



THE CITY OF

**TAHLEQUAH**  
OKLAHOMA

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**ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

**THE CITY OF TAHLEQUAH,  
OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

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

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

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**TABLE OF CONTENTS**

---

	<b>Page</b>
<b>Independent Auditor's Report on Financial Statements.....</b>	<b>5-7</b>
<b>Required Supplementary Information:</b>	
Management's Discussion and Analysis .....	9-17
<b>The Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position .....	19
Statement of Activities .....	20
<b>Governmental Funds Financial Statements:</b>	
Balance Sheet .....	22
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	23
Reconciliation of Governmental Funds and Government-Wide Financial Statements...	24-25
<b>Proprietary Funds Financial Statements:</b>	
Statement of Net Position.....	27
Statement of Revenues, Expenses, and Changes in Net Position.....	28
Statement of Cash Flows.....	29
<b>Discretely-Presented Component Units Financial Statements:</b>	
Statement of Net Position.....	31
Statement of Revenues, Expenses, and Changes in Net Position.....	32
<b>Footnotes to the Basic Financial Statements .....</b>	<b>33-70</b>
<b>Required Supplementary Information:</b>	
<b>Budgetary Comparison Information</b>	
Budgetary Comparison Schedule – General Fund.....	72
Budgetary Comparison Schedule – Restricted Sales Tax Fund II.....	73
Footnotes to Budgetary Comparison Schedules.....	74
Schedules of Required Supplementary Information – Oklahoma Firefighter's Pension & Retirement System.....	75
Schedules of Required Supplementary Information – Oklahoma Police Pension & Retirement System.....	76
Schedules of Required Supplementary Information – Oklahoma Public Employee's Pension & Retirement System.....	77
Schedules of Required Supplementary Information – Oklahoma Public Employee System OPEB.....	78-79

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

---

**TABLE OF CONTENTS**

**Other Supplementary Information:**

**General Fund Accounts Combining Schedules**

Combining Balance Sheet .....	81-83
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance.....	84-86

**Nonmajor Governmental Combining Statements**

Combining Balance Sheet .....	87
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	87

**Internal Control and Compliance Information**

Independent Auditor's Report on Internal Control and Compliance Over Financial Reporting in Accordance with <i>Government Auditing Standards</i> .....	89
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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council  
City of Tahlequah, Oklahoma

### Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tahlequah, Oklahoma (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of the Tahlequah Educational Facilities Authority ("TEFA") component unit, which represents 29.3197 percent, 0.6929 percent, and 0.8907 percent, respectively of the assets, net position, and revenues of the business-type activities as of June 30, 2023. We did not audit the financial statements of the Tahlequah Public Facilities Authority ("TPFA") component unit, which represents 47.8036 percent, 54.8563 percent, and 0.5032 percent, respectively of the assets, fund balance, and revenues of the governmental activities as of June 30, 2023. We did not audit the financial statements of the discretely presented component units of the Tahlequah Hospital Authority ("THA"), the Tahlequah Public Works Authority ("TPWA"), and the Tahlequah Regional Development Authority ("TRDA"), which represents 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for TEFA, TPFA, THA, TPWA, and TRDA, are based solely on the reports of the other auditors.

### Basis for Opinion

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

### Change in Accounting Principle

As discussed in Note 6 to the financial statements, in 2022 the City adopted new accounting guidance, GASB No. 87 *Leases*. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

## Required Supplementary Information

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

## Supplementary Information

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Arlidge & Associates PC*

Oklahoma City, Oklahoma  
May 19, 2023





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

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**CITY OF TAHLEQUAH, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Fiscal Year Ended June 30, 2022**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CITY OF TAHLEQUAH, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Fiscal Year Ended June 30, 2022**

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Our discussion and analysis of the City of Tahlequah's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the City's financial statements, which follow this section.

***FINANCIAL HIGHLIGHTS***

- For the fiscal year ended June 30, 2022, the City's total net position increased by \$6,083,275 or 13.6% from the prior year.
- During the year, the City's expenses for governmental activities were \$13.5 million and were funded by program revenues of \$4.1 million and further funded with taxes and other general revenues \$14.9 million.
- In the City's business-type activities, which include education and sanitation, program revenues were in excess of expenses in total by \$401,166.
- For budgetary reporting purposes, the General Fund reported revenues over estimates by \$1.1 million or 10.4%, while expenditures were under the final appropriations by \$717,784 or 5.9%.

***OVERVIEW OF THE FINANCIAL STATEMENTS***

The financial statements presented herein include all of the activities of the City of Tahlequah (the "City") and its component units using the integrated approach as prescribed by GASB Statements No. 14, 34, 39, and 61. Included in this report are government-wide statements for each of three categories of activities – governmental, business-type, including two blended component units and discretely presented component units.

The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. These statements include all assets of the City's financial reporting entity (including infrastructure capital assets) and deferred outflows, as well as all liabilities (including all long-term debt) and deferred inflows.

**About the City**

The City of Tahlequah is an incorporated municipality with a population of approximately 16,966 located in eastern Oklahoma. The City is an aldermanic form of government and operates under state law that provides for three branches of government:

- Legislative – the City Council is a five-member governing body with the mayor and four council members elected by the citizens at large
- Executive – the City Mayor is the Chief Executive Officer and is elected by the citizenry
- Judicial – the Municipal Judge is a practicing attorney appointed by the Mayor and confirmed by the City Council

The City's primary government provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation, airport, sanitation and education.

### ***The City's Financial Reporting Entity***

This annual report includes all activities for which the Tahlequah City Council is fiscally responsible. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.

The City's financial reporting entity includes the primary government (City of Tahlequah and two blended component units) as follows:

- **The City of Tahlequah** – that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities
- **The Tahlequah Public Facilities Authority** – that operates to stimulate public growth and development; to promote public well-being by improving available resources, increasing job opportunities, promoting entrepreneurship and capital investment
- **The Tahlequah Educational Facilities Authority** – operates to promote, finance and develop projects, facilities and services pertaining to educational institutions and the furtherance of educational opportunities

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

In addition, the City's financial reporting entity includes three discretely presented component units, the Tahlequah Hospital Authority, the Tahlequah Public Works Authority and the Tahlequah Regional Development Authority.

### **Using This Annual Report**

This annual report is presented in a format that complies with the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein at two distinct levels:

- **The City as a Whole** (a government-wide presentation)
- **The City's Funds** (a presentation of the City's major and aggregate non-major funds)

The City's various government-wide and fund financial statements are presented throughout this annual report and are accompanied by:

- **Management's Discussion and Analysis** – that provides useful analysis that facilitates a better understanding of the City's financial condition and changes therein.
- **Footnotes** - that elaborate on the City's accounting principles used in the preparation of the financial statements and further explain financial statement elements
- **Supplemental Schedules** – that provide additional information about specified elements of the financial statements, such as budgetary comparison information

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

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

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

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

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

- Governmental activities – Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- Business-type activities – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's sanitation and education activities are reported here.

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

#### **Fund Financial Statements**

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

*Governmental funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

**CITY OF TAHLEQUAH, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Fiscal Year Ended June 30, 2022**

*Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows. In fact, the City's enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

## A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

### Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the primary government, assets and deferred outflows exceeded liabilities and deferred inflows by \$50.8 million at the close of the most recent fiscal year.

**TABLE 1**  
**NET POSITION (In Thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current assets	\$ 25,292	\$ 21,378	\$ 8,167	\$ 9,853	\$ 33,459	\$ 31,231
Non-current assets	40,044	35,410	5,478	5,028	45,522	40,438
<b>Total assets</b>	<u>65,336</u>	<u>56,788</u>	<u>13,645</u>	<u>14,881</u>	<u>78,981</u>	<u>71,669</u>
<b>Deferred outflow of resources</b>	<u>1,780</u>	<u>1,962</u>	<u>234</u>	<u>307</u>	<u>2,014</u>	<u>2,269</u>
Current liabilities	4,555	3,217	4,114	2,505	8,669	5,722
Non-current liabilities	14,978	19,716	21	4,280	14,999	23,996
<b>Total liabilities</b>	<u>19,533</u>	<u>22,933</u>	<u>4,135</u>	<u>6,785</u>	<u>23,668</u>	<u>29,718</u>
<b>Deferred inflow of resources</b>	<u>5,711</u>	<u>396</u>	<u>799</u>	<u>32</u>	<u>6,510</u>	<u>428</u>
Net position						
Net investment in capital assets	23,218	21,241	4,780	5,009	27,998	26,250
Restricted	12,355	9,921	54	59	12,409	9,980
Unrestricted	6,299	5,200	4,111	3,303	10,410	8,503
<b>Total net position</b>	<u>\$ 41,872</u>	<u>\$ 36,362</u>	<u>\$ 8,945</u>	<u>\$ 8,371</u>	<u>\$ 50,817</u>	<u>\$ 44,733</u>

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. For 2022, this net investment in capital assets amounted to approximately \$28.0 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the City's net position, approximately \$12.4 million, also represents resources that are subject to external restrictions or internal legislation on how they may be used. The remaining balance of unrestricted net position, approximately \$10.4 million, is available to meet the government's ongoing obligations to citizens and creditors.

