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

THE CITY OF STILWELL, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

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

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ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

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MICHAEL W. GREEN

Certified Public Accountant

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(918) 696-6298

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Stilwell, Oklahoma

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Stilwell, Oklahoma (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I:

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

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension exhibits, as listed in the table of contents, with related notes 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.

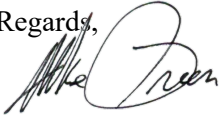
Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards, as listed in the table of contents, 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 my opinion, the combining and individual nonmajor fund financial statements and the schedule of federal and state 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*, I have also issued my report dated March 28, 2025, on my consideration of the City's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Regards,

A handwritten signature in black ink, appearing to read "Mike Green", written over a horizontal line.

Michael W. Green, CPA
Stilwell, Oklahoma

March 28, 2025

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CITY OF STILWELL, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF STILWELL, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2024

The management of the City of Stilwell is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the fiscal year ended June 30, 2024. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts.

About the City

The City of Stilwell is a home rule charter city with a population of approximately 3,700 located in Adair County in eastern Oklahoma. The City is governed by a five-member Board and operates under state law and City ordinances through the three branches of democratic government:

- Legislative – the City Council is a five-member governing body elected by the citizens by Ward
- Executive – the City Mayor is the Chief Executive Officer and is elected for a four year term
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

The City provides typical municipal services such as public safety, street and alley maintenance, parks and recreation, and community development.

The City's Financial Reporting Entity

This annual report includes all activities for which the City of Stilwell Council is fiscally responsible. These activities, defined as the City's financial reporting entity, make up the primary government.

The City's financial reporting entity includes the primary government (City of Stilwell), the Stilwell Improvement Authority, a blended component unit that operates to provide financing and capital for the benefit of the City, and the Stilwell Area Development Authority, a discretely presented component unit that operates the electric, water, and sewer systems for the City. The reporting entity for financial reporting purposes is as follows:

- **The City of Stilwell** – that operates the public safety, health and welfare, streets and highways, parks and recreation, economic and community development, and administrative activities.
- **The Stilwell Improvement Authority** – a public trust that operates to provide financing and capital for the City. This Authority is presented as a governmental fund type blended component unit.
- **The Stilwell Area Development Authority** – a public trust that operates the electric, water and sewer systems for the City. This Authority is presented as a discretely presented component unit.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$724,371 with the assets and deferred outflows of the City exceeding its liabilities and deferred inflows by \$14,627,221 (net position) as of June 30th, 2024. Of this amount, \$1,620,696 may be used to meet the government's ongoing obligations to citizens and creditors (unrestricted net position).
- As of June 30, 2024, the City's governmental funds reported combined ending fund balances of \$4,652,572. Of this amount, \$1,983,500 is available for spending at the government's discretion of the General Fund (unassigned fund balance).
- As of the end of fiscal year 2024, the unassigned fund balance of the General Fund was 35.5% of General Fund revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

Included in this report are government-wide financial statements for the governmental activities of the City. The government-wide statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting principles. These statements include all assets of the City (including infrastructure) and deferred outflows, as well as all liabilities (including long-term debt) and deferred inflows. They also reveal how these activities or services were financed in the short term, and what resources are available for future spending. Also included in this report are fund financial statements, which report the City's operations in greater detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions to ask about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady as a result of the current year's activities?" The Statement of Net Position and the Statement of Activities help to answer this question by reporting information about the City as a whole, and its activities. Additionally, one will also need to consider non-financial factors to assess the overall health of the city, including, but not limited to, changes in the City's sales tax base, the condition of the City's roads, and the quality of service to assess the overall health of the City. These statements report all assets and deferred outflows, liabilities and deferred inflows using the accrual basis of accounting. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

In the Statement of Net Position and the Statement of Activities, are *governmental activities* that report most of the City's basic services, including, but not limited to, the police, fire, administration, and streets. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.

Discretely-presented component unit – This accounts for activity of the City's reporting entity that do not meet the criteria for blending, and includes the Stilwell Area Development Authority.

Reporting the City's Most Significant Funds - Fund Financial Statements

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant (major) funds -- not the City as a whole. Some funds are required to be established by State law and by debt covenants. However, the City Council may also establish certain other funds to help it control and manage money for particular purposes, or to show that it is meeting various legal responsibilities for using certain taxes, grants, and other money.

Governmental funds - All of the City's basic services are reported in governmental funds, which focus on the inflow and outflow of resources and the balances available at year-end for future spending. These funds are reported using an accounting method called the modified accrual basis of accounting, which reports all cash and all other financial assets that can readily be converted to cash. For example, these funds present the acquisition of capital assets and payments for debt principal as expenditures, not as changes to asset and debt balances. The governmental fund statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine (through a review of changes to fund balance) whether there are more or less financial resources available in the near future to finance the City's programs. The difference of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Notes to the Financial Statements

The notes provide additional information that is essential to gaining and understanding of the data provided in the government-wide and fund financial statements. The Notes to the Basic Financial Statements can be found on pages 25-48 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents a Budgetary Comparison Schedule for the General Fund, and combining financial statements and schedules for non-major governmental funds and the accounts of the Stilwell Improvement Authority.

CITY OF STILWELL, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2024

THE CITY AS A WHOLE

For the year ended June 30, 2024, net position for the governmental activities increased \$724,371. The following is a summary of the change in net position for the City of Stilwell.

NET POSITION (In Thousands)			
	Governmental Activities		% Inc. (Dec.)
	<u>2024</u>	<u>2023</u>	
Current assets	\$ 4,807	\$ 4,964	-3%
Capital assets, net	12,723	11,698	9%
Total assets	<u>17,530</u>	<u>16,662</u>	5%
Deferred outflows	<u>821</u>	<u>899</u>	-10%
Current liabilities	199	2,197	-91%
Non-current liabilities	3,333	1,187	181%
Total liabilities	<u>3,532</u>	<u>3,384</u>	3%
Deferred inflows	<u>192</u>	<u>274</u>	-30%
Net position			
Net investment in capital assets	10,371	10,212	2%
Restricted	2,635	1,928	37%
Unrestricted	1,621	1,762	-8%
Total net position	<u>\$ 14,627</u>	<u>\$ 13,902</u>	5%

Current liabilities decreased 91% due to the full repayment of an interim loan for the construction of City Hall, with a prior year current outstanding liability balance of about \$1.2 million. Proceeds of about \$2.2 million from a new Promissory Note from the United States Department of Agriculture (USDA), used to repay the interim loan balance, are also the primary source of the 181% increase in non-current liabilities.

The largest portion of the City's net position reflects its investment in capital assets, less any related outstanding debt used to acquire those assets. At year end, the net investment in capital assets, amounted to \$10,371,386. A portion of the City's net position, \$2,635,139, represents resources that are subject to external restrictions on how they may be used. The 37% change in the City's restricted net position primarily relates to increased sales tax transfers from the General fund to the Capital Improvement Fund and unspent cash relating to the \$2.2 million loan proceeds from USDA loan mentioned above.

CITY OF STILWELL, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2024

Following is a summary of change in net position for the City of Stilwell.

CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)
	<u>2024</u>	<u>2023</u>	
Revenues			
Charges for services	\$ 590	\$ 571	3%
Operating grants and contributions	143	126	13%
Capital grants and contributions	197	1,029	-81%
Taxes	4,344	4,063	7%
Intergovernmental revenue	-	432	-100%
Investment income	541	12	4408%
Miscellaneous	23	100	-77%
Payment from Development Authority	194	429	-55%
Total revenues	<u>6,032</u>	<u>6,762</u>	-11%
Expenses			
General government	986	854	15%
Public safety	2,338	2,410	-3%
Streets	1,006	1,091	-8%
Sanitation	529	482	10%
Culture, parks and recreation	553	525	5%
Economic development	161	207	-22%
Interest on long-term debt	45	71	-37%
Total expenses	<u>5,618</u>	<u>5,640</u>	0%
Excess (deficiency) before transfers and other payments	414	1,122	-63%
Payment to Development Authority	-	-	100%
Change in net position	414	1,122	-63%
Beginning net position	13,902	12,780	9%
Ending net position	<u>\$ 14,316</u>	<u>\$ 13,902</u>	3%

Governmental Activities

The City's capital grants and contributions decreased 81% because in the prior year the city received a \$620,000 donation from the Cherokee Nation. Miscellaneous revenues increased 94%, due to increased reimbursements, while interest on long-term debt saw a 59% increase due to the roughly \$2.2 million outstanding balance on the USDA loan that carries an annual interest rate of 2.50%.

