-	2,793,104
Total net position	\$ 6,093,195	\$ 13,119,778	\$ 9,412	\$ 19,222,385

City of Sallisaw, Oklahoma

Statement of Revenues, Expenses, and Changes in Net Position - Sallisaw Municipal Authority Combining Statement Year Ended June 30, 2024

	Business-type Activities			
	Municipal Authority	SMA Capital Project Fund	Meter Deposit Fund	TOTAL
Operating revenues				
Charges for services:				
Electric	\$ 12,704,259	\$ -	\$ -	\$ 12,704,259
Water	2,388,760	-	-	2,388,760
Wastewater	1,036,131	-	-	1,036,131
Landfill	2,048,588	-	-	2,048,588
Sanitation	1,694,508	-	-	1,694,508
Telecommunications	3,107,879	-	-	3,107,879
Penalties	165,587	-	-	165,587
Other	890,127	5,410	-	895,537
Total operating revenues	24,035,839	5,410	-	24,041,249
Operating expenses				
Administration	487,247	8,622	-	495,869
Electric	8,483,822	-	-	8,483,822
Water	1,089,635	-	-	1,089,635
Wastewater	653,871	-	-	653,871
Landfill	1,070,631	-	-	1,070,631
Sanitation	1,074,103	-	-	1,074,103
Telecommunications	2,446,389	-	-	2,446,389
Depreciation and amortization	-	2,398,793	-	2,398,793
Bad debt expense	-	-	-	-
Total operating expenses	15,305,698	2,407,415	-	17,713,113
Total operating income (loss)	8,730,141	(2,402,005)	-	6,328,136
Nonoperating revenues (expenses)				
Sales tax	3,877,924	-	-	3,877,924
Other taxes	952,277	-	-	952,277
Interest income	135,904	472,824	20,907	629,635
Interest expense and fiscal charges	(4,218)	(962,217)	-	(966,435)
Total nonoperating revenues (expenses)	4,961,887	(489,393)	20,907	4,493,401
Operating transfers				
Transfers in	6,168,699	5,164,431	-	11,333,130
Transfers (out)	(17,625,317)	(452,895)	-	(18,078,212)
Total operating transfers	(11,456,618)	4,711,536	-	(6,745,082)
Net income (loss)	2,235,410	1,820,138	20,907	4,076,455
Net position, beginning	3,857,785	11,398,983	(11,495)	15,245,273
Prior period adjustment	-	(99,343)	-	(99,343)
Net position, ending	\$ 6,093,195	\$ 13,119,778	\$ 9,412	\$ 19,222,385

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 City Council
City of Sallisaw, 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, each major fund, and the aggregate remaining fund information of City of Sallisaw, Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Sallisaw, Oklahoma's basic financial statements, and have issued our report thereon dated November 30, 2024.

Report on Internal Control over Financial Reporting

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

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

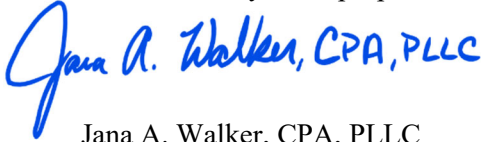
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Sallisaw, Oklahoma'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.



Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
November 30, 2024

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

To the City Council
City of Sallisaw, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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



Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
November 30, 2024

CITY OF SALLISAW, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title		Assistance Listing Number	Program or Award Amount	Federal Expenditures
<u>U.S. Department of Commerce:</u>				
Passed through Oklahoma Department of Commerce Target Opportunities Award (TOP)		11.300	\$ 18,750	\$ 18,750
Sub-total U.S. Department of Commerce			<u>\$ 18,750</u>	<u>\$ 18,750</u>
<u>U.S. Department of Justice</u>				
Passed through Oklahoma Department of Justice	220229523	16.710	\$ 3,595	\$ 1,383
Sub-total U.S. Department of Justice			<u>\$ 3,595</u>	<u>\$ 1,383</u>
<u>U.S. Department of Health & Human Services:</u>				
<u>Pass-Through Program From Cherokee Nation Health Services:</u>				
Substance Abuse & Mental Health Services Projects of Regional & National Significance	Sallisaw NOW-CARA-5 NH28CE003323-03-00	93.243	\$ 50,000	\$ 40,939
Substance Abuse & Mental Health Services Projects of Regional & National Significance	Sallisaw Now DFC-6NH28CE002665-07-04	93.243	125,000	38,464
Substance Abuse & Mental Health Services Projects of Regional & National Significance	First Responders CARA-1H79TI082518-01	93.243	500,000	443,503
Substance Abuse & Mental Health Services Projects of Regional & National Significance	First Responders CARA-5H79TI082518-04	93.243	500,000	218,001
Substance Abuse & Mental Health Services Projects of Regional & National Significance	Sallisaw NOW CARA-1H79TI086363-01	93.243	500,000	395,380
Substance Abuse & Mental Health Services Projects of Regional & National Significance	PFS 5H79SP081602-5	93.243	300,000	255,139
Sub-total U.S. Health & Human Services			<u>\$ 1,975,000</u>	<u>\$ 1,391,425</u>
Total of Expenditures of Federal Awards			<u>\$ 1,997,345</u>	<u>\$ 1,411,558</u>

Note A - This schedule was prepared on an accrual (GAAP) basis of accounting consistent with the preparation of the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Also, there were no awards passed through to sub-recipients.

Note B - Basis of Presentation - The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note C - Indirect Cost Rate - The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

City of Sallisaw, Oklahoma
Schedule of Findings and Questioned Cost
Year Ended June 30, 2024

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____yes X no

Significant deficiency(ies) identified? _____yes X none reported

Noncompliance material to financial statements noted? _____yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____yes X no

Significant deficiency(ies) identified? _____yes X none reported

Type of auditor’s report issued on noncompliance
for major federal programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516(a)? _____yes X no

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.243	Substance Abuse & Mental Health Services Projects of Regional & National Significance

Dollar threshold used to distinguish
Between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes no

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no current year financial statement findings.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There were no current year federal award findings or questioned costs.

SECTION IV – PRIOR YEAR FINDINGS

There were no prior year federal award findings or questioned costs.

SECTION V – CORRECTIVE ACTION PLAN

There were no current year findings.