**CITY OF TAHLEQUAH, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Fiscal Year Ended June 30, 2022**

**Changes in Net Position**

For the year ended June 30, 2022, net position of the primary government changed as follows:

**TABLE 2**  
**CHANGES IN NET POSITION (In Thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Revenues</b>						
Charges for service	\$ 1,245	\$ 1,216	\$ -	\$ -	\$ 1,245	\$ 1,216
Operating grants and contributions	2,197	3,521	3,028	2,734	5,225	6,255
Capital grants and contributions	684	1,086	57	-	741	1,086
Taxes	14,508	13,559	-	-	14,508	13,559
Intergovernmental revenue	126	-	-	-	126	-
Investment income	143	277	18	55	161	332
Miscellaneous	147	566	75	(24)	222	542
<b>Total revenues</b>	<b>19,050</b>	<b>20,225</b>	<b>3,178</b>	<b>2,765</b>	<b>22,228</b>	<b>22,990</b>
<b>Expenses</b>						
General government	3,735	4,111	-	-	3,735	4,111
Public safety	5,149	6,696	-	-	5,149	6,696
Highways and streets	1,849	1,725	-	-	1,849	1,725
Culture and recreation	1,440	1,481	-	-	1,440	1,481
Public Works	-	-	-	-	-	-
Economic development	117	165	-	-	117	165
Airport	515	421	-	-	515	421
Cemetery	209	259	-	-	209	259
Interest on long-term debt	446	560	-	-	446	560
Education	-	-	20	17	20	17
Sanitation	-	-	2,664	2,509	2,664	2,509
<b>Total expenses</b>	<b>13,460</b>	<b>15,418</b>	<b>2,684</b>	<b>2,526</b>	<b>16,144</b>	<b>17,944</b>
Excess (deficiency) before transfers	5,590	4,807	494	239	6,084	5,046
Transfers	(80)	(120)	80	120	-	-
<b>Change in net position</b>	<b>5,510</b>	<b>4,687</b>	<b>574</b>	<b>359</b>	<b>6,084</b>	<b>5,046</b>
<b>Beginning net position</b>	<b>36,362</b>	<b>31,675</b>	<b>8,371</b>	<b>8,012</b>	<b>44,733</b>	<b>39,687</b>
<b>Ending net position</b>	<b>\$ 41,872</b>	<b>\$ 36,362</b>	<b>\$ 8,945</b>	<b>\$ 8,371</b>	<b>\$ 50,817</b>	<b>\$ 44,733</b>

**Governmental Activities**

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

**CITY OF TAHLEQUAH, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Fiscal Year Ended June 30, 2022**

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

	<b>Total Expense of Services</b>		<b>Net Revenue (Expense) of Services</b>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
General government	\$ 3,735	\$ 4,111	(\$1,960)	(\$2,495)
Public safety	5,149	6,696	(4,160)	(4,194)
Highways and streets	1,849	1,725	(1,061)	(1,042)
Culture and recreation	1,440	1,481	(1,219)	(1,328)
Economic development	117	165	(117)	(165)
Airport	515	421	(232)	388
Cemetery	209	259	(140)	(198)
Interest on long-term debt	446	560	(446)	(560)
<b>Total</b>	<u>13,460</u>	<u>\$ 15,418</u>	<u>(\$9,335)</u>	<u>(\$9,594)</u>

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

	<b>Total Expense of Services</b>		<b>Net Revenue (Expense) of Services</b>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Sanitation	\$ 2,664	\$ 2,508	\$ 393	\$ 214
Education	20	17	8	(6)
<b>Total</b>	<u>\$ 2,684</u>	<u>\$ 2,525</u>	<u>\$ 401</u>	<u>\$ 208</u>

The City's business-type activities include utility services for sanitation and also education services.

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

- Total business-type activities reported net revenue of \$401,166 for the year ended June 30, 2022.
- Sanitation activities reported net revenue of \$393,088, education activities reported net revenue of \$8,078.



**CITY OF TAHLEQUAH, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Fiscal Year Ended June 30, 2022**

## A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2022 fiscal year, the governmental funds reported a combined fund balance of \$24,851,861. The enterprise funds reported combined net position of \$8,944,484.

Other fund highlights include:

- In the General Fund there was a \$166,625 restriction for streets, \$61,885 restriction for public safety, \$8,385 restriction for dog park, and an \$18,317 restriction for indigent transportation. There was also a \$14,870 assignment for public safety, a \$67,971 assignment for the CDBG, and \$4,320 assignment for Brookside restoration.
- Proprietary fund net position restrictions included \$53,843 for education.

### General Fund Budgetary Highlights

Actual revenues and transfers were over estimates by \$1.1 million or 10.4%, while expenditures and transfers were under final appropriations by \$717,784 or 5.9%.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of June 30, 2022, the City had approximately \$37.7 million invested in capital assets, net of depreciation, including streets, facility improvements, and land purchases. (See Table 5).

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 3,874	\$ 3,695	\$ 76	\$ 76	\$ 3,950	\$ 3,771
Buildings	6,474	6,674	1,826	1,869	8,300	8,543
Infrastructure	15,210	15,752	676	723	15,886	16,475
Machinery, furniture and equipment	3,827	3,758	2,202	2,340	6,029	6,098
Construction in progress	3,005	2,653	-	-	3,005	2,653
Intangible equipment	513	-	-	-	513	-
<b>Totals</b>	<b>\$ 32,903</b>	<b>\$ 32,532</b>	<b>\$ 4,780</b>	<b>\$ 5,008</b>	<b>\$ 37,683</b>	<b>\$ 37,540</b>

This year's more significant capital asset additions included:

Infrastructure project – Allen, College	\$828,072
Infrastructure project – Mimosa, Mahaney	\$329,193
Sanitation – 2021 Freightliner	\$234,000

See Note 4 to the financial statements for more detail information on the City's capital assets and changes therein.

**CITY OF TAHLEQUAH, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Fiscal Year Ended June 30, 2022**

**Long- Term Debt**

At year-end, the City had \$18.9 million in long-term debt outstanding. The City implemented GASB Statement No. 87, Leases during the fiscal year resulting in lease obligations of \$552,167 recognized during implementation. The City's changes in long-term debt by type of debt are as follows:

**TABLE 6**  
**Long-Term Debt**

	<b><u>Governmental</u></b>		<b><u>Business-Type</u></b>		<b><u>Total</u></b>	
	<b><u>Activities</u></b>		<b><u>Activities</u></b>		<b><u>Total</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Accrued absences	\$ 655	\$ 680	23	\$ 32	\$ 678	\$ 712
Revenue bonds	13,758	15,309	3,880	6,200	17,638	21,509
Notes payable	-	75	-	1	-	76
Lease obligations	552	-	-	-	552	-
<b>Totals</b>	<b>\$ 14,965</b>	<b>\$ 16,064</b>	<b>\$ 3,903</b>	<b>\$ 6,233</b>	<b>\$ 18,868</b>	<b>\$ 22,297</b>

See Note 5 to the financial statements for more detail information on the City's long-term debt and changes therein.

**The Economic Outlook**

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

An economic slowdown began in early March 2020 related to the effects of the Coronavirus and has certainly had an economic impact on the City's financial position and activities. However, in FY 21-22, the City received ARPA monies that will help offset some of these shortfalls.

**Contacting the City's Financial Management**

This report is designed to provide our citizens, taxpayers, customers and creditors with an understanding of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at 111 S. Cherokee, Tahlequah, Oklahoma 74464 or telephone at 918-456-0651.

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

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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

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

**Statement of Net Position— June 30, 2022**

	Governmental Activities	Business-type Activities	Total	Component Units
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 10,939,575	\$ 3,275,079	\$ 14,214,654	\$ 25,293,037
Restricted cash and cash equivalents	10,663,908	145,586	10,809,494	9,677,975
Investments	776,630	358,864	1,135,494	23,054,824
Prepaid expense	-	78	78	1,939,236
Accounts receivable, net	398,537	4,081,042	4,479,579	32,887,782
Court fine receivable, net	231,071	-	231,071	-
Receivable from component unit	-	61,295	61,295	-
Lease Receivable	201,576	-	201,576	-
Internal balances	(245,000)	245,000	-	-
Due from other governments	2,325,232	-	2,325,232	-
Inventory	-	-	-	4,528,066
Total Current Assets	25,291,529	8,166,944	33,458,473	97,380,920
Noncurrent Assets:				
Restricted cash and cash equivalents	2,812,966	-	2,812,966	-
Other assets	-	-	-	1,688,881
Net pension asset	4,170,413	633,235	4,803,648	-
Net OPEB asset	158,065	64,865	222,930	-
Capital Assets:				
Land and construction in progress	6,878,641	76,100	6,954,741	12,514,434
Other capital assets, net of depreciation	26,024,082	4,703,811	30,727,893	79,624,531
Total Noncurrent Assets	40,044,167	5,478,011	45,522,178	93,827,846
Total Assets	65,335,696	13,644,955	78,980,651	191,208,766
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	1,730,164	217,044	1,947,208	-
Deferred amounts related to OPEB	50,279	16,720	66,999	-
	1,780,443	233,764	2,014,207	-
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,069,493	231,540	1,301,033	19,971,626
Other payables	71,640	-	71,640	-
Deposits subject to refund	-	-	-	1,826,800
Due to other governments	7,394	-	7,394	-
Current portion of:				
Unearned revenue	1,597,141	-	1,597,141	-
Long term liabilities - due in one year	1,809,553	3,882,325	5,691,878	8,360,783
Total Current Liabilities	4,555,221	4,113,865	8,669,086	30,159,209
Noncurrent liabilities:				
Long term liabilities - due in more than one year	13,155,003	20,924	13,175,927	44,324,935
Net pension liability	1,823,096	-	1,823,096	-
Total Noncurrent Liabilities	14,978,099	20,924	14,999,023	44,324,935
Total Liabilities	19,533,320	4,134,789	23,668,109	74,484,144
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	5,414,955	755,214	6,170,169	130,719
Deferred amounts related to OPEB	97,193	44,232	141,425	-
Deferred amounts related to Leases	198,317	-	198,317	-
	5,710,465	799,446	6,509,911	130,719
<b>NET POSITION</b>				
Net investment in capital assets	23,217,561	4,779,911	27,997,472	45,520,875
Restricted for:				
Capital Projects	5,660,668	-	5,660,668	-
Debt Service	3,326,601	-	3,326,601	2,460,276
Streets	3,047,015	-	3,047,015	-
Tourism	24,367	-	24,367	-
Public Safety	61,885	-	61,885	-
Cemetery	207,844	-	207,844	-
Education	-	53,843	53,843	-
Dog Park	8,385	-	8,385	-
Indignet Transportation	18,317	-	18,317	-
Unrestricted	6,299,711	4,110,730	10,410,441	68,612,752
Total Net Position	\$ 41,872,354	\$ 8,944,484	\$ 50,816,838	\$ 116,593,903

See accompanying notes to the basic financial statements.