**Net Revenue (Expense) of Governmental Activities
(In Thousands)**

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>	
General government	\$ 986	\$ 854	15%	(\$873)	(\$814)	7%
Public safety	2,338	2,410	-3%	(2,045)	(2,041)	0%
Streets	1,006	1,091	-8%	(972)	(967)	1%
Sanitation	529	482	10%	(186)	(123)	51%
Culture, parks and recreation	553	525	5%	(406)	310	-231%
Economic development	161	207	-22%	(161)	(207)	-22%
Interest on long-term debt	45	71	-37%	(45)	(71)	-37%
Total	<u>\$ 5,618</u>	<u>\$ 5,640</u>	0%	<u>(\$4,688)</u>	<u>(\$3,913)</u>	20%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2024 fiscal year, the governmental funds reported a combined fund balance of \$4,652,572 or a 15.8% increase from the prior year.

Other fund highlights include:

- For the year ended June 30, 2024, the Stilwell Improvement Authority's total fund balance increased by \$432,632, or 1,832%.

General Fund Budgetary Highlights

For the year ended June 30, 2024, the General Fund reported actual budgetary basis revenues over final estimates by \$380,885 or an 8.0% positive variance. General Fund actual expenditures were under final appropriations by \$262,769 or a 5.1% positive variance.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2024, the City had approximately \$12.7 million invested in capital assets including land, buildings, machinery and equipment, and park facilities. This represents a net increase of about \$1.0 million from last year.

Below are details regarding the change in the City's capital assets for the year ended June 30, 2024.¹

	Capital Assets	
	(In Thousands)	
	(Net of accumulated depreciation)	
	Governmental	
	Activities	
	<u>2024</u>	<u>2023</u>
Land	\$ 1,037	\$ 1,037
Buildings and Improvements	10,445	7,431
Machinery and Equipment	1,064	1,100
Construction in progress	177	2,130
Totals	<u>\$ 12,723</u>	<u>\$ 11,698</u>

This year's more significant capital asset additions include the following:

- | | |
|---|-------------|
| • New City Hall Building | \$3,152,945 |
| • Chestnut Street Improvements – 3 rd to 5 th | 127,665 |
| • Carson Community Park Pavillion | 68,915 |

¹ For more detailed information on capital asset activity please refer to page 30-31, Note 5. Capital Assets and Depreciation

CITY OF STILWELL, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2024

Debt Administration

At year-end, the City had \$3,444,111 of long-term debt outstanding during FY2024.²

	Long-Term Debt (In Thousands)		
	Governmental Activities		Total Percentage Change
	2024	2023	
Accrued absences	\$ 424	\$ 477	-11.1%
Net pension liability	668	547	22.1%
Notes payable	2,352	1,485	58.4%
Totals	\$ 3,444	\$ 2,509	

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

The following information outlines significant known factors that will affect subsequent year finances:

- Each year, a new Schedule of Fees is established to more accurately reflect the costs involved with permits and licensing.
- The City continues to receive grant money from various sources that have not been fully received as of fiscal year end, including:
 - "Safe Routes to School" grant for \$200,000
 - CDBG Grant in the amount of \$300,000
 - OPIOID Grant for \$60,000
- A multi-year drainage project on Chestnut Street will be completed before January 1, 2025.
- A street repair and drainage project on Maple Street has been approved for a \$75,000 REAP grant which will begin in late spring of 2025.
- A lighting, building upgrade, and public sign project has been approved for a \$75,000 REAP grant which will begin in spring of 2025.

Contacting City Management

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives and expends. If you have questions about this report or need additional financial information, contact the City Clerk's office at 503 West Division, Stilwell, Oklahoma 74960 or telephone at 918-696-8111.

² For more detailed information on long-term debt activity please refer to page 31-33, Note 6. Long-Term Debt.

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

BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND ACTIVITIES

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

Statement of Net Position– June 30, 2024

	<u>Governmental</u> <u>Activities</u>	<u>SADA</u> <u>Component Unit</u>
ASSETS		
Cash and cash equivalents	\$ 3,942,963	\$ 1,045,471
Investments	130,636	1,151,736
Accounts receivable, net of allowance	98,000	1,154,042
Due from other governmental agencies	600,316	-
Due (to) from component unit / primary government	18,739	-
Inventories	-	1,128,602
Prepaid Assets	16,163	49,114
Restricted investments	-	48,264
Capital Assets:		
Land and construction in progress	1,214,780	3,413,377
Other capital assets, net of accumulated depreciation	11,508,667	18,761,814
Total Assets	<u>17,530,264</u>	<u>26,752,420</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to pensions	<u>821,382</u>	<u>472,186</u>
LIABILITIES		
Accounts payable and accrued expenses	87,760	1,263,575
Accrued interest payable	480	-
Long-term liabilities:		
Due within one year	110,858	29,217
Due in more than one year	3,333,253	2,193,044
Total liabilities	<u>3,532,351</u>	<u>3,485,836</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to pensions	<u>192,074</u>	<u>110,855</u>
NET POSITION		
Net investment in capital assets	10,371,386	20,776,453
Restricted for:		
Streets	256,413	-
Cemetery	70,173	-
Capital improvements	1,864,995	-
Grants	187,113	-
Police	76,143	-
Fire	76,585	-
Parks	3,459	-
Debt service	100,258	48,264
Unrestricted	1,620,696	2,803,198
Total net position	<u>\$ 14,627,221</u>	<u>\$ 23,627,915</u>

See accompanying notes to the basic financial statements.

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

Statement of Activities – Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position	SADA Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary government						
Governmental Activities						
General Government	\$ 986,410	\$ 46,863	\$ 45,148	\$ 22,000	\$ (872,399)	\$ -
Public Safety	2,337,687	184,815	66,388	41,489	(2,044,995)	-
Highways and streets	1,005,760	-	31,137	2,329	(972,294)	-
Sanitation	529,391	343,101	-	-	(186,290)	-
Culture and Recreation	552,664	15,550	-	131,515	(405,599)	-
Economic Development	161,384	-	-	-	(161,384)	-
Econ. Dev. (payment to Development Auth)	45,098	-	-	-	(45,098)	-
Interest on Long-term debt	113,088	-	-	-	(113,088)	-
Total governmental activities	<u>5,731,482</u>	<u>590,329</u>	<u>142,673</u>	<u>197,333</u>	<u>(4,801,147)</u>	<u>-</u>
Total primary government	<u>5,731,482</u>	<u>590,329</u>	<u>142,673</u>	<u>197,333</u>	<u>(4,801,147)</u>	
Component unit:						
Stilwell Area Development Authority	13,021,865	11,493,207	-	1,987,033		458,375
Total component unit	<u>13,021,865</u>	<u>11,493,207</u>	<u>-</u>	<u>1,987,033</u>		<u>458,375</u>
General revenues:						
Taxes:						
Sales taxes					\$ 3,714,181	\$ -
Use taxes					629,703	-
Franchise taxes and public service taxes					35,541	-
Intergovernmental revenue not restricted to specific programs					541,197	-
Unrestricted investment earnings					23,002	51,908
Miscellaneous					193,959	-
Payment from Development Authority					387,935	-
Total general revenues					<u>5,525,518</u>	<u>51,908</u>
Change in net position					<u>724,371</u>	<u>510,283</u>
Net position - beginning					<u>13,902,850</u>	<u>23,117,632</u>
Net position - ending					<u>\$ 14,627,221</u>	<u>\$ 23,627,915</u>

See accompanying notes to the basic financial statements.

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As of and for the Year Ended June 30, 2024

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

CITY OF STILWELL, OKLAHOMA
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Governmental Funds Balance Sheet – June 30, 2024

	<u>General Fund</u>	<u>Stilwell Improvement Authority</u>	<u>Capital Improvement Fund</u>	<u>Special Projects - Golf Course Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 1,830,014	\$ 456,248	\$ 526,291	\$ 774,993	\$ 355,417	\$ 3,942,963
Investments	3,705	-	-	-	126,931	130,636
Due from other governments	578,115	-	-	-	22,201	600,316
Due from other funds	-	-	219,677	-	50,400	270,077
Due from component unit	33,185	-	-	-	-	33,185
Franchise tax receivable	770	-	-	-	-	770
Hotel/motel tax receivable	1,492	-	-	-	-	1,492
Court fines receivable, net	85,220	-	-	-	-	85,220
Utilities receivable, net	10,328	-	-	-	-	10,328
Other receivables	190	-	-	-	-	190
Prepaid expenses	16,163	-	-	-	-	16,163
Total assets	<u>2,559,182</u>	<u>456,248</u>	<u>745,968</u>	<u>774,993</u>	<u>554,949</u>	<u>5,091,340</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	26,117	-	-	-	592	26,709
Accrued payroll payable	61,051	-	-	-	-	61,051
Due to other funds	270,077	-	-	-	-	270,077
Due to component unit	14,446	-	-	-	-	14,446
Total liabilities	<u>371,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>592</u>	<u>372,283</u>
Deferred Inflows of Resources:						
Unavailable revenue	<u>47,804</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,681</u>	<u>66,485</u>
Fund balances:						
Restricted	156,187	451,529	725,042	774,993	513,699	2,621,450
Assigned	-	4,719	20,926	-	21,977	47,622
Unassigned	1,983,500	-	-	-	-	1,983,500
Total fund balances	<u>2,139,687</u>	<u>456,248</u>	<u>745,968</u>	<u>774,993</u>	<u>535,676</u>	<u>4,652,572</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,559,182</u>	<u>\$ 456,248</u>	<u>\$ 745,968</u>	<u>\$ 774,993</u>	<u>\$ 554,949</u>	<u>\$ 5,091,340</u>

See accompanying notes to the basic financial statements.