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

**Statement of Activities –Fiscal Year Ended June 30, 2022**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary government</b>								
Governmental Activities								
General government	\$ 3,734,992	\$ 275,368	\$ 1,419,329	\$ 80,000	\$ (1,960,295)	\$ -	\$ (1,960,295)	\$ -
Public safety	5,148,284	363,426	623,984	1,207	(4,159,667)	-	(4,159,667)	-
Highways and streets	1,849,226	211,851	153,279	423,454	(1,060,642)	-	(1,060,642)	-
Culture and recreation	1,439,857	181,280	-	40,076	(1,218,501)	-	(1,218,501)	-
Economic development	117,491	-	-	-	(117,491)	-	(117,491)	-
Airport	514,896	143,552	-	139,150	(232,194)	-	(232,194)	-
Cemetery	209,457	69,734	155	-	(139,568)	-	(139,568)	-
Interest on Long-term debt	445,986	-	-	-	(445,986)	-	(445,986)	-
Total governmental activities	13,460,189	1,245,211	2,196,747	683,887	(9,334,344)	-	(9,334,344)	-
Business-type activities:								
Education	20,159	28,237	-	-	-	8,078	8,078	-
Sanitation	2,663,536	2,999,624	-	57,000	-	393,088	393,088	-
Total business-type activities	2,683,695	3,027,861	-	57,000	-	401,166	401,166	-
Total primary government	\$ 16,143,884	\$ 4,273,072	\$ 2,196,747	\$ 740,887	(9,334,344)	401,166	(8,933,178)	-
<b>Component Units</b>								
Tahlequah Hospital Authority	140,677,701	136,831,765	4,742,631	-				896,695
Tahlequah Industrial Authority	177,456	117,567	-	-				(59,889)
Tahlequah Public Works Authority	26,359,278	28,911,012	-	-				2,551,734
Total component units	167,214,435	165,860,344	4,742,631	-				3,388,540
<b>General revenues:</b>								
Taxes:								
Sales and use taxes					13,756,561	-	13,756,561	-
Franchise taxes and public service taxes					531,137	-	531,137	-
Hotel/motel taxes					220,957	-	220,957	-
Intergovernmental revenue not restricted to specific programs					125,941	-	125,941	-
Unrestricted investment earnings					142,889	18,176	161,065	906,128
Miscellaneous					78,246	73,617	151,863	394,671
Gain on sale of capital assets					68,929	-	68,929	183,341
Transfers - internal activities					(80,126)	80,126	-	-
Total general revenues and transfers					14,844,534	171,919	15,016,453	1,484,140
Change in net position					5,510,190	573,085	6,083,275	4,872,680
Net position - beginning					36,362,164	8,371,399	44,733,563	111,721,223
Net position - ending					\$ 41,872,354	\$ 8,944,484	\$ 50,816,838	\$ 116,593,903

See accompanying notes to the basic financial statements.

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

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**BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS**

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

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

	General Fund	Restricted Sales Tax II Fund	Tahlequah Public Facilities Authority	Streets & Sidewalks Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,984,248	\$ -	\$ 13,476,874	\$ 3,299,980	\$ 2,655,346	\$ 24,416,448
Investments	534,088	-	-	-	242,542	776,630
Due from other funds	131,763	-	267,126	-	2,595	401,484
Taxes receivable, net	1,240,108	267,127	-	-	68,260	1,575,495
Receivables:						
Court fines receivable, net	231,071	-	-	-	-	231,071
Lease receivable	201,576	-	-	-	-	201,576
Due from other governments	514,096	-	-	272,818	-	786,914
Other receivables	361,360	-	-	-	-	361,360
Total assets	<u>\$ 8,198,310</u>	<u>267,127</u>	<u>13,744,000</u>	<u>3,572,798</u>	<u>\$ 2,968,743</u>	<u>\$ 28,750,978</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 726,391	5,580	111,189	\$ 170,750	\$ 105,933	\$ 1,119,843
Payable to other government	1,534	-	-	-	-	1,534
Due to other funds	-	267,126	-	379,358	-	646,484
Unearned revenue	1,342,823	-	-	-	-	1,342,823
Total liabilities	<u>2,070,748</u>	<u>272,706</u>	<u>111,189</u>	<u>550,108</u>	<u>105,933</u>	<u>3,110,684</u>
<b>Deferred Inflows of resources:</b>						
Unavailable revenue	590,116	-	-	-	-	590,116
Related to leases	198,317	-	-	-	-	198,317
Total Deferred Inflows	<u>788,433</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>788,433</u>
<b>Fund balances:</b>						
Restricted for:						
Cemetery	-	-	-	-	108,416	108,416
Capital Improvements	-	-	10,306,210	-	-	10,306,210
Debt Service	-	-	3,326,601	-	-	3,326,601
Streets	166,825	-	-	3,022,690	-	3,189,515
Public Safety	61,885	-	-	-	-	61,885
Tourism	-	-	-	-	24,367	24,367
Dog Park	8,385	-	-	-	-	8,385
Indigent Transportation	18,317	-	-	-	-	18,317
Assigned to:						
Public safety	14,870	-	-	-	-	14,870
CDBG	67,971	-	-	-	-	67,971
Capital Improvements	-	-	-	-	1,646,170	1,646,170
Stormwater	-	-	-	-	357,175	357,175
Brookside restoration	4,320	-	-	-	-	4,320
Streets	-	-	-	-	484,500	484,500
Tourism	-	-	-	-	242,182	242,182
Future year budget	2,099,368	-	-	-	-	2,099,368
Unassigned (deficit)	2,897,188	(5,579)	-	-	-	2,891,609
Total fund balances	<u>5,339,129</u>	<u>(5,579)</u>	<u>13,632,811</u>	<u>3,022,690</u>	<u>2,862,810</u>	<u>24,851,861</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 8,198,310</u>	<u>\$ 267,127</u>	<u>\$ 13,744,000</u>	<u>\$ 3,572,798</u>	<u>\$ 2,968,743</u>	<u>\$ 28,750,978</u>

See accompanying notes to the basic financial statements.

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

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

	General Fund	Restricted Sales Tax II Fund	Tahlequah Public Facilities Authority	Streets & Sidewalks Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 8,996,743	\$ 3,174,558	\$ -	\$ 2,116,397	\$ 374,236	\$ 14,661,934
Intergovernmental	1,997,174	-	-	-	-	1,997,174
Charges for services	334,274	-	15,205	-	229,089	578,568
Fines and forfeitures	278,560	-	-	-	-	278,560
Licenses and permits	153,697	-	-	-	-	153,697
Investment income	29,671	-	80,955	19,092	13,171	142,889
Donations	-	-	-	-	155	155
Miscellaneous	1,202,841	-	-	-	95,414	1,298,255
Total revenues	<u>12,992,960</u>	<u>3,174,558</u>	<u>96,160</u>	<u>2,135,489</u>	<u>712,065</u>	<u>19,111,232</u>
<b>EXPENDITURES</b>						
Current:						
City Treasurer	14,161	-	-	-	-	14,161
City Clerk	73,358	-	-	-	-	73,358
Municipal Court	155,406	-	-	-	-	155,406
Police	3,405,633	-	-	-	-	3,405,633
Fire	1,849,696	-	-	-	-	1,849,696
Emergency Management	552,527	-	-	-	-	552,527
Maintenance	179,150	-	-	-	-	179,150
Streets	963,895	-	-	73,152	196,993	1,234,040
Health and sanitation	83,212	-	-	-	277,509	360,721
Culture, tourism and recreation	1,011,983	-	-	-	197,411	1,209,394
General government	2,028,787	-	34,170	-	-	2,062,957
Library	30,376	-	-	-	-	30,376
Cemetery	213,399	-	-	-	-	213,399
Parks	229	-	-	-	-	229
Airport	243,838	-	-	-	-	243,838
Information technology	58,798	-	-	-	-	58,798
Capital Outlay	975,001	-	149,376	548,300	1,747,380	3,420,057
Debt Service:						
Principal	-	-	1,551,213	-	80,699	1,631,912
Interest and other charges	-	-	455,950	-	2,328	458,278
Total expenditures	<u>11,839,449</u>	<u>-</u>	<u>2,190,709</u>	<u>621,452</u>	<u>2,502,320</u>	<u>17,153,930</u>
Excess (deficiency) of revenues over expenditures	<u>1,153,511</u>	<u>3,174,558</u>	<u>(2,094,549)</u>	<u>1,514,037</u>	<u>(1,790,255)</u>	<u>1,957,302</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from lease obligation	-	-	-	-	597,123	597,123
Transfers in	120,000	-	3,174,558	-	1,963,958	5,258,516
Transfers out	(2,079,099)	(3,174,558)	-	(120,000)	(48,420)	(5,422,077)
Total other financing sources (uses)	<u>(1,959,099)</u>	<u>(3,174,558)</u>	<u>3,174,558</u>	<u>(120,000)</u>	<u>2,512,661</u>	<u>433,562</u>
Net change in fund balances	(805,588)	-	1,080,009	1,394,037	722,406	2,390,864
Fund balances - beginning	6,144,717	(5,579)	12,552,802	1,628,653	2,140,404	22,460,997
Fund balances - ending	<u>\$ 5,339,129</u>	<u>\$ (5,579)</u>	<u>\$ 13,632,811</u>	<u>\$ 3,022,690</u>	<u>\$ 2,862,810</u>	<u>\$ 24,851,861</u>

See accompanying notes to the basic financial statements.



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

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

Total fund balance, governmental funds	\$	24,851,861
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		32,902,723
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Certain long-term assets and deferred outflows are not available to pay for current fund liabilities and therefore, are either deferred or not reported in the funds:

Net OPEB asset		158,065
Net pension asset		4,170,413
OPEB related deferred outflows		50,279
Pension related deferred outflows		1,730,164
Unavailable revenue		229,795

Certain long-term liabilities, along with certain deferred inflows, are not due and payable from current financial resources and therefore, are not reported in the funds:

Net pension liability		(1,823,096)
Pension related deferred inflows		(5,414,955)
OPEB related deferred inflows		(97,193)
Note payable		(13,678,870)
Accrued compensated absences		(654,665)
Lease obligations		(552,167)

Net Position of Governmental Activities in the Statement of Net Position	\$	41,872,354
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See accompanying notes to the basic financial statements.

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

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

Net change in fund balances - total governmental funds: \$ 2,390,864

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	2,490,027
Depreciation & Amortization expense	(2,912,581)

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain or loss on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.

Donated assets	149,376
Leased assets ancillary costs	18,482
Transferred assets	83,435
Book value of disposed asset	(87,156)

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.

1,557,445

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	129,128
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Principal payments on long-term debt	1,535,000
Principal payments on leases	76,778
Premium amortization	16,214

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 Net OPEB asset	90,130
Change in OPEB deferrals	(51,933)
Change in accrued compensated absences	24,981

Change in net position of governmental activities	\$ 5,510,190
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See accompanying notes to the basic financial statements.

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

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**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS**

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

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

	<u>Sanitation</u>	<u>TEFA</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 3,268,454	\$ 6,625	\$ 3,275,079
Investments	358,864	-	358,864
Restricted:			
Cash and cash equivalents	-	145,586	145,586
Accounts receivable, net	232,668	3,848,374	4,081,042
Receivable from component unit	61,295	-	61,295
Due from other funds	245,000	-	245,000
Prepaid Expenses	-	78	78
Total current assets	<u>4,166,281</u>	<u>4,000,663</u>	<u>8,166,944</u>
Non-current assets:			
Net pension asset	633,235	-	633,235
Net OPEB asset	64,865	-	64,865
Capital assets:			
Land and construction in progress	76,100	-	76,100
Other capital assets, net of accumulated depreciation	4,703,811	-	4,703,811
Total non-current assets	<u>5,478,011</u>	<u>-</u>	<u>5,478,011</u>
Total assets	<u>\$ 9,644,292</u>	<u>\$ 4,000,663</u>	<u>\$ 13,644,955</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred amounts related to pensions	217,044	-	217,044
Deferred amounts related to OPEB	16,720	-	16,720
	<u>233,764</u>	<u>-</u>	<u>233,764</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 155,296	\$ -	\$ 155,296
Salaries payable	38,483	-	38,483
Accrued interest payable	-	58,685	58,685
Revenue bonds payable	-	3,880,000	3,880,000
Accrued compensated absences	2,325	-	2,325
Total current liabilities	<u>196,104</u>	<u>3,938,685</u>	<u>4,134,789</u>
Total liabilities	<u>196,104</u>	<u>3,938,685</u>	<u>4,134,789</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred amounts related to pensions	755,214	-	755,214
Deferred amounts related to OPEB	44,232	-	44,232
	<u>799,446</u>	<u>-</u>	<u>799,446</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,779,911	-	4,779,911
Restricted for education	-	61,978	61,978
Unrestricted	4,102,595	-	4,102,595
Total net position	<u>\$ 8,882,506</u>	<u>\$ 61,978</u>	<u>\$ 8,944,484</u>

See accompanying notes to the basic financial statements.

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

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

	<u>Sanitation</u>	<u>TEFA</u>	<u>Total</u>
<b>REVENUES</b>			
Charges for services:			
Sanitation charges	\$ 2,999,624	\$ -	\$ 2,999,624
Rents and royalties	-	28,237	28,237
Refunds and reimbursements	10,000	-	10,000
Total operating revenues	<u>3,009,624</u>	<u>28,237</u>	<u>3,037,861</u>
<b>OPERATING EXPENSES</b>			
Personal services	1,063,560	-	1,063,560
Capital outlay	8,770	-	8,770
Materials and supplies	1,211,790	-	1,211,790
Education	-	20,159	20,159
Depreciation expense	379,416	-	379,416
Total operating expenses	<u>2,663,536</u>	<u>20,159</u>	<u>2,683,695</u>
Operating income	<u>346,088</u>	<u>8,078</u>	<u>354,166</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income	18,119	57	18,176
Operating grants and contributions	42,000	-	42,000
Miscellaneous	78,617	-	78,617
Total non-operating revenue (expenses)	<u>138,736</u>	<u>57</u>	<u>138,793</u>
Income before transfers	484,824	8,135	492,959
Transfers in	163,561	-	163,561
Transfers out	<u>(83,435)</u>	<u>-</u>	<u>(83,435)</u>
Change in net position	564,950	8,135	573,085
Total net position - beginning	<u>8,317,556</u>	<u>53,843</u>	<u>8,371,399</u>
Total net position - ending	<u>\$ 8,882,506</u>	<u>\$ 61,978</u>	<u>\$ 8,944,484</u>

See accompanying notes to the basic financial statements.

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

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

	<u>Sanitation</u>	<u>TEFA</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 3,130,226	\$ 28,315	\$ 3,158,541
Payments to suppliers	(1,145,404)	(20,237)	(1,165,641)
Payments to employees	(1,273,073)	-	(1,273,073)
<b>Net cash provided by operating activities</b>	<u>711,749</u>	<u>8,078</u>	<u>719,827</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	163,561	-	163,561
Transfers to other funds	(83,435)	-	(83,435)
<b>Net cash provided by noncapital financing activities</b>	<u>80,126</u>	<u>-</u>	<u>80,126</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(150,565)	-	(150,565)
Principal paid on debt	-	(2,320,000)	(2,320,000)
Collection of lease purchase receivable	-	2,360,353	2,360,353
Interest and fiscal agent fees paid on debt	-	(34,008)	(34,008)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(150,565)</u>	<u>6,345</u>	<u>(144,220)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	(358,864)	-	(358,864)
Interest and dividends	18,119	57	18,176
<b>Net cash provided by (used in) investing activities</b>	<u>(340,745)</u>	<u>57</u>	<u>(340,688)</u>
<b>Net increase in cash and cash equivalents</b>	300,565	14,480	315,045
<b>Balances - beginning of year</b>	<u>2,967,889</u>	<u>137,731</u>	<u>3,105,620</u>
<b>Balances - end of year</b>	<u>\$ 3,268,454</u>	<u>\$ 152,211</u>	<u>\$ 3,420,665</u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents	\$ 3,268,454	\$ 6,625	\$ 3,275,079
Restricted cash and cash equivalents - current	-	145,586	145,586
<b>Total cash and cash equivalents, end of year</b>	<u>\$ 3,268,454</u>	<u>\$ 152,211</u>	<u>\$ 3,420,665</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 346,088	\$ 8,078	\$ 354,166
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	379,416	-	379,416
Operating grants	42,000	-	42,000
Other non-operating revenues	78,617	-	78,617
Change in assets and liabilities:			
Accounts receivable	(15)	-	(15)
Net OPEB asset	(45,393)	-	(45,393)
Accrued payroll payable	(5,531)	-	(5,531)
Accounts payable	80,687	-	80,687
Net Pension liability	(1,003,781)	-	(1,003,781)
Pension and OPEB deferrals	840,586	-	840,586
Accrued compensated absences	(925)	-	(925)
<b>Net cash provided by operating activities</b>	<u>\$ 711,749</u>	<u>\$ 8,078</u>	<u>\$ 719,827</u>

See accompanying notes to the basic financial statements.

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

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**COMBINING DISCRETELY PRESENTED COMPONENT UNITS**

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

**Discretely Presented Component Units Statement of Net Position - June 30, 2022**

	<b>Discretely Presented Component Units</b>			
	<b>Tahlequah Hospital Authority</b>	<b>TPWA</b>	<b>TRDA</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 14,154,983	\$ 10,016,082	\$ 1,121,972	\$ 25,293,037
Investments	23,054,824	-	-	23,054,824
Restricted:				
Cash and cash equivalents	-	9,677,975	-	9,677,975
Accounts Receivable, net	28,220,880	3,682,096	-	31,902,976
Other receivables	984,806	289,057	-	1,273,863
Inventories	3,613,561	914,505	-	4,528,066
Prepaid Expenses	1,931,377	-	7,859	1,939,236
Total current assets	<u>71,960,431</u>	<u>24,579,715</u>	<u>1,129,831</u>	<u>97,669,977</u>
Non-current assets:				
Capital Assets:				
Other capital assets, net of accumulated depreciation	42,285,670	48,892,761	960,534	92,138,965
Other assets	1,399,824	-	-	1,399,824
Total non-current assets	<u>43,685,494</u>	<u>48,892,761</u>	<u>960,534</u>	<u>93,538,789</u>
Total assets	<u>115,645,925</u>	<u>73,472,476</u>	<u>2,090,365</u>	<u>191,208,766</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	17,132,948	2,109,246	176	19,242,370
Unearned revenue	729,256	-	-	729,256
Deposits subject to refund	-	1,826,800	-	1,826,800
Lease obligation	338,604	-	-	338,604
Notes payable	6,654,525	426,898	-	7,081,423
Revenue bonds payable	-	612,000	-	612,000
Compensated absences	-	328,756	-	328,756
Total current liabilities	<u>24,855,333</u>	<u>5,303,700</u>	<u>176</u>	<u>30,159,209</u>
Non-current liabilities:				
Lease obligation	2,272,404	-	-	2,272,404
Notes payable	19,525,691	11,640,840	-	31,166,531
Revenue bonds payable	-	10,886,000	-	10,886,000
Total non-current liabilities	<u>21,798,095</u>	<u>22,526,840</u>	<u>-</u>	<u>44,324,935</u>
Total liabilities	<u>46,653,428</u>	<u>27,830,540</u>	<u>176</u>	<u>74,484,144</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred amounts related to pensions	130,719	-	-	130,719
Deferred amounts related to OPEB	-	-	-	-
	<u>130,719</u>	<u>-</u>	<u>-</u>	<u>130,719</u>
<b>NET POSITION</b>				
Net investment in capital assets	20,139,031	24,421,310	960,534	45,520,875
Restricted for debt service	-	2,460,276	-	2,460,276
Unrestricted	48,722,747	18,760,350	1,129,655	68,612,752
Total net position	<u>\$ 68,861,778</u>	<u>\$ 45,641,936</u>	<u>\$ 2,090,189</u>	<u>\$ 116,593,903</u>



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

**Discretely Presented Component Units Statement of Revenues, Expenses, and Changes in Net Position – Fiscal Year Ended June 30, 2022**

	Discretely Presented Component Units			
	Tahlequah Hospital Authority	TPWA	TRDA	Total
<b>REVENUES</b>				
Charges for services:				
Electric	\$ -	\$ 20,296,634	\$ -	\$ 20,296,634
Water	-	5,035,188	-	5,035,188
Sewer	-	3,543,930	-	3,543,930
Patient service	136,831,765	-	-	136,831,765
Rental Income	-	-	113,900	113,900
Miscellaneous	-	35,260	-	35,260
Total operating revenues	<u>136,831,765</u>	<u>28,911,012</u>	<u>113,900</u>	<u>165,856,677</u>
<b>OPERATING EXPENSES</b>				
Administration	-	1,474,451	-	1,474,451
Water	-	3,460,175	-	3,460,175
Wastewater/Sewer	-	2,847,766	-	2,847,766
Electric	-	14,900,226	-	14,900,226
Industrial	-	-	48,968	48,968
Hospital	134,619,706	-	-	134,619,706
Depreciation expense	5,041,807	1,917,680	42,547	7,002,034
Payment to City of Tahlequah	-	1,174,740	-	1,174,740
Total Operating Expenses	<u>139,661,513</u>	<u>25,775,038</u>	<u>91,515</u>	<u>165,528,066</u>
Operating income (loss)	<u>(2,829,748)</u>	<u>3,135,974</u>	<u>22,385</u>	<u>328,611</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	812,942	89,715	3,471	906,128
Gain on capital asset disposal	394,671	-	183,341	578,012
Miscellaneous revenue	4,742,631	-	3,667	4,746,298
Interest expense	(1,016,188)	(584,240)	-	(1,600,428)
Miscellaneous expenses	-	-	(85,941)	(85,941)
Total non-operating revenue (expenses)	<u>4,934,056</u>	<u>(494,525)</u>	<u>104,538</u>	<u>4,544,069</u>
Change in net position	<u>2,104,308</u>	<u>2,641,449</u>	<u>126,923</u>	<u>4,872,680</u>
Total net position - beginning	<u>66,757,470</u>	<u>43,000,487</u>	<u>1,963,266</u>	<u>111,721,223</u>
Total net position - ending	<u>\$ 68,861,778</u>	<u>\$ 45,641,936</u>	<u>\$ 2,090,189</u>	<u>\$ 116,593,903</u>