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Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Total fund balance, governmental funds	\$ 4,652,572
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	12,723,447
Certain long-term assets are not available to pay current fund liabilities and, therefore are deferred in the funds:	
Court fines receivable	47,804
Grants receivable	18,681
Deferred outflows are not available to pay current fund liabilities and therefore are not reported in the funds:	
Pension related deferred outflows	821,382
Some liabilities are not due and payable in the current period and they, along with deferred inflows, are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	
Accrued compensated absences	(423,618)
Notes payable	(2,352,061)
Accrued Interest Payable	(480)
Pension related deferred inflows	(192,074)
Net pension liability	(668,432)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 14,627,221</u>

See accompanying notes to the basic financial statements.

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

	<u>General Fund</u>	<u>Stilwell Improvement Authority</u>	<u>Capital Improvement Fund</u>	<u>Special Projects - Golf Course</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 4,379,425	\$ -	\$ -	\$ -	\$ -	\$ 4,379,425
Intergovernmental	242,299	-	-	-	444,019	686,318
Licenses and permits	38,559	-	-	-	-	38,559
Charges for services	369,560	-	-	-	6,220	375,780
Fines and forfeitures	86,633	-	-	-	-	86,633
Investment income	11,607	2,763	1,098	3,889	3,645	23,002
Miscellaneous	454,948	-	60,000	-	50	514,998
Total revenues	<u>5,583,031</u>	<u>2,763</u>	<u>61,098</u>	<u>3,889</u>	<u>453,934</u>	<u>6,104,715</u>
EXPENDITURES						
Current:						
General Government:						
General government	517,708	54	-	-	1	517,763
Clerk/treasurer	243,822	-	-	-	-	243,822
Community building	23,630	-	-	-	-	23,630
Media	63,454	-	-	-	-	63,454
Public Safety and Judiciary:						
Fire	207,125	-	-	-	-	207,125
Civil defense	10,735	-	-	-	-	10,735
Police	1,458,783	-	-	-	-	1,458,783
Code enforcement	307,294	-	-	-	-	307,294
Municipal court	77,530	-	-	-	-	77,530
Ambulance	50,533	-	-	-	-	50,533
Streets	774,116	-	-	-	-	774,116
Sanitation	455,866	-	-	-	-	455,866
Cultural, Parks, and Recreation:						
Parks and recreation	363,582	-	-	-	-	363,582
Library	16,661	-	-	-	48	16,709
Cemetery	35,008	-	-	-	-	35,008
Economic Development	91,241	-	-	-	-	91,241
Capital Outlay	56,576	1,173,146	566,367	1,700	68,771	1,866,560
Debt Service:						
Principal	-	2,211,786	-	-	-	2,211,786
Interest and other charges	-	117,855	-	-	-	117,855
Total Expenditures	<u>4,753,664</u>	<u>3,502,841</u>	<u>566,367</u>	<u>1,700</u>	<u>68,820</u>	<u>8,893,392</u>
Excess (deficiency) of revenues over expenditures	<u>829,367</u>	<u>(3,500,078)</u>	<u>(505,269)</u>	<u>2,189</u>	<u>385,114</u>	<u>(2,788,677)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt	-	3,078,352	-	-	-	3,078,352
Payment from Development Authority	387,935	-	-	-	-	387,935
Payment to Development Authority	(45,098)	-	-	-	-	(45,098)
Transfers in	-	854,737	1,046,833	-	5,000	1,906,570
Transfers out	(1,141,833)	(379)	(374,980)	-	(389,378)	(1,906,570)
Total other financing sources and uses	<u>(798,996)</u>	<u>3,932,710</u>	<u>671,853</u>	<u>-</u>	<u>(384,378)</u>	<u>3,421,189</u>
Net change in fund balances	30,371	432,632	166,584	2,189	736	632,512
Fund balances - beginning	2,109,316	23,616	579,384	772,804	534,940	4,020,060
Fund balances - ending	<u>\$ 2,139,687</u>	<u>\$ 456,248</u>	<u>\$ 745,968</u>	<u>\$ 774,993</u>	<u>\$ 535,676</u>	<u>\$ 4,652,572</u>

See accompanying notes to the basic financial statements.

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Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds:	\$ 632,512
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	
Capital asset purchases capitalized	1,742,596
Depreciation expense	(717,125)
In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.	
	(117,041)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in unavailable revenue	(7,998)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:	
Proceeds of long-term debt	(3,078,352)
Principal payments on long-term debt	2,211,786
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Change in accrued interest payable	4,767
Change in accrued compensated absences	53,226
Change in net position of governmental activities	<u>\$ 724,371</u>

See accompanying notes to the basic financial statements.

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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements

1. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of Stilwell), one governmental fund type blended component unit, and one discretely presented component unit as follows:

- **The City of Stilwell** – that operates the public safety, streets and highways, parks and recreation, health and social services, public improvements, and general administration.
- **The Stilwell Improvement Authority** – A public trust that operates to provide financing and capital for the City. This Authority is reported as a governmental fund type blended component unit.
- **The Stilwell Area Development Authority** – A public trust that operates the electric, water and wastewater services of the City, and is reported as a discretely presented component unit. Separate audited component unit financial statements are issued by the Stilwell Area Development Authority and may be obtained at their administrative offices located at 925 W. Hickory St., Stilwell, OK 74960.

In determining the financial reporting entity, the City uses the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, and Statement No. 61, *"The Financial Reporting Entity: Omnibus"* and includes all component units for which the City is financially accountable.

Each of these component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation for the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

2. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statements of net position and activities are reported on the accrual basis of accounting and the economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

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

- General government:
 - License and permits, moving and hauling revenue, cemetery donations, operating and capital grants and contributions

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- Public safety:
 - Fine revenue, operating and capital grants and contributions
- Cultural, parks and recreation:
 - Cemetery fees and donations
- Street:
 - Gas excise and commercial vehicle taxes, capital grants and contributions
- Sanitation:
 - Charges for trash service
- Economic Development:
 - No program revenues in current year

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Governmental Funds:

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

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds
- Stilwell Improvement Authority – a debt service fund that accounts for financing and capital for the city
- Capital Improvement Fund – A capital project fund that accounts for revenues received from voter-restricted sales tax and other sources and expenditure for capital improvements
- Special Projects – Golf Course Fund – A capital project fund that accounts for revenues received and expenses for construction of a golf course

Aggregated Non-Major Funds (Reported as Other Governmental Funds):

Special Revenue Funds:

- Library Fund – Accounts for revenues received and restricted for the library
- ARPA Fund – Accounts for revenues received from the American Rescue Plan Act (ARPA) and related expenditures
- Street and Alley Fund - Accounts for revenues received from gasoline excise tax, motor vehicle tax and expenditures made for street maintenance and operations

Capital Project Funds:

- Cemetery Care Fund - Accounts for statutorily restricted cemetery revenues and the expenditures of those revenues.
- CDBG Grant Fund – Accounts for Community Development Block Grant funds in accordance with state and federal program guidelines.

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

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

The General Fund, Street and Alley Fund, Capital Improvement Fund, and the Special Projects – Golf Course Fund are the major funds and are displayed in separate columns. All other governmental funds are considered non-major funds and are aggregated under the column Other Governmental Funds. The combining financial statements for these non-major funds can be found in the supplemental information section of this report.

3. Cash, Cash Equivalents, Deposits and Investments

For the purposes of the statements of net position, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less. Revenue bond and promissory note trust account investments in open-ended mutual fund shares are also considered cash equivalents and are reported at the funds' current share prices.

Investments consist of non-negotiable certificates of deposit whose original maturity term exceeds three months and mutual funds. These non-negotiable certificates of deposit are carried at cost. Marketable investments are carried at fair value.

For the year ended June 30, 2024, the City recognized \$23,002 of investment income. Most of the City's deposits are in demand and short-term time deposits.