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

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**FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS**

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

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**Footnotes to the Basic Financial Statements:**

**1. Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

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

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

**The City of Tahlequah** – provides the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities.

The City of Tahlequah has a population of 16,966 located in eastern Oklahoma. The City is an aldermanic form of government and operates under state law that provides for three branches of government:

- Legislative – the City Council is a five-member governing body with the mayor and four council members elected by the citizens at large
- Executive – the Mayor is the Chief Executive Officer and is elected by citizenry
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

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

**Component Units:**

- **The Tahlequah Public Facilities Authority** – that stimulate public growth and development, increasing meaningful job opportunities, promoting entrepreneurship and capital investment, to inventory public services, facilities and resources, to promote, encourage and finance the growth and development of the City
- **The Tahlequah Educational Facilities Authority** – that stimulates educational growth and development and promote, encourage and finance the growth and development of education within the City

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

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

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In addition, the City has the following three discretely presented component units:

- **The Tahlequah Hospital Authority** –consists of seven trustees who are responsible for decisions related to the management, operation and development of the Northeastern Health System hospital. Appointments of the Trustees are made by appointment of the mayor of Tahlequah and approved by the City Council and established as a Title 60 Public Trust.
- **The Tahlequah Public Works Authority** – is a public trust created under the authority of and pursuant to the provisions of Title 60, Oklahoma Statute 1961, Sections 176 to 180, on December 4, 1970 for the use and benefit of the City of Tahlequah, Oklahoma. The Authority was established to manage utility facilities whether water, sewage, electric, or other forms or types of public and municipal services within or without the corporate boundaries of the City of Tahlequah, Oklahoma and the conservation of public welfare in these areas.
- **The Tahlequah Regional Development Authority** - is a public trust created on September 8, 1981, under the provisions of Title 60, Oklahoma Statutes, the Oklahoma Trust Act, and other applicable laws and statutes of the State of Oklahoma. The Board of Trustees are citizens and residents of the Beneficiary and/or County appointed by the Mayor and confirmed by a majority vote of the City Council of the City of Tahlequah. The regional development authority mission is to advance an environment through partnerships which preserves, attracts and promotes business growth in the Tahlequah community.

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. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

## **B. Basis of Presentation and Accounting**

### *Government-Wide Financial Statements:*

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

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

- General government – licenses and permits, inspection fees, rental fees, operating grants and contributions
- Public safety – fine revenue, fire run fees, on-behalf pension payments, operating grants
- Highways and streets – stormwater management fees, commercial vehicle and gasoline excise tax shared by the State

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

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- Culture and recreation – swimming pool, golf course, and aquatic center fees/concessions, operating grants
- Airport – rental fees, fuel sales, capital grants and contributions
- Cemetery – Cemetery lot sales and openings/closings revenue

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

*Governmental Funds:*

The City's governmental funds include:

*Major Funds:*

- General Fund – accounts for all activities not accounted for in other special-purpose funds
- Restricted Sales Tax II Fund – accounts for sales tax levied by the City for capital project improvements and debt service payments related to capital projects
- Tahlequah Public Facilities Authority – accounts for resources related to capital projects
- Streets & Sidewalks Fund – capital improvement fund for use of sales tax for improvements to streets and sidewalks.

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

*Special Revenue Funds:*

- Restricted Sales Tax Fund – accounts for sales tax levied by the City for the utility system
- Street and Alley Fund – accounts for revenues from gasoline and vehicle taxes restricted for street repairs and maintenance
- Cemetery Care Fund – accounts for 12.5 percent of cemetery revenue restricted by State law for cemetery capital improvements, with interest used for maintenance or capital improvements
- Hotel/Motel Tax Fund – accounts for hotel/motel tax collections to promote tourism for the City.
- Stormwater Management Fund – accounts for fees charges to manage stormwater runoff and stormwater management including but not limited to development, administration, and implementation of a stormwater management program.
- Capital Improvement Fund – accounts for capital outlays related to City capital improvement projects.

The governmental funds are reported on the modified accrual basis of accounting in which 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, Restricted Sales Tax II Fund and the Tahlequah Public Facilities Authority Fund are considered major funds and are therefore displayed in separate columns. All other governmental funds are considered non-major funds and are aggregated under the column Other Governmental Funds. \

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

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*Proprietary Funds:*

The City's proprietary funds include:

**Enterprise Funds**

- Sanitation Fund - accounts for the activities in providing sanitation services to the public.
- Tahlequah Educational Facilities Authority Fund - accounts for the activities related to educational facilities and Tahlequah Public Schools.

The proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus.

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

**C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. 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 Oklahoma Public Employees Retirement System (OPERS), Oklahoma Firefighters Pension & Retirement System (OFPRS), and Oklahoma Police Pension & Retirement

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

---

System (OPPRS) and additions to/deductions from OPERS's, OFPRS's, and OPPRS's fiduciary net position have been determined on the same basis as they are reported by OPERS'S, OFPRS, and OPPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

- d. For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Oklahoma Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's, fiduciary net position have been determined on the same basis as they are reported by OPERS'S. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

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

### **D. Assets, Liabilities, Deferrals and Equity**

#### **Cash 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, and certificates of deposits or short-term investments with an original maturity of three months or less. Investments of the promissory note trustee accounts are considered cash equivalents.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost, which approximates fair value. Fair value is based on quoted market price.

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

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## **Receivables**

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

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

## **Inventories**

Inventories for the component units, the Tahlequah Hospital Authority and Tahlequah Public Works Authority, are valued at lower of cost or market using first-in, first-out. The cost of governmental funds inventories are recorded as expenditures when purchased rather than when consumed because they are immaterial.

## **Capital Assets**

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

### *Government-Wide Statements*

In the government-wide financial statements, all capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 1992.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$3,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- Buildings	10-50 years
- Improvements other than buildings	5-10 years
- Machinery, furniture and equipment	5-20 years
- Vehicles	5-20 years
- Infrastructure	5-50 years



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

---

*Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Restricted Assets**

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to capital improvement funds and debt related trustee accounts.

**Long-Term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists of revenue bonds payable, deposits subject to refund and accrued compensated absences.

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

**Compensated Absences**

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

**Net Position and Fund Balances**

*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 improvement 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 or 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.”

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

---

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

*Fund Balances:*

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

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city's highest level of decision-making authority. The City's highest level of decision-making authority is made by ordinance.
- 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.

Proprietary fund equity is classified the same as in the government-wide statements.

## **E. Revenues, Expenditures, and Expenses**

### **Sales Tax**

The City presently levies a three and one-quarter cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. Two cents of the sales tax is recorded in the General Fund. Three-quarters cent is recorded in the Restricted Sales Tax II Fund to be used to provide revenues to the City to make capital improvements to the streets and other facilities of the City; this is done through transferring resources to the Tahlequah Public Facilities Authority.

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

---

**Operating Revenues and Expenses**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

Proprietary Fund - By Operating and Non-Operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

**F. Internal and Interfund Balances and Activities**

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

*Fund Financial Statements:*

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

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

*Government-Wide Financial Statements:*

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds, if any, is not eliminated in the Statement of Activities.

**G. 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.

**2. Cash, Cash Equivalents, and Investments**

For the purpose 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.

At June 30, 2022, the reporting entity held the following deposits and investments:

**Primary Government:**

<b>Type</b>	<b>Credit Rating</b>	<b>Fair Value Valuation Level</b>	<b>Carrying Value</b>
<b>Deposits:</b>			
Demand deposits			\$ 19,864,971
Certificates of Deposit			1,135,494
			<u>21,000,465</u>
<b>Investments:</b>			
US Treasury Notes		Level I	\$ 2,434,523
Federated Hermes Treasury Obligations	AAAm	Level II	5,537,620
			<u>7,972,143</u>
<b>Total deposits and investments</b>			<u>\$ 28,972,608</u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents			\$ 14,214,654
Restricted cash and cash equivalents			10,809,494
Investments			1,135,494
Noncurrent restricted cash and cash equivalents			2,812,966
			<u>\$ 28,972,608</u>

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

---

*Custodial Credit Risk*

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

The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 110% of the uninsured deposits and accrued interest thereon. At June 30, 2022, the City had no custodial credit risk as described above.

*Investment Interest Rate Risk* - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no investment policy that limits investments based on maturity. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments, where applicable. The city weighted average maturity related to Federated Hermes Treasury Obligations is 0.12 years.

*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, 2022, the City's investments consisted of \$2,434,523 in US Treasury notes and \$5,537,620 of Federated Treasury Obligations with a credit rating of AAAM as rated by Standard and Poor's.

*Concentration of Investment Credit Risk*

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City has no investment policy regarding concentration of credit risk.

*Fair Value Hierarchy*

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

At June 30, 2022, the City had no concentration of credit risk as defined above.

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

*Restricted Cash and Investments* – The amounts reported as restricted assets of the governmental activities statement of net position are comprised of amounts held by the Tahlequah Public Finance Authority (TPFA) for sales tax transfers for debt service payments, amounts held by the trustee bank for debt retirement, and amounts held for capital improvement. The restricted assets as of June 30, 2022 are as follows:

<b>Type of Restricted Assets</b>	<b>Cash including time deposits</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Sales Tax - TPFA	\$ 5,504,731	\$ -
Trust Account - Bond A TPFA	518,881	-
Trust Account - Bond B TPFA	1	-
Trust Account - Improvement Fund TPFA	4,624,729	-
Trust Account- Reserve TPFA	394,009	-
Trust Account - TEFA	-	145,586
Reserve Account TPFA	2,434,523	-
	<u>\$ 13,476,874</u>	<u>\$ 145,586</u>

**Reconciliation of Statmenet of Net Position:**

Restricted Cash & Cash Equivalents - current	\$ 10,663,908	\$ 145,586
Restricted Cash & Cash Equivalents - noncurrent	2,812,966	-
	<u>\$ 13,476,874</u>	<u>\$ 145,586</u>

**Discretely presented component units:**

<b>Type</b>	<b>Credit Rating</b>	<b>Fair Value Valuation Level</b>	<b>Carrying Value</b>
<b>Deposits:</b>			
Demand deposits	N/A	-	\$ 34,700,070
Money Market Accounts	N/A	Level 1	270,942
			<u>34,971,012</u>
<b>Investments:</b>			
Domestic Fixed Income	Ba2-Aaa	Level II	\$ 2,065,803
Closed End mutual funds & EFT	N/A	Level I	8,635,335
Domestic equities	N/A	Level I	2,157,771
international equities	N/A	Level I	851,981
Investment in joint venture	N/A	Equity Method	7,348,978
Assets under deferred compensation agreements	N/A	N/A	729,256
Investments in capitive insurance contracts	N/A	N/A	1,265,700
			<u>23,054,824</u>
<b>Total deposits and investments</b>			<u><u>\$ 58,025,836</u></u>

**Reconciliation to Statement of Net Position:**

CU Cash and cash equivalents	25,293,037
CU Restricted cash and cash equivalents	9,677,975
CU investments	23,054,824
	<u>\$ 58,025,836</u>

Detailed disclosures can be found in the separately audit financial statements of each discretely presented component unit.

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

### 3. Accounts and Notes Receivable

Accounts Receivable - Accounts receivable of the business-type activities consist of customers utilities services provided, both billed and unbilled, due at year end, reported net of allowance for uncollectible amounts. The governmental activities receivables include accounts receivable, hotel/motel tax receivable, other receivables and court fines receivables.

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Accounts receivable	\$ 264,175	-	\$ 264,175
Hotel/motel tax receivable	52,416	-	52,416
Other receivables	81,946	-	81,946
Court fines	3,919,787	(3,688,716)	231,071
Total Governmental Activities	<u>\$ 4,318,324</u>	<u>\$ (3,688,716)</u>	<u>\$ 629,608</u>
Business-Type Activities:			
Education	\$ 3,848,374	-	\$ 3,848,374
Other receivables	232,668	-	232,668
Total Business-Type Activities	<u>\$ 4,081,042</u>	<u>\$ -</u>	<u>\$ 4,081,042</u>

Accounts receivable of the discretely presented component units consist of receivables from patient services, provider related funds related parties, and outstanding utility billing receivables.

	Net Accounts Receivable
Discretely Presented Component Units:	
Patient receivable	\$ 20,981,582
Provider relief funds	7,231,448
Related parties	7,850
Utility receivable	3,682,096
Other	1,000,245
Total Discretely Presented Component Units	<u>\$ 32,903,221</u>

### 4. Capital Assets and Depreciation

#### *Capital Assets:*

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, infrastructure and intangible leased assets. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their fair value at the

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

date of donation. Intangible leased assets are recorded in an amount equal to the present value of the expected future minimum lease payments to be paid, respectively, discounted by an applicable interest rate and any ancillary cost related to the asset.

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

	Balance at July 1, 2021	Additions	Disposals	Interfund Transfers In (Out)	Balance at June 30, 2022
<b><i>Governmental activities:</i></b>					
Capital assets not being depreciated:					
Land	\$ 3,694,835	\$ 178,923	\$ -	\$ -	\$ 3,873,758
Construction in progress	2,652,665	1,573,225	1,221,007	-	3,004,883
Total capital assets not being depreciated	6,347,500	1,752,148	1,221,007	-	6,878,641
Other capital assets:					
Buildings	11,342,630	74,457	-	-	11,417,087
Infrastructure	35,701,998	1,387,070	-	-	37,089,068
Machinery, furniture and equipment	11,961,932	646,737	228,207	165,763	12,546,225
Total other capital assets at historical cost	59,006,560	2,108,264	228,207	165,763	61,052,380
Less accumulated depreciation for:					
Buildings	4,668,541	274,965	-	-	4,943,506
Infrastructure	19,949,491	1,929,828	-	-	21,879,319
Machinery, furniture and equipment	8,203,834	573,548	141,050	82,328	8,718,660
Total accumulated depreciation	32,821,866	2,778,341	141,050	82,328	35,541,485
Other capital assets, net	26,184,694	(670,077)	87,157	83,435	25,510,895
Leased Assets:					
Intangible Equipment	31,822	615,605	-	-	647,427
Total leased assets	31,822	615,605	-	-	647,427
Less accumulated amortization for:					
Intangible Equipment	-	134,240	-	-	134,240
Total accumulated amortization	-	134,240	-	-	134,240
Leased assets, net	31,822	481,365	-	-	513,187
Governmental activities capital assets, net	\$ 32,564,016	\$ 1,563,436	\$ 1,308,164	\$ 83,435	\$ 32,902,723
<b><i>Business-type activities:</i></b>					
Capital assets not being depreciated:					
Land	\$ 76,100	\$ -	\$ -	\$ -	\$ 76,100
Total capital assets not being depreciated	76,100	-	-	-	76,100
Other capital assets:					
Buildings	2,235,448	-	-	-	2,235,448
Machinery, furniture and equipment	4,577,488	234,000	-	(165,763)	4,645,725
Infrastructure	1,003,280	-	-	-	1,003,280
Total other capital assets at historical cost	7,816,216	234,000	-	(165,763)	7,884,453
Less accumulated depreciation for:					
Buildings	366,270	43,053	-	-	409,323
Machinery, furniture and equipment	2,237,182	288,910	-	(82,328)	2,443,764
Infrastructure	280,102	47,453	-	-	327,555
Total accumulated depreciation	2,883,554	379,416	-	(82,328)	3,180,642
Other capital assets, net	4,932,662	(145,416)	-	(83,435)	4,703,811
Business-type activities capital assets, net	\$ 5,008,762	\$ (145,416)	\$ -	\$ (83,435)	\$ 4,779,911

Depreciation and amortization 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 and amortization expense has been allocated as follows:



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

Governmental Activities:		Business-Type Activities:	
General government	\$ 1,166,026	Sanitation	<u>\$ 379,416</u>
Public safety	469,661		
Highways and streets	514,980		
Culture and recreation	465,074		
Cemetery	18,008		
Airport	278,832		
	<u>\$ 2,912,581</u>		

**Discretely Presented Component Units:**

For the year ended June 30, 2022, capital assets balances for the combined discretely presented component units which includes the THA, TPWA and TRDA changed as follows:

	Balance at June 30, 2021	Additions	Transfers and Disposals	Balance at June 30, 2022
<b>Discretely Presented Component Units:</b>				
Capital assets not being depreciated:				
Land	\$ 3,583,373	\$ -	\$ (1,371,054)	\$ 2,212,319
Construction in progress	11,445,877	4,575,752	(1,725,883)	14,295,746
Total capital assets not being depreciated	15,029,250	4,575,752	(3,096,937)	16,508,065
Other capital assets:				
Buildings	57,414,167	712,172	725,110	58,851,449
Improvements	4,915,509	179,358	(139,292)	4,955,575
Infrastructure	68,221,985	2,295,581	(96,530)	70,421,036
Machinery, furniture and equipment	40,178,395	1,650,874	(120,348)	41,708,921
Total other capital assets at historical cost	170,730,056	4,837,985	368,940	175,936,981
Less accumulated depreciation for:				
Buildings	(23,173,566)	(2,074,337)	(62,381)	(25,310,284)
Improvements	(2,973,506)	(126,201)	74,621	(3,025,086)
Infrastructure	(39,181,061)	(1,641,010)	51,712	(40,770,359)
Machinery, furniture and equipment	(28,429,977)	(3,160,487)	390,111	(31,200,353)
Total accumulated depreciation	(93,758,110)	(7,002,035)	454,063	(100,306,082)
Other capital assets, net	76,971,946	(2,164,050)	823,003	75,630,899
Discretely presented component units capital assets, net	<u>\$ 92,001,196</u>	<u>\$ 2,411,702</u>	<u>\$ (2,273,934)</u>	<u>\$ 92,138,964</u>

**5. Debt and Debt Service Requirements**

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

Type of Debt	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
<b>Governmental Activities:</b>					
Revenue bonds payable	\$ 15,308,937	\$ -	\$ 1,551,213	\$ 13,757,724	\$ 1,615,000
Notes payable	74,874	-	74,874	-	-
Lease obligations	31,822	597,123	76,778	552,167	129,086
Accrued compensated absences	679,645	-	24,980	654,665	65,467
Total Governmental Activities	<u>\$ 16,095,278</u>	<u>\$ 597,123</u>	<u>\$ 1,727,845</u>	<u>\$ 14,964,556</u>	<u>\$ 1,809,553</u>
<b>Business-Type Activities:</b>					
Revenue bonds payable	\$ 6,200,000	\$ -	\$ 2,320,000	\$ 3,880,000	\$ 3,880,000
Accrued compensated absences	32,499	-	9,250	23,249	2,325
Total Business-Type Activities	<u>6,232,499</u>	<u>-</u>	<u>2,329,250</u>	<u>3,903,249</u>	<u>3,882,325</u>
Total Long-Term Debt	<u>\$ 22,295,955</u>	<u>\$ 597,123</u>	<u>\$ 4,057,095</u>	<u>\$ 18,867,805</u>	<u>\$ 5,691,878</u>

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

*Governmental activities long-term debt:*

Governmental activities long-term debt payables from net revenues include the following:

Revenue Bonds Payable:

***Tahlequah Public Facilities Authority***

2013 Sales Tax Revenue Bond Series A, original issue amount of \$15,935,000 dated May 1, 2013, issued by the Tahlequah Public Facilities Authority secured by sales tax revenue, interest rate of 3.125% with a final maturity of April 1, 2025	\$ 5,150,000
2013 Sales Tax Revenue Bond Series B, original issue amount of \$8,520,000 dated May 1, 2013, issued by the Tahlequah Public Facilities Authority secured by sales tax revenue, interest rate of 3.25% with a final maturity of April 1, 2028	8,520,000
Total Revenue Bonds Payable	<u>\$ 13,670,000</u>
Current portion	\$ 1,615,000
Noncurrent portion	<u>12,142,724</u>
	\$ 13,757,724
Less: Premium on bonds	<u>(87,724)</u>
Total Revenue Bonds Payable	<u>\$ 13,670,000</u>

Accrued Compensated Absences:

Current portion	\$ 65,467
Noncurrent portion	<u>589,198</u>
Total Accrued Compensated Absences	<u>\$ 654,665</u>

*Business-type activities* long-term debt payable from net revenues generated by and taxes pledged to the City's business-type activities include the following:

Revenue Bonds Payable:

***Tahlequah Educational Facilities Authority***

2009A Series Build America Sales Tax Revenue Bonds, dated September 30, 2009, original amount of \$19,280,000 secured by lease revenue, interest rate of 6.05%, final maturity of September 1, 2022	\$ 3,880,000
Current portion	\$ 3,880,000
Total Revenue Bonds Payable (TEFA)	<u>\$ 3,880,000</u>

Accrued Compensated Absences:

Current portion	\$ 2,325
Noncurrent portion	<u>20,924</u>
Total Accrued Compensated Absences	<u>\$ 23,249</u>

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

Debt Service Requirements to Maturity:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Revenue Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2023	1,615,000	443,381
2024	1,720,000	385,219
2025	1,815,000	333,619
2026	1,915,000	276,900
2027	2,020,000	214,663
2028	4,585,000	149,013
Totals	<u>\$ 13,670,000</u>	<u>\$ 1,802,795</u>