At June 30, 2024, the primary government held the following deposits and investments:

<u>Type</u>	<u>Time to Maturity</u>	<u>Carrying Value</u>
Deposits:		
Demand deposits	On demand	3,942,963
Time deposit	2-9 months	<u>130,636</u>
Total deposits and investments		<u><u>\$ 4,073,599</u></u>
Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 3,942,963
Investments		<u>130,636</u>
		<u><u>\$ 4,073,599</u></u>

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Custody Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. The City is governed by the Security for Local Public Deposits Act which requires that the City obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. As of June 30, 2024, the City's deposits were exposed to custody credit risk in the amount of \$43,416. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered in the name of the government, and if held by either a counterparty or a counterparty's trust, department or agent, but not in the government's name. As of June 30, 2024, none of the City's investments were subject to custody credit risk.

Investment Interest Rate Risk - the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk - The City has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investments in: (1) full faith and credit, direct obligations of the U. S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; (2) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; (3) negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; (4) county, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district; and government money market funds regulated by the SEC. These investment limitations do not apply to the City's public trusts. As of June 30, 2024, the City did not hold any securities with credit ratings since they are all non-negotiable time deposits.

Concentration of Investment Credit Risk - the City places no limit on the amount it may invest in any one issuer.

4. Accounts Receivable

Accounts Receivable - Governmental activities receivables include franchise and hotel/motel tax, garbage and court fines receivables.

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Franchise taxes	\$ 770	\$ -	\$ 770
Court fines	340,880	(255,660)	85,220
Garbage utilities	10,328	-	10,328
Hotel/motel tax	1,492	-	1,492
Other	190	-	190
Total Governmental Activities	<u>\$ 353,660</u>	<u>\$ (255,660)</u>	<u>\$ 98,000</u>

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5. Capital Assets and Depreciation

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. A capitalization threshold of \$5,000 is used to report capital assets. Capital assets are reported at actual or estimated historical cost. Capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to July 1, 2004. Prior to July 1, 2004, governmental funds' infrastructure assets, such as streets, bridges, drainage systems, and traffic signal systems were not capitalized. Infrastructure assets acquired since July 1, 2004 are recorded at cost. The \$3,519,992 Edna M. Carson Stilwell Community Park is held in the name of the Stilwell Improvement Authority, a blended component unit.

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

- Buildings, improvements and infrastructure 10 - 50 years
- Machinery and equipment 3-10 years

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

	Balance at July 01, 2023	Additions	Disposals	Balance at June 30, 2024
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 1,037,389	\$ -	\$ -	\$ 1,037,389
Construction in progress	2,130,174	1,327,827	3,280,610	177,391
Total capital assets not being depreciated	3,167,563	1,327,827	3,280,610	1,214,780
Other capital assets:				
Buildings	24,147,719	3,410,682	-	27,558,401
Machinery, furniture and equipment	4,410,038	284,698	45,137	4,649,599
Total other capital assets at historical cost	28,557,757	3,695,380	45,137	32,208,000
Less accumulated depreciation for:				
Buildings	16,717,086	396,763	-	17,113,849
Machinery, furniture and equipment	3,310,258	320,363	45,137	3,585,484
Total accumulated depreciation	20,027,344	717,126	45,137	20,699,333
Other capital assets, net	8,530,413	2,978,254	-	11,508,667
Governmental activities capital assets, net	\$ 11,697,976	\$ 4,306,081	\$ 3,280,610	\$ 12,723,447

Component Unit:

	Balance at July 01, 2023	Additions	Disposals	Balance at June 30, 2024
<i>Stilwell Area Development Authority:</i>				
Capital assets not being depreciated:				
Construction in progress	\$ 1,278,803	\$ 4,114,042	\$ 1,979,468	\$ 3,413,377
Total capital assets not being depreciated	1,278,803	4,114,042	1,979,468	3,413,377
Other capital assets:				
Machinery, furniture and equipment	35,184,986	2,397,607	-	37,582,593
Total other capital assets at historical cost	35,184,986	2,397,607	-	37,582,593
Less accumulated depreciation for:				
Machinery, furniture and equipment	17,672,076	1,148,703	-	18,820,779
Total accumulated depreciation	17,672,076	1,148,703	-	18,820,779
Other capital assets, net	17,512,910	1,248,904	-	18,761,814
Governmental activities capital assets, net	\$ 18,791,713	\$ 5,362,946	\$ 1,979,468	\$ 22,175,191

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Depreciation:

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

Governmental Activities:	
General government	\$ 68,380
Public safety	161,976
Highways and streets	205,064
Culture, tourism, and recreation	130,350
Economic Development	94,041
Sanitation	57,315
	<u>\$ 717,126</u>

6. Long-Term Debt

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

<u>Type of Debt</u>	<u>Balance July 01, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Governmental Activities:					
Notes payable - direct borrowings	\$ 1,485,495	\$ 3,078,352	\$ 2,211,786	2,352,061	\$ 68,496
Accrued compensated absences	476,844	-	53,226	423,618	42,362
Total Governmental Activities	<u>\$ 1,962,339</u>	<u>\$ 3,078,352</u>	<u>\$ 2,265,012</u>	<u>\$ 2,775,679</u>	<u>\$ 110,858</u>
Net pension liability				<u>668,432</u>	
				<u>\$ 3,444,111</u>	
Reconciliation to Statement of Net Position:					
Governmental Activities:					
Due within one year				\$ 110,858	
Due in more than one year				3,333,253	
Total Governmental Activities Long-term liabilities				<u>\$ 3,444,111</u>	

Governmental activities long-term debt payable from taxes and other general revenues includes the following note payable:

Accrued Compensated Absences

Current portion	42,362
Noncurrent portion	381,256
Total Accrued Compensated Absences	<u>\$ 423,618</u>

Net Pension Liability

Current Portion	\$ -
Noncurrent portion	668,432
Total Net Pension Liability	<u>\$ 668,432</u>

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Notes Payable (Direct Borrowings)

Note Payable to Bank of Commerce dated April 30, 2012, original amount \$250,000 with annual interest rate of 4.25%, due in monthly installments of principal and interest of \$1,394 beginning October 30, 2012, final installment due May 1, 2038, secured with a property lien from Stilwell Improvement Authority resources. In the event of default, the lender may: 1) accelerate maturity; 2) increase interest rate 3% from date of default until date of payment; 3) assess a late payment charge of \$22.50 or 5% of the regular payment amount if payment is more than 10 days late; 4) exercise any and all rights and remedies possessed by lender. \$ 194,144

Note Payable to Bank of Commerce dated December 19, 2019, original amount \$119,875 with annual interest rate of 3.39%, due in monthly installments of principal and interest of \$2,177 beginning January 30, 2020, final installment due December 30, 2024, secured with a property lien from Stilwell Improvement Authority resources. In the event of default, the lender may: 1) exercise any and all rights and remedies possessed by lender; 2) repossess the collateral; 3) sell or dispose of the collateral. 11,917

Note Payable to Bank of Commerce dated October 31, 2019, original amount \$63,250 with annual interest rate of 3.39%, due in monthly installments of principal and interest of \$1,148 beginning November 30, 2019, final installment due October 30, 2024, secured with a property lien from Stilwell Improvement Authority resources. In the event of default, the lender may: 1) exercise any and all rights and remedies possessed by lender; 2) repossess the collateral; 3) sell or dispose of the collateral. 4,545

Promissory Note Payable to the United States Department of Agriculture (USDA), dated February 29, 2024 for an original amount of \$2,500,000, an annual interest rate of 2.50%, due in monthly installments of principal and interest of \$8,250 beginning March 28, 2024, with a final installment due February 29, 2064. Current advancements on the loan to date total \$2,156,531 and this note is secured with a property lien on the new city hall site, and all present and future acquired revenues or contract rights under the Sales Tax Agreement dated as of February 1, 2024. In the event of default, the lender may: 1) declare all or any part of such indebtedness immediately due and payable; 2) repossess, operate, rent or sell the collateral. 3) enforce any and all other rights and remedies provided herein or by present or future laws \$ 2,141,455

Total Notes Payable	<u>\$ 2,352,061</u>
Current portion	\$ 68,496
Noncurrent portion	<u>2,283,565</u>
Total Notes Payable	<u>\$ 2,352,061</u>

Component Unit:

Customer Deposits

Noncurrent portion	323,239
Total Customer Deposits	<u>\$ 323,239</u>

Accrued Compensated Absences

Noncurrent portion	120,562
Total Accrued Compensated Absences	<u>\$ 120,562</u>

Net Pension Liability

Noncurrent portion	379,722
Total Net Pension Liability	<u>\$ 379,722</u>

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Notes Payable-Component Unit-Direct Borrowings

2021 Note Payable to USDA dated June 30, 2021, original amount of \$1,484,000 with a current variable interest rate of 1.375%, maturing June 30, 2061, secured with water, sewer and 10% electric utility revenues. In the event of default, the lender may: 1) accelerate maturity; 2) exercise suit for specific performance; 3) appoint temporary trustees to operate and maintain system; 4) exercise any and all rights and remedies possessed by lender.