<u>Year Ending June 30,</u>	<u>Business-Type Activities</u>	
	<u>Revenue Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 3,880,000	\$ 117,370
Totals	<u>\$ 3,880,000</u>	<u>\$ 117,370</u>

**Discretely Presented Component Units:**

For the year ended June 30, 2022, the combined discretely presented component units which includes the THA, TPWA and TRDA for long-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
<b>Component Unit:</b>					
Notes payable (direct borrowings)	\$ 34,506,388	\$ 5,075,776	\$ 3,942,627	\$ 35,639,537	\$ 7,420,027
Lease obligation	59,905	-	59,905	-	-
Revenue bonds payable	12,094,000	-	596,000	11,498,000	612,000
CMS Advance Program	18,134,849	-	12,915,424	5,219,425	5,219,425
Accrued compensated absences	235,882	92,874	-	328,756	328,756
Total Governmental Activities	<u>\$ 65,031,024</u>	<u>\$ 5,168,650</u>	<u>\$ 17,513,956</u>	<u>\$ 52,685,718</u>	<u>\$ 13,580,208</u>

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

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Notes Payable (Direct Borrowings):

***Tahlequah Public Works Authority***

2018 Series Drinking Water SRF Promissory Note to the Oklahoma Water Resources Board, original issue amount \$8,200,000, secured by utility revenues, interest rate of 2.65% and administrative fee of 0.5%, final maturity of September 15, 2050

2011 Series Drinking Water SRF Promissory Note to the Oklahoma Water Resources Board, original issue amount \$1,680,000, secured by utility revenues, interest rate of 1.78% and administrative fee of 0.5%, final maturity of March 15, 2023

2019 Series Drinking Water SRF Promissory Note to the Oklahoma Water Resources Board, original issue amount \$6,750,000, secured by utility revenues, interest rate of 1.57% and administrative fee of 0.5%, final maturity of September 15, 2049

Total Notes Payable (TPWA)	<u>\$</u>	<u>12,067,738</u>
Current portion	\$	426,898
Noncurrent portion		<u>11,640,840</u>
Total Note Payable (TPWA)	<u>\$</u>	<u>12,067,738</u>

The direct borrowings for TPWA are collateralized by the pledge of revenues. In the event of default, the lender may file suit to require any or all of the borrower covenants to be performed; accelerate the payment of principal and interest accrued on the note; appoint temporary trustees to take over, operate and maintain the System on a profitable basis; or file suit to enforce or enjoin the action or inaction of the Borrower under the provisions of the loan agreements.

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

***Tahlequah Hospital Authority (direct borrowing)***

4.39% note payable, due in monthly installments of \$114,385 including interest, with an estimated balloon payment of \$6,257,000 due December 2027, secured by property and equipment	\$ 11,636,263
4.75% note payable, due in monthly installments of \$3,925 including interest, through January 2027, secured by property	349,083
4.0% note payable, due in monthly installments of \$4,878 including interest, through December 2028, secured by land	335,960
4.5% note payable, due in monthly installments of \$29,359 including interest, through December 2031, secured by property	2,710,401
5.0% note payable, due in monthly installments of \$5,876 including interest, through August 2033, secured by building	606,860
3.92% note payable up to \$7,400,000, due in monthly installments of \$44,531 including interest, through September 2021, secured by building	6,508,072
0.00%, CMS Advance Payment Program	5,219,425
Non-cancelable software agreement	1,425,160
Total Notes Payable (THA)	<u>\$ 28,791,224</u>
Current portion	\$ 6,993,129
Noncurrent portion	21,798,095
Total Note Payable (THA)	<u>\$ 28,791,224</u>

**CMS Advance Payment Program**

The CMS Advanced Payment balance consists of advanced payments received from the Centers for Medicare & Medicaid Services (CMS), in order to increase cash flow for Medicare Part A providers who were impacted by the COVID-19 pandemic. The Authority received \$19,952,520 in advanced payments during April 2020, which will be recouped through the Medicare claims processed beginning 365 days after the date of issuance of each advanced payment. This recoupment process will continue until the balance of the advanced payments has been recouped or 29 months from the date each advanced payment was issued, at which point any remaining unpaid balance is due. The advanced payments balance is non-interest bearing through the 29-month repayment period. The remaining portion is expected to be recouped in the next 12 months is included in current liabilities.

**Revenue Bonds Payable:**

***Tahlequah Public Works Authority***

Utility System Revenue Note, Taxable Series 2019, original issue amount of \$12,850,000, secured by utility revenues, interest rate of 2.65%, final maturity October 1, 2037.	\$ 11,498,000
Total revenue bonds payable, net	<u>11,498,000</u>
Current portion	\$ 612,000
Noncurrent portion	10,886,000
Total Revenue Bonds Payable (TPWA)	<u>\$ 11,498,000</u>

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

<u>Discretely Presented Component Units</u>			
<u>Year Ending June 30,</u>	<u>Notes Payable</u> <u>(direct borrowings)</u>		
	<u>Principal</u>		<u>Interest</u>
2023	\$ 7,420,027	\$	1,258,508
2024	2,129,647		1,185,648
2025	2,205,615		1,109,682
2026	2,481,395		1,030,473
2027	2,188,920		942,105
2028-2032	15,883,958		2,839,681
2033-2037	2,045,944		1,132,031
2038-2042	2,279,273		818,753
2043-2047	2,639,760		458,265
2048-2052	1,584,423		79,599
Totals	<u>\$ 40,858,962</u>	<u>\$</u>	<u>10,854,745</u>

<u>Year Ending June 30,</u>	<u>Bonds Payable</u>		
	<u>Principal</u>		<u>Interest</u>
2023	\$ 612,000	\$	300,669
2024	628,000		284,345
2025	644,000		267,597
2026	660,000		250,425
2027	678,000		232,815
2028-2033	4,453,000		1,000,479
2034-2038	3,823,000		257,554
	<u>\$ 11,498,000</u>	<u>\$</u>	<u>2,593,884</u>

### **Pledge of Future Revenues**

*Sales Tax Pledge* - The City has pledged three fourths of a cent of future sales tax revenues to assist in the repayment of \$24,455,000 of 2013 A & B Series Sales Tax Revenue Bonds, dated May 1, 2013. Proceeds from the note provided financing for capital assets. The bonds are payable from pledged sales tax revenues and are payable through April 1, 2028. The total principal and interest payable for the remainder of the life of these bonds is \$15,472,795. Pledged sales taxes received in the current year were \$3,174,558. Debt service payments of \$2,016,753 for the current fiscal year were 63.5% of the pledged sales taxes.

## **6. Leases**

### Lessor

The City as a lessor, has entered into lease agreements involving land for cell towers. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was \$12,057.

### Lessee

The City as a lessee, has entered into lease agreements involving sixteen vehicles for the government. As part of these agreements there are variable payments that are not part of the lease recognition. Total variable payments were \$22,466.

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

The future minimum lease payments for the City are as follows:

	<u>Principal</u>	<u>Interest</u>
2023	\$ 129,086	\$ 3,769
2024	130,071	2,790
2025	131,061	1,795
2026	112,167	849
2027	49,782	118
	<u>\$ 552,167</u>	<u>\$ 9,321</u>

## 7. Internal and Interfund Balances and Transfers

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

### *Transfers:*

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
Restricted Sales Tax II Fund	TPFA	\$ 3,174,558	Restricted Sales Tax
Streets & Sidewalks Fund	General Fund	120,000	Matching Resources
General Fund	Capital Improvement Fund	1,963,879	Capital Improvements
Capital Improvement Fund	Sanitation Fund	48,420	Investment Income
General Fund	Sanitation Fund	115,220	Investment Income
Total		<u>\$ 5,422,077</u>	

### **Reconciliation to Fund Financial Statements:**

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 5,258,516	\$ (5,422,077)	\$ (163,561)
Proprietary Funds	163,561	(83,435)	80,126
	<u>\$ 5,422,077</u>	<u>\$ (5,505,512)</u>	<u>\$ (83,435)</u>

### **Reconciliation to Statement of Activities:**

Net Transfers	\$ (163,561)
Transfer of business-type activity asset to governmental activity	83,435
Transfers - internal activity	<u>\$ (80,126)</u>

### *Balances:*

Interfund receivable and payables at June 30, 2022 were as follows:

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

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
General Fund	Street and Alley Fund	\$ 2,595	Operating
Restricted Sales Tax II	Tahlequah Public Facilities Authority	267,126	Restricted Sales Tax
General Fund	Sanitation	245,000	Operating
General Fund	Streets and Sidewalks Fund	131,763	Capital Projects
Total		<u>\$ 646,484</u>	

**Reconciliation to Fund Financial Statements:**

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 401,484	\$ (646,484)	\$ (245,000)
Proprietary Funds	245,000	-	245,000
Total	<u>\$ 646,484</u>	<u>\$ (646,484)</u>	<u>\$ -</u>

## 7. Risk Management

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

- General Liability and Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool
- Worker's Compensation – Worker's compensation is covered through participation in the Oklahoma Municipal Assurance Group risk entity pool
- Employee's Group Medical – Purchased insurance with commercial carrier with no risk retained

## 8. Interest Rate Swap

The Tahlequah Hospital Authority, discretely presented component unit, entered the interest rate swap agreement in January 2018. The Authority receives a floating rate of 1-month LIBOR, plus 184 basis points, in return for the fixed rate outlined above. The swaps expire January 2028. The objective of the swap is for the Authority to offset the variability of the overall cash flows on its fixed rate debt attributable to changes in market interest rates.

<u>Notional Value</u>			
<u>Original</u>	<u>2022</u>	<u>2021</u>	<u>Interest Paid</u>
15,000,000	11,565,866	12,403,318	4.390%

The change in fair value of the swap is included as deferred outflows of resources in the statement of net position. The fair market value of the swap is determined using quoted market prices based upon observable interest rates and yield curves (Level 2 inputs), and the swap is a liability totaling \$950,110 and \$950,110 at June 30, 2022 and 2021 and was included in noncurrent liabilities.

### *Credit Risk*

The Authority is exposed to credit risk on hedging derivative instruments that are in asset positions. As of June 30, 2022 and 2021, the Authority did not have hedging derivative instruments in asset positions.



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

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*Interest Rate Risk*

The Authority is exposed to interest rate risk on its interest rate swap. As the LIBOR swap index decreases, the Authority's net payment on the swap increases.

*Termination Risk*

The Authority or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a hedging derivative instrument is in a liability position, the Authority would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

*Rollover Risk*

The Authority is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the Authority will be re-exposed to the risks being hedged by the hedging derivative instrument.