1,398,738

Total Notes Payable	<u>\$ 1,398,738</u>
Current portion	29,217
Noncurrent portion	1,369,521
Total Notes Payable	<u>\$ 1,398,738</u>

Long-term debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Type Activities</u>	
	<u>Notes Payable (Direct Borrowing)</u>	
	<u>Principal</u>	<u>Interest</u>
2025	68,496	65,584
2026	44,622	72,859
2027	46,019	71,462
2028	47,469	70,012
2029	48,976	68,505
2030-2034	269,634	317,771
2035-2039	317,433	269,971
2040-2044	330,502	214,457
2045-2049	322,660	172,340
2050-2054	365,574	129,426
2055-thereafter	834,143	106,662
Totals	<u>\$ 2,695,528</u>	<u>\$ 1,559,049</u>
Less: Amount not yet advanced	(343,467)	
Outstanding Notes payable at 6/30/2024	<u>2,352,061</u>	

<u>Year Ending June 30,</u>	<u>Component Unit</u>	
	<u>Notes Payable-Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 29,217	\$ 19,047
2026	29,621	18,643
2027	30,031	18,233
2028	30,447	17,817
2029	30,868	17,396
2030	31,295	16,969
2031-2035	163,091	78,228
2036-2040	174,692	66,628
2041-2045	187,116	54,202
2046-2050	200,423	40,894
2051-2055	214,680	26,639
2056-2060	229,948	11,368
2061-2065	47,309	347
Totals	<u>\$ 1,398,738</u>	<u>\$ 386,412</u>

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7. Fund Balances and Net Position

Fund Statements:

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

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance, while the Stilwell Improvement Authority’s highest level of decision-making authority is by resolution.
- d. Assigned – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

The following schedule shows the detail of fund balance classifications as reported on the governmental balance sheet:

	General Fund	Stilwell Improvement Authority	Capital Improvement Fund	Special Projects - Golf Course Fund	Other Governmental Funds	Total
Fund Balance:						
Restricted For:						
Capital Improvements	\$ -	\$ 351,271	\$ 725,042	\$ 774,993	\$ -	\$ 1,851,306
Street Improvements	-	-	-	-	256,413	256,413
Grant Programs	-	-	-	-	187,113	187,113
Cemetery Capital	-	-	-	-	70,173	70,173
Debt Service	-	100,258	-	-	-	100,258
Police	76,143	-	-	-	-	76,143
Fire	76,585	-	-	-	-	76,585
Parks	3,459	-	-	-	-	3,459
Sub-total Restricted	156,187	451,529	725,042	774,993	513,699	2,621,450
Assigned to:						
Capital Improvements	-	4,719	20,926	-	-	25,645
Library	-	-	-	-	24	24
Street Improvements	-	-	-	-	21,953	21,953
Sub-total Assigned	-	4,719	20,926	-	21,977	47,622
Unassigned	1,983,500	-	-	-	-	1,983,500
TOTAL FUND BALANCE	\$ 2,139,687	\$ 456,248	\$ 745,968	\$ 774,993	\$ 535,676	\$ 4,652,572

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Net Position:

Net position is displayed in three components:

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

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

8. Sales Tax Revenue

Sales tax revenue represents a 3.75 cents tax on each dollar of taxable sales, which is recorded as follows:

- All 3.75 cents is first deposited into the General Fund (Ordinance #59, # 76, #202 and #416)
- 0.75 cents is then transferred to the Capital Improvement Fund as required by ordinance #202 and #416 and voter approval to be used for capital purchases.

9. Internal and Interfund Balances and Transfers

The City’s policy is to eliminate inter-fund transfers and balances in the statement of activities and net position to avoid the grossing up of balances. Internal transfers and balances between funds are not eliminated in the fund financial statements.

Balances:

Interfund receivables and payables at year ended June 30, 2024, were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
General Fund	Street & Alley Fund	\$ 50,400	Grant proceeds
General Fund	Capital Improvement Fund	98,140	Sales tax
General Fund	Capital Improvement Fund	88,975	Deposit correction
General Fund	Capital Improvement Fund	32,562	Deposit correction
Total		<u>\$ 270,077</u>	

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Transfers:

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

Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	Capital Improvement Fund	\$ 1,030,833	Portion of sales tax collections
General Fund	Capital Improvement Fund	16,000	Capital projects
General Fund	ARPA Fund	5,000	Operating subsidy
General Fund	Stilwell Improvement Authority	90,000	Annual debt service reserve transfer
Capital Improvement Fund	Stilwell Improvement Authority	169,980	Debt payment
Capital Improvement Fund	Stilwell Improvement Authority	200,000	Capital projects
Capital Improvement Fund	Stilwell Improvement Authority	5,000	Annual capital asset reserve transfer
ARPA Fund	Stilwell Improvement Authority	389,378	Capital projects
Total		<u>\$ 1,906,191</u>	
Reconciliation to Fund Financial Statements:			
Transfers within the Stilwell Improvement Authority Fund		\$ 379	
Governmental Funds Total		<u>\$ 1,906,570</u>	

10. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss as follows by securing commercial insurance for all risks, except for participation in the Oklahoma Municipal Assurance Group risk entity pool for certain coverage. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

11. Commitments and Contingencies

Litigation:

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

Federal and State Award Programs:

The City of Stilwell participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

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12. Pension Plan Participation

The City of Stilwell participates in three pension or retirement plans:

1. Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
2. Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
3. Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust (OMRF) – an agent multiple-employer defined benefit plan

Summary of Retirement Plan Balances:

	Governmental	SADA	Total
Deferred Outflows:			
Police Pension	\$ 23,210	\$ -	\$ 23,210
Fire Pension	10,827	-	10,827
OMRF	787,345	472,186	1,259,531
Total	<u>\$ 821,382</u>	<u>\$ 472,186</u>	<u>\$ 1,293,568</u>
Deferred Inflows:			
Fire Pension	\$ 4,369	\$ -	\$ 4,369
OMRF	187,705	110,855	298,560
Total	<u>\$ 192,074</u>	<u>\$ 110,855</u>	<u>\$ 302,929</u>
Net Pension Liability:			
Fire Pension	\$ 32,682	\$ -	\$ 32,682
OMRF	635,750	379,722	1,015,472
Total	<u>\$ 668,432</u>	<u>\$ 379,722</u>	<u>\$ 1,048,154</u>
Pension Expense (Benefit):			
Fire Pension	\$ (7,675)	\$ -	\$ (7,675)
OMRF	271,862	162,378	434,240
Total	<u>\$ 264,187</u>	<u>\$ 162,378</u>	<u>\$ 426,565</u>

Oklahoma Police Pension and Retirement System:

Plan description - The City of Tuttle, 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 - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants’ contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later. Monthly retirement benefits are calculated at 2.5% of the

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final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

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

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

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$23,210. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$24,393 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$0. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Net Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2024, the City reported an asset of \$0 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2023. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2023. Based upon this information, the City's proportion was 0.0%.

For the year ended June 30, 2024, the City recognized pension expense of \$0. 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
City contributions subsequent to the measurement date	\$ 23,210	\$ -
Total	<u>\$ 23,210</u>	<u>\$ -</u>

In the year ending June 30, 2024, \$23,210 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of or an addition to the net pension liability (asset) in the subsequent year. There were no other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions that will be recognized in pension expense over future years.

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

Inflation:	2.75%
Salary increases:	3.5% to 12% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Cost-of-living adjustments:	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).
Mortality rates:	<p>Active and inactive vested members: PubS-2010 Employee (Below Median) Mortality Table with rates set forward 2 years and projected generationally using SOA Scale MP-2021.</p> <p>Healthy retirees: PubS-2010 Healthy Retiree (Below Median) Mortality Table with rates set forward 2 years and projected generationally using SOA scale MP-2021.</p> <p>Beneficiaries: Pub-2010 Contingent Survivor (Below Median) Mortality Table with rates set forward 2 years and projected generationally using SOA Scale MP-2021.</p> <p>Disabled retirees: PubS-2010 Disabled Retiree Mortality Table with rates projected to 2023 using SOA Scale MP-2021.</p>

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, 2017, to June 30, 2022.

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 weighing 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	5.78%
Domestic equity	7.73%
International equity	11.55%
Real estate	7.66%
Private Equity	11.64%
Commodities	0.00%

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

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

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability (asset)	\$ -	\$ -	\$ -

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at www.ok.gov/OPPRS.

Firefighter Pension System:

Oklahoma Firefighters' Pension and Retirement System:

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

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

Normal Retirement:

- Hired Prior to November 1, 2013

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Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.

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

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in the line of duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not in the line of duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service or \$7.53 per year of service, with a maximum of 30 years.

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

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$1,260 for volunteers only. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$0 during the fiscal year. However, in the government-wide Statement of Activities, revenue is recognized for the State's on-behalf contributions on an accrual basis of \$2,895. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2024, the City reported a net pension liability of \$32,682 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2023. Based upon this information, the City's proportion was 0.002533%.

For the year ended June 30, 2024, the City recognized pension expense (benefit) of (\$7,675). At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,884	\$ 41
Changes of assumptions	-	52
Net difference between projected and actual earnings on pension plan investments	2,156	-
Changes in proportion and differences between City contributions and proportionate share of contributions	3,520	4,251
City contributions during measurement date	7	25
City contributions subsequent to the measurement date	1,260	-
Total	<u>\$ 10,827</u>	<u>\$ 4,369</u>

\$1,260 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	\$ 1,297
2026	349
2027	3,448
2028	104
Total	<u>\$ 5,198</u>

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

Inflation:	2.75%
Salary increases:	2.75% to 10.5% average, including inflation
Investment rate of return:	7.50% net of pension plan investment expense

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

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	5.80%
Domestic equity	47%	9.49%
International equity	15%	11.55%
Real estate	10%	8.48%
Other assets	8%	6.47%

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

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

	1% Decrease 6.5%	Current Discount Rate 7.50%	1% Increase 8.5%
Employers' net pension liability	\$ 42,587	\$ 32,682	\$ 24,400

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at www.ok.gov/FPRS.

Schedule of Retirement Plan Contributions – OkMRF

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

Summary of Significant Accounting Policies - For purposes of measuring the net pension liability (asset), 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 OkMRF. 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 OkMRF plans' fiduciary net position is available in the separately issued OkMRF financial report.

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Eligibility Factors and Benefit Provisions

As of 07/01/2023

<u>Provision</u>	<u>OkMRF Plan</u>
a. Eligible to participate	Full-time employees except police, firefighters and other employees who are covered under an approved system.
b. Period Required to Vest	5 years of credited service
c. Eligibility for Distribution	-Normal retirement at age 65 with 5 years of service -Early retirement at age 55 with 5 years of service -Disability retirement upon disability with 5 years of service -Death benefit with 5 years of service for married employees
d. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
e. Benefit Determination Methods:	
Normal Retirement	-2.25% of final average salary multiplied by credited years of service
Early Retirement	-Actuarially reduced benefit based upon age, final average salary, and years of service at termination
Disability Retirement	-Same as normal retirement
Death Benefit	-50% of employees accrued benefit, but terminates upon spouse re-marriage
Prior to 7 Years of Service	-No benefits
f. Benefit Authorization	-Benefits are established and amended by City Council adoption of an ordinance in accordance with O.S. Title, 11, Section 48-101-102
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, option form based on actuarial equivalent.

Employees Covered by Benefit Terms

Active Employees	76
Deferred Vested Former Employees	9
Retirees or Retiree Beneficiaries	<u>45</u>
Total	<u>130</u>

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Contribution Requirements—The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 4.63% of covered payroll as of 07/1/2023. Contributions made for fiscal year ended June 30, 2024 were \$119,739 and \$71,518 for the City and SADA, respectively, which is greater than the actuarially determined amount based on covered payroll of \$2,586,156 and \$1,544,665 for the City and SADA, respectively. Employees' contribution is 4.5% of covered payroll as of 7/1/2023.

Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2023
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.50%
c. Projected Salary Increase	Varies between 7.50% and 4.5% based on age
d. Post Retirement Cost-of-Living Increase	Benefits (attributable to service prior to 1/1/2010) in payment status are adjusted each July 1 st based on the percentage change in the CPI. The maximum increase or decrease in any year is 3%.
e. Inflation Rate	2.75%
f. Mortality Table	UP 1994, with projected mortality improvement
g. Percent of married employees	100%
h. Spouse age difference	3 years (female spouses younger)
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are Added during the first 5 years: Year 1: 225 Year 2: 140 Year 3: 100 Year 4: 70 Year 5: 40
j. Date of last experience study	September 2012 for fiscal years 2007 thru 2011

Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.50% since the plan's net fiduciary position is projected to be sufficient to make projected benefit payments.

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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:

	Target Allocation	Real Return	Weighted Return
Large cap stocks S&P 500	25%	4.55%	1.14%
Small/mid cap stocks Russell 2500	10%	5.00%	0.50%
Private Equity MSCI ACWI net div	5%	6.05%	0.30%
International stocks MSCI EAFE	25%	6.20%	1.55%
Fixed income bonds Barclay's Capital Aggregate	20%	2.55%	0.51%
Real estate NCREIF	15%	4.95%	0.74%
Cash equivalents 3 month Treasury	0%	15.00%	0.00%
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. The following table reports the components of changes in net pension liability:

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SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)			
	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances Beginning of Year	<u>\$ 10,540,598</u>	<u>\$ 9,704,084</u>	<u>\$ 836,514</u>
Changes for the Year:			
Service cost	252,354	-	252,354
Interest expense	764,368	-	764,368
Experience losses (gains)	380,682	-	380,682
Changes of assumptions	-	-	-
Contributions--City	-	220,466	(220,466)
Contributions--members	-	154,034	(154,034)
Net investment income	-	865,221	(865,221)
Benefits paid	(710,902)	(710,902)	-
Plan administrative expenses	-	(21,275)	21,275
Net Changes	<u>686,502</u>	<u>507,544</u>	<u>178,958</u>
Balances End of Year	<u>\$ 11,227,100</u>	<u>\$ 10,211,628</u>	<u>\$ 1,015,472</u>

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

	1 % Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension liability (asset)	<u>\$ 1,576,952</u>	<u>\$ 635,750</u>	<u>\$ (131,460)</u>
SADA's net pension liability (asset)	<u>941,887</u>	<u>379,722</u>	<u>(78,519)</u>
Net Pension Liability (Asset)	<u>\$ 2,518,839</u>	<u>\$ 1,015,472</u>	<u>\$ (209,979)</u>

For the year ended June 30, 2024, pension expense of \$271,862 for the City and \$162,378 for SADA was recognized. At June 30, 2024, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	City	SADA	Total	City	SADA	Total
Differences between expected and actual experience	\$ 327,552	\$ 195,643	\$ 523,195	\$ 46,595	\$ 27,831	\$ 74,426
Changes of assumptions	-	-	-	138,490	82,718	221,208
Net difference between projected and actual earnings on pension plan investments	340,054	203,109	543,163	-	-	-
Change in proportion	-	1,916	1,916	2,620	306	2,926
City contributions subsequent to the measurement date	119,739	71,518	191,257	-	-	-
Total	<u>\$ 787,345</u>	<u>\$ 472,186</u>	<u>\$ 1,259,531</u>	<u>\$ 187,705</u>	<u>\$ 110,855</u>	<u>\$ 298,560</u>

Amortization of Pension Deferrals - \$191,257 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of or addition to the net pension liability (asset) in the subsequent year. Any other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

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		<u>Total</u>	<u>City</u>	<u>SADA</u>
Year ended June 30:				
2025	\$	190,994	\$ 118,900	\$ 72,094
2026		135,141	84,089	51,052
2027		402,520	251,509	151,011
2028		41,057	25,401	15,656
	\$	<u>769,712</u>	<u>\$ 479,899</u>	<u>\$ 289,813</u>

13. Subsequent Events

The City approved a \$1.50 per hour raise for all hourly employees not under a separate contract, with up to an additional \$1.00 per hour raise, contingent upon receiving department head recommendation and Mayor confirmation. Furthermore, the City approved a 0% to 10% salary increase for all salaried employees based on each Supervisor's recommendation with confirmation by the Mayor.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF STILWELL, OKLAHOMA
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Budgetary Comparison Schedules (Budgetary Basis)– Year Ended June 30, 2024

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts,	Variance with
	Original	Final	Budgetary Basis	Final Budget - Positive (Negative)
Beginning Budgetary Fund Balance	\$ -	\$ 351,413	\$ 1,847,446	\$ 1,496,033
Resources (Inflows):				
TAXES:				
Sales tax	2,900,000	2,900,000	2,945,218	45,218
Use tax	560,000	560,000	629,703	69,703
Franchise tax	4,000	4,000	7,755	3,755
Occupational tax	6,000	6,000	11,750	5,750
Hotel and Motel Tax	12,500	12,500	16,036	3,536
Total taxes	3,482,500	3,482,500	3,610,462	127,962
INTERGOVERNMENTAL:				
Alcoholic beverage tax	110,000	110,000	105,557	(4,443)
Gas excise tax	-	-	-	-
Vehicle tax	-	-	-	-
Tobacco tax	21,000	21,000	22,758	1,758
Payments in lieu of taxes	-	-	-	-
Grants	-	-	46,393	46,393
Total Intergovernmental	131,000	131,000	174,708	43,708
CHARGES FOR SERVICES	365,200	365,200	369,560	4,360
FINES AND FORFEITURES	175,000	175,000	86,633	(88,367)
LICENSES AND PERMITS:	28,270	28,270	38,559	10,289
INVESTMENT INCOME	5,050	5,050	11,607	6,557
MISCELLANEOUS:				
Rentals	7,500	7,500	19,350	11,850
Proceeds from sale of capital assets	-	-	7,300	7,300
Reimbursements	140,000	140,000	86,716	(53,284)
Donations	-	-	176,497	176,497
Miscellaneous	65,500	65,500	186,189	120,689
Oil and gas royalty	1,000	1,000	1,389	389
Total Miscellaneous	214,000	214,000	477,441	263,441
OTHER FINANCING SOURCES:				
Payments from component unit	375,000	375,000	387,935	12,935
Total Resources (Inflows)	4,776,020	4,776,020	5,156,905	380,885
Amount available for appropriation	4,776,020	5,127,433	7,004,351	1,876,918
Charges to Appropriations (Outflows):				
Departmental:				
GENERAL GOVERNMENT:				
General government	500,406	675,174	581,162	94,012
Cemetery	43,950	43,950	35,008	8,942
Civil Defense	11,395	11,395	10,735	660
Clerk	236,584	271,344	243,822	27,522
Community building	27,650	27,650	23,630	4,020
Library	8,600	20,850	16,661	4,189
Sanitation	378,386	446,036	446,036	-
Municipal court	75,679	75,679	75,679	-
Code enforcement	271,595	306,345	306,345	-
Police	1,113,345	1,437,268	1,437,268	-
Fire	259,007	275,433	220,850	54,583
Street	1,010,291	1,010,291	830,821	179,470
Parks	282,944	383,873	383,873	-
Economic development	80,112	91,612	91,241	371
Ambulance	167,533	50,533	50,533	-
Total departmental	4,467,477	5,127,433	4,753,664	373,769
OTHER FINANCING USES				
Transfers to Other Funds	-	-	111,000	(111,000)
Payments to component unit	-	-	45,098	(45,098)
Total other financing sources and uses	-	-	156,098	(156,098)
Total charges to appropriations	4,467,477	5,127,433	4,864,664	262,769
Fund balances - ending	\$ 308,543	\$ -	\$ 2,139,687	\$ 2,139,687

See accompanying notes to this schedule.

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Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedules are reported on the same modified accrual basis as governmental funds within the basic financial statements, with the exception of sales tax revenue recorded by the City in the Capital Improvement Fund, payments received from the Development Authority, or pass-through grants to the Development Authority and other minor adjustments as shown in the schedule below:

	<u>General Fund</u>
Resources budgetary basis	\$ 5,156,905
Add: Sales tax transferred	768,963
Add: Pass-through grant to Development Authority	45,098
Deduct: Payment from Development Authority	<u>(387,935)</u>
Revenue – modified accrual basis	<u>\$ 5,583,031</u>
Expenditures budgetary/modified accrual basis	<u>\$ 4,753,664</u>
Expenditures – modified accrual basis	<u>\$ 4,753,664</u>

2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require Clerk/Treasurer's approval, while supplemental appropriations require City Council approval.

3. Expenditures exceeded appropriations in the following:

- General Fund – Transfers to other funds - \$111,000
- General Fund – Payments to component unit \$45,098

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

	<u>2024</u>
City's proportion of the net pension liability (asset)	0.000000%
City's proportionate share of the net pension liability (asset)	\$ -
City's covered-employee payroll	\$ -
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%
Plan fiduciary net position as a percentage of the total pension liability	101.02%

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

Notes to Schedule:

Only one fiscal year is presented because 10-year data is not yet available.
 The City enrolled in police pension during fiscal year 2024.

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

	<u>2024</u>
Statutorially required contribution	\$ 23,210
Contributions in relation to the statutorially required contribution	<u>23,210</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 178,538
Contributions as a percentage of covered-employee payroll	13.00%

Notes to Schedule:

Only one fiscal year is presented because 10-year data is not yet available.

CITY OF STILWELL, OKLAHOMA
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Schedules of Required Supplementary Information

SCHEDULE OF THE CITY OF STILWELL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City's proportion of the net pension liability	0.019553%	0.018763%	0.018996%	0.013615%	0.002882%	0.003188%	0.002403%	0.002902%	0.002331%	0.002533%
City's proportionate share of the net pension liability	\$ 201,075	\$ 199,153	\$ 232,087	\$ 171,242	\$ 32,440	\$ 33,681	\$ 29,606	\$ 19,114	\$ 30,478	\$ 32,682
City's covered-employee payroll	\$ 53,101	\$ 54,400	\$ 50,007	\$ 36,986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's proportionate share of the net pension liability as a percentage of its covered-	379%	366%	464%	463%	0%	0%	0%	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%	69.49%	70.85%

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

SCHEDULE OF CITY CONTRIBUTIONS

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorially required contribution	\$ 7,616	\$ 7,001	\$ 5,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorially required contribution	7,616	7,001	5,178	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 54,400	\$ 50,007	\$ 36,986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

No fire employees in prior and current fiscal years.

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Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Changes in Net Pension Liability and Related Ratios

Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total pension liability										
Service cost	\$ 179,893	\$ 183,591	\$ 190,323	\$ 177,583	\$ 179,703	\$ 197,086	\$ 230,798	\$ 230,437	\$ 267,743	\$ 252,354
Interest	591,364	602,074	627,855	647,453	649,317	661,226	702,937	714,157	773,811	764,368
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	4,295	(53,974)	(140,028)	(26,682)	101,138	(89,071)	563,455	(97,404)	380,682
Changes of assumptions	-	-	-	213,617	-	254,519	-	-	(369,172)	-
Benefit payments, including refunds of member contributions	(454,542)	(451,754)	(463,052)	(561,431)	(630,084)	(657,515)	(658,129)	(733,363)	(691,215)	(710,902)
Net change in total pension liability	316,715	338,206	301,152	337,194	172,254	556,454	186,535	774,686	(116,237)	686,502
Total pension liability - beginning	7,673,639	7,990,354	8,328,560	8,629,712	8,966,906	9,139,160	9,695,614	9,882,149	10,656,835	10,540,598
Total pension liability - ending (a)	\$ 7,990,354	\$ 8,328,560	\$ 8,629,712	\$ 8,966,906	\$ 9,139,160	\$ 9,695,614	\$ 9,882,149	\$ 10,656,835	\$ 10,540,598	\$ 11,227,100
Plan fiduciary net position										
Contributions - employer	\$ 205,752	\$ 235,630	\$ 224,090	\$ 1,256,166	\$ 95,751	\$ 103,042	\$ 105,197	\$ 163,921	\$ 167,470	\$ 220,466
Contributions - member	111,151	106,033	100,845	96,017	107,798	117,048	121,694	131,029	132,226	154,034
Net investment income	1,066,365	206,620	63,420	905,296	665,271	616,672	380,598	2,546,201	(1,391,243)	865,221
Benefit payments, including refunds of member contributions	(454,542)	(451,754)	(463,052)	(561,431)	(630,084)	(657,515)	(658,129)	(733,363)	(691,215)	(710,902)
Administrative expense	(15,767)	(15,369)	(14,751)	(15,801)	(18,544)	(18,845)	(19,292)	(18,912)	(19,500)	(21,275)
Net change in plan fiduciary net position	912,959	81,160	(89,448)	1,680,247	220,192	160,402	(69,932)	2,088,876	(1,802,262)	507,544
Plan fiduciary net position - beginning	6,521,890	7,434,849	7,516,009	7,426,561	9,106,808	9,327,000	9,487,402	9,417,470	11,506,346	9,704,084
Plan fiduciary net position - ending (b)	\$ 7,434,849	\$ 7,516,009	\$ 7,426,561	\$ 9,106,808	\$ 9,327,000	\$ 9,487,402	\$ 9,417,470	\$ 11,506,346	\$ 9,704,084	\$ 10,211,628
Net pension liability (asset) - ending (a) - (b)	\$ 555,505	\$ 812,551	\$ 1,203,151	\$ (139,902)	\$ (187,840)	\$ 208,212	\$ 464,679	\$ (849,511)	\$ 836,514	\$ 1,015,472
Plan fiduciary net position as a percentage of the total pension liability	93.05%	90.24%	86.06%	101.56%	102.06%	97.85%	95.30%	107.97%	92.06%	90.96%
Covered employee payroll	\$ 2,057,520	\$ 2,356,300	\$ 2,240,900	\$ 2,146,170	\$ 2,396,271	\$ 2,605,176	\$ 2,642,983	\$ 2,960,277	\$ 3,025,646	\$ 3,394,085
Net pension liability (asset) as a percentage of covered-employee payroll	27.00%	34.48%	53.69%	6.52%	7.84%	7.99%	17.58%	28.70%	27.65%	29.92%

This information includes activity for the City and the SADA, a discretely presented component unit.

Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Employer Contributions

Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution	\$ 197,222	\$ 186,667	\$ 165,899	\$ 196,015	\$ 102,561	\$ 105,270	\$ 163,915	\$ 148,800	\$ 190,642	\$ 140,087
Contributions in relation to the actuarially determined contribution	235,630	224,090	1,257,397	95,761	102,910	105,084	162,144	167,587	220,416	191,257
Contribution deficiency (excess)	<u>\$ (38,408)</u>	<u>\$ (37,423)</u>	<u>\$ (1,091,498)</u>	<u>\$ 100,254</u>	<u>\$ (349)</u>	<u>\$ 186</u>	<u>\$ 1,771</u>	<u>\$ (18,787)</u>	<u>\$ (29,774)</u>	<u>\$ (51,170)</u>
Covered employee payroll	\$ 2,356,300	\$ 2,240,900	\$ 2,146,170	\$ 2,396,271	\$ 2,609,684	\$ 2,706,175	\$ 2,911,456	\$ 2,642,983	\$ 2,960,277	\$ 3,025,646
Contributions as a percentage of covered-employee payroll	10.00%	10.00%	58.59%	4.00%	3.94%	3.88%	5.57%	6.34%	7.45%	6.32%

Notes to Schedule:

1. Latest Valuation Date: July 1, 2023
2. Actuarially determined contribution rate is calculated as of July 1, 2023 and is 4.63%.
3. Methods and assumptions used to determine contribution rates:
 - Actuarial cost method - Entry age normal
 - Amortization method - Level percent of payroll, closed
 - Remaining amortization period - 25 years
 - Asset valuation method - Actuarial:
 - Smoothing period - 4 years
 - Recognition method - Non-asymptotic
 - Corridor - 70% - 130%
 - Salary increases - 4.50% to 7.50% (varies by attained age)
 - Investment rate of return - 7.50%
4. This information includes activity for the City and the SADA, a discretely presented component unit.

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SUPPLEMENTARY INFORMATION

CITY OF STILWELL, OKLAHOMA
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Combining Balance Sheet Accounts– Nonmajor Funds – June 30, 2024

	Special Revenue Fund			Capital Project Funds		Total
	Library Fund	ARPA Fund	Street and Alley Fund	Cemetery Care Fund	CDBG Fund	Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 24	\$ 4,282	\$ 98,107	\$ 70,173	\$ 182,831	\$ 355,417
Investments	-	-	126,931	-	-	126,931
Due from other governments	-	-	3,520	-	18,681	22,201
Due from other funds	-	-	50,400	-	-	50,400
Total assets	<u>24</u>	<u>4,282</u>	<u>278,958</u>	<u>70,173</u>	<u>201,512</u>	<u>554,949</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	-	-	592	-	-	592
Total liabilities	<u>-</u>	<u>-</u>	<u>592</u>	<u>-</u>	<u>-</u>	<u>592</u>
Deferred Inflows of Resources:						
Unavailable revenue	-	-	-	-	18,681	18,681
Fund balances:						
Restricted	-	4,282	256,413	70,173	182,831	513,699
Assigned	24	-	21,953	-	-	21,977
Total fund balances	<u>24</u>	<u>4,282</u>	<u>278,366</u>	<u>70,173</u>	<u>182,831</u>	<u>535,676</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 24</u>	<u>\$ 4,282</u>	<u>\$ 278,958</u>	<u>\$ 70,173</u>	<u>\$ 201,512</u>	<u>\$ 554,949</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Funds – Year Ended June 30, 2024

	Special Revenue Fund			Capital Project Funds		Total-Other
	Library Fund	ARPA Fund	Street and Alley Fund	Cemetery Care Fund	CDBG Fund	Governmental Funds
REVENUES						
Intergovernmental	\$ -	\$ 412,882	\$ 31,137	\$ -	\$ -	\$ 444,019
Charges for services	-	-	-	6,220	-	6,220
Investment earnings	2	-	3,309	334	-	3,645
Miscellaneous	-	-	-	50	-	50
Total revenues	<u>2</u>	<u>412,882</u>	<u>34,446</u>	<u>6,604</u>	<u>-</u>	<u>453,934</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	1	1
Culture and Recreation	48	-	-	-	-	48
Capital Outlay	1,500	24,222	40,720	-	2,329	68,771
Total Expenditures	<u>1,548</u>	<u>24,222</u>	<u>40,720</u>	<u>-</u>	<u>2,330</u>	<u>68,820</u>
Excess (deficiency) of revenues over expenditures	<u>(1,546)</u>	<u>388,660</u>	<u>(6,274)</u>	<u>6,604</u>	<u>(2,330)</u>	<u>385,114</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	5,000	-	-	-	5,000
Transfers out	-	(389,378)	-	-	-	(389,378)
Total other financing sources and uses	<u>-</u>	<u>(384,378)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(384,378)</u>
Net change in fund balances	(1,546)	4,282	(6,274)	6,604	(2,330)	736
Fund balances - beginning	1,570	-	284,640	63,569	185,161	534,940
Fund balances - ending	<u>\$ 24</u>	<u>\$ 4,282</u>	<u>\$ 278,366</u>	<u>\$ 70,173</u>	<u>\$ 182,831</u>	<u>\$ 535,676</u>

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

Combining Balance Sheet – Stilwell Improvement Authority Accounts – June 30, 2024

	<u>Stilwell Improvement Authority</u>	<u>SIA Capital Asset Replacement Reserve</u>	<u>SIA Debt Service Reserve</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 346,103	\$ 9,887	\$ 100,258	\$ 456,248
Total assets	346,103	9,887	100,258	456,248
LIABILITIES AND FUND BALANCES				
Liabilities:				
Total liabilities	-	-	-	-
Fund balances:				
Restricted	341,384	9,887	100,258	451,529
Assigned	4,719	-	-	4,719
Total fund balances	346,103	9,887	100,258	456,248
Total liabilities, deferred inflows and fund balance	\$ 346,103	\$ 9,887	\$ 100,258	\$ 456,248

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Stilwell Improvement Authority Accounts – Year Ended June 30, 2024

	<u>Stilwell Improvement Authority</u>	<u>SIA Capital Asset Replacement Reserve</u>	<u>SIA Debt Service Reserve</u>	<u>Total</u>
REVENUES				
Investment earnings	\$ 2,366	\$ 42	\$ 355	\$ 2,763
Total revenues	2,366	42	355	2,763
EXPENDITURES				
Current:				
General government	54	-	-	54
Capital Outlay	1,173,146	-	-	1,173,146
Debt Service:				
Principal	2,211,786	-	-	2,211,786
Interest and other charges	117,855	-	-	117,855
Total Expenditures	3,502,841	-	-	3,502,841
Excess (deficiency) of revenues over expenditures	(3,500,475)	42	355	(3,500,078)
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	3,078,352	-	-	3,078,352
Transfers in	759,358	5,000	90,379	854,737
Transfers out	(379)	-	-	(379)
Total other financing sources and uses	3,837,331	5,000	90,379	3,932,710
Net change in fund balances	336,856	5,042	90,734	432,632
Fund balances - beginning	9,247	4,845	9,524	23,616
Fund balances - ending	\$ 346,103	\$ 9,887	\$ 100,258	\$ 456,248

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

INTERNAL CONTROL AND COMPLIANCE INFORMATION

MICHAEL W. GREEN

Certified Public Accountant

827 WEST LOCUST STREET

STILWELL, OK 74960

918-696-6298

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*

The Honorable Mayor and City Council
City of Stilwell, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Stilwell, Oklahoma (the City), as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the City of Stilwell's basic financial statements, and have issued our report thereon dated March 28, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses item (2024-001).

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.

Regards,

A handwritten signature in black ink, appearing to read "Mike Green", with a stylized, cursive script.

Michael W. Green, CPA
Stilwell, Oklahoma

March 28, 2025

SCHEDULE OF FINDINGS AND RESPONSES

City of Stilwell, Oklahoma

June 30, 2024

2024-001 – Compliance with Oklahoma Municipal Budget Act

Criteria: Title 11 O.S. § 17-206 of the Oklahoma Municipal Budget Act requires all municipalities to appropriate all anticipated expenditures, including interfund transfers, in their annual budget. Transfers made without budgetary appropriation are not in compliance with state law and may result in a misstatement of available funds or overspending

Condition: The City did not appropriate transfers from the general fund to other funds or to the component unit.

Cause and Effect: The City did not include anticipated interfund transfers in the adopted budget and did not amend the budget to reflect transfers during the fiscal year. Failure to properly appropriate transfers may lead to noncompliance with the Oklahoma Municipal Budget Act and reduces transparency and oversight of public funds.

Recommendation: I recommend that the City ensure all anticipated transfers be included as appropriations in the adopted budget. Additionally, if transfers become necessary after budget adoption, the City should amend the budget accordingly and in accordance with state law.

Responsible Official's Response: Management of the City will ensure that all transfers are properly appropriated in future budgets and will amend the budget as needed going forward.