## **9. Commitments and Contingencies**

*Litigation:*

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

*Federal and State Award Programs:*

The City of Tahlequah participates in various federal and 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. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

## **10. Pension Plan Participation**

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

- Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Oklahoma Public Employees Retirement System (OPERS) – a state-wide cost-sharing plan

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

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

	Governmental Activities	Business-type Activities	Plan Totals
Net Pension Asset:			
OPERS	\$ 1,543,090	\$ 633,235	\$ 2,176,325
Police	2,627,323		2,627,323
Total	<u>\$ 4,170,413</u>	<u>\$ 633,235</u>	<u>\$ 4,803,648</u>
Net Pension Liability:			
Firefighters	\$ 1,823,096	\$ -	\$ 1,823,096
Total	<u>\$ 1,823,096</u>	<u>\$ -</u>	<u>\$ 1,823,096</u>
Deferred Outflows of Resources:			
OPERS	\$ 480,655	\$ 217,044	\$ 697,699
Police	346,823	-	346,823
Firefighters	902,686	-	902,686
Total	<u>\$ 1,730,164</u>	<u>\$ 217,044</u>	<u>\$ 1,947,208</u>
Deferred Inflows of Resources:			
OPERS	\$ 1,839,864	\$ 755,214	\$ 2,595,078
Police	2,044,391	-	2,044,391
Firefighters	1,530,700	-	1,530,700
Total	<u>\$ 5,414,955</u>	<u>\$ 755,214</u>	<u>\$ 6,170,169</u>
Pension Expense (Benefit):			
OPERS	\$ (161,517)	\$ (53,751)	\$ (215,268)
Police	(270,096)	-	(270,096)
Firefighters	51,504	-	51,504
Total	<u>\$ (380,109)</u>	<u>\$ (53,751)</u>	<u>\$ (433,860)</u>

*Firefighters' Plan:*

**Plan description** - The City of Tahlequah, 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](http://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  
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

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

---

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 \$149,364. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$201,874 (modified-accrual); these on-behalf payments did not meet the criteria of a special funding situation. For full-accrual reporting the amount of on-behalf payments made were \$274,139.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2022, the City reported a liability of \$1,823,096 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2021. Based upon this information, the City's proportion was 0.276828%.

For the year ended June 30, 2022, the City recognized pension expense of \$51,504. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 661,196	\$ 32,017
Changes of assumptions	-	40,436
Net difference between projected and actual earnings on pension plan investments	-	1,449,283
Changes in proportion	92,102	4,226
City contributions during measurement date	24	4,738
City contributions subsequent to the measurement date	149,364	-
Total	<u>\$ 902,686</u>	<u>\$ 1,530,700</u>

The \$149,364 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year-ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$ (87,673)
2024	(143,441)
2025	(201,926)
2026	(344,338)
Total	<u>\$ (777,378)</u>

**Actuarial Assumptions-** The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

Mortality rates were based on the 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, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

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

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

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

	<u>1% Decrease 6.5%</u>	<u>Current Discount Rate 7.5%</u>	<u>1% Increase 8.5%</u>
Employers' net pension liability	\$ 2,848,965	\$ 1,823,096	\$ 964,234

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

*Police Plan:*

**Plan description**-The City of Tahlequah, 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](http://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

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

---

years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

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

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

**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 \$263,554. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$155,367 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 \$234,721. These on-behalf payments did not meet the criteria of a special funding situation.

**Pension Liabilities(Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2022, the City reported an asset of (\$2,627,323) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information, the City's proportion was 0.54768%.

For the year ended June 30, 2022, the City recognized pension expense (benefit) of (\$270,096). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 37,722	\$ 103,700
Changes of assumptions	39,953	-
Net difference between projected and actual earnings on pension plan investments	-	1,916,541
Changes in proportion	2,071	15,017
City contributions during measurement date	3,523	9,133
City contributions subsequent to the measurement date	263,554	-
Total	<u>\$ 346,823</u>	<u>\$ 2,044,391</u>

The \$263,554 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase or decrease of the net pension liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (446,273)
2024	(391,273)
2025	(489,441)
2026	(639,171)
2027	5,036
	<u>\$ (1,961,122)</u>

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.5% to 12% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
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:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.

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

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Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.

Disabled pensioners RP-2000 Blue Collar Healthy Combined table with age set forward 4 years.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.22%
Domestic equity	4.55%
International equity	8.50%
Real estate	7.97%
Private Equity	9.36%

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

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

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



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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability (asset)	\$ (985,326)	\$ (2,627,323)	\$(4,015,755)

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

*Oklahoma Public Employees Retirement System:*

**Plan description** - The City of Tahlequah, as the employer, participates in Oklahoma Public Employees Retirement Plan —a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Title 74 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OPERS. OPERS issues a publicly available financial report that can be obtained at [www.opers.ok.gov](http://www.opers.ok.gov).

**Benefits provided** - OPERS provides retirement, disability, and death benefits to members of the plan. Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90).

Normal retirement date is further qualified to require that all members employed on or after January 1, 1983 must have six or more years of full-time equivalent employment with a participating employer before being eligible to receive benefits. Credited service is the sum of participating and prior service. Prior service includes nonparticipating service before January 1, 1975, or the entry date of the employer and active wartime military service.

A member with a minimum of ten years of participating service may elect early retirement with reduced benefits beginning at age 55 if the participant became a member prior to November 1, 2011, or age 60 if the participant became a member on or after November 1, 2011.

Benefits are calculated for each member category as follows:

- Employees
  - Benefits are determined at 2% of the average annual salary received during the highest thirty-six months of the last ten years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Members who join OPERS on or after July 1, 2013, will have their salary averaged over the highest 60 months of the last ten years. Normal retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011.

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

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- Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for Medicare. The Medicare Gap benefit option became available to members under age 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount. The option is irrevocable, must be chosen prior to retirement, and is structured to have a neutral actuarial cost to the Plan.
- Members become eligible to vest fully upon termination of employment after attaining eight years of credited service, or the members' contributions may be withdrawn upon termination of employment.

Disability retirement benefits are available for members having eight years of credited service whose disability status has been certified as being within one year of the last day on the job by the Social Security Administration. Disability retirement benefits are determined in the same manner as retirement benefits, but payable immediately without an actuarial reduction.

Upon the death of an active member, the accumulated contributions of the member are paid to the member's named beneficiary(ies) in a single lump sum payment. If a retired member elected a joint annuitant survivor option or an active member was eligible to retire with either reduced or unreduced benefits or eligible to vest the retirement benefit at the time of death, benefits can be paid in monthly payments over the life of the spouse if the spouse so elects.

Upon the death of a retired member, the Plan will pay a \$5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary.

**Contributions** - The contribution rates for each member category of the Plan are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. Employees are required to contribute 7.5% percent of their annual pay. Participating entities are required to contribute 12.5% of the employees' annual pay. A portion of the contributions received by OPERS are allocated to the Supplemental Health Insurance program; see Note 10. Contributions to the pension plan from the City were \$473,234.

**Pension Liabilities(Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2022, the City reported an asset of (\$2,176,325) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information, the City's proportion was 0.162151%.

For the year ended June 30, 2022, the City recognized pension expense (benefit) of (\$215,268). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 54,722
Changes of assumptions	160,363	-
Net difference between projected and actual earnings on pension plan investments	-	2,427,000
Changes in proportion	38,488	92,871
City contributions during measurement date	25,614	20,485
City contributions subsequent to the measurement date	473,234	-
Total	<u>\$ 697,699</u>	<u>\$ 2,595,078</u>

The \$473,234 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase to or reduction of the net pension liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2023	\$ (517,008)
2024	(590,591)
2025	(594,913)
2026	(668,101)
	<u>\$ (2,370,613)</u>

**Actuarial Assumptions-** The total pension liability as of June 30, 2022, was determined based on an actuarial valuation prepared as of July 1, 2021, using the following actuarial assumptions:

- Investment return – 6.5% compounded annually net of investment expense and including inflation
- Salary increases – 3.25% to 9.25% per year including inflation
- Mortality rates – Pub-2010 Below Media, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019 Male rates are set back one year, and female rates are set forward one year.
- No annual post-retirement benefit increases
- Assumed inflation rate – 2.50%
- Payroll growth – 3.25% per year
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years

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

The actuarial assumptions used in the July 1, 2021, valuation are based on the results of the most recent actuarial experience study, which cover the three-year period ending June 30, 2019. The experience study report is dated May 13, 2020.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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.

The Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	34.0%	4.7%
U.S. Small Cap Equity	6.0%	5.8%
Int'l Developed Equity	23.0%	6.5%
Emerging Market Equity	5.0%	8.5%
Core Fixed Income	25.0%	0.5%
Long Term Treasuries	3.5%	0.0%
U.S. TIPS	3.5%	0.3%
Total	<u>100.0%</u>	

**Discount Rate-** The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute. Based on those 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. The discount rate determined does not use a municipal bond rate.

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate-**The following presents the net pension liability (asset) of the employers calculated using the discount rate of 6.50%, 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 (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease Rate 5.50%	Current Discount Rate 6.50%	1% Increase Rate 7.50%
Net Pension Liability (Asset)	\$ (202,045)	\$ (2,176,325)	\$ (4,428,801)

**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 OPERS; which can be located at [www.opers.ok.gov](http://www.opers.ok.gov).

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

**10. Other Postemployment Benefits Plan**

**Plan description** - The City of Tahlequah, as the employer, participates in the Supplemental Health Insurance Program—a cost-sharing multiple-employer defined benefit OPEB plan administered by the Oklahoma Public Employees Retirement System (OPERS). The authority to establish and amend benefit provisions rests with the State Legislature. OPERS issues a publicly available financial report that can be obtained at [www.ok.gov/OPERS](http://www.ok.gov/OPERS)

**Benefits provided** - OPERS pays a medical insurance supplement to eligible members who elect to maintain health insurance with the Oklahoma Employees Group Insurance Division (EGID) or other qualified insurance plan provided by the employer. This subsidy continues until the retiree terminates health insurance coverage with EGID or other qualified plan, or until death. The subsidy is only for the retiree, not joint annuitants or beneficiaries. The supplement payment is capped at \$105 per month per retiree, remitted to the (insurance provider or entity).

**Contributions** - The contribution rates for each member category of the System are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. An actuarially determined portion of the total contributions to the System are set aside to finance the cost of the benefits of the HISP in accordance with provisions of the Internal Revenue Code. Based on the contribution requirements of the plan employers and employees contribute a single amount based on a single contribution rate as described in Note (pension note number); from this amount OPERS allocates a portion of the contributions to the supplemental health insurance program. Contributions allocated to the OPEB plan from the City were \$30,442.

**OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - At June 30, 2022, the City reported an asset of (\$222,930) for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2021. The City's proportion of the net OPEB asset was based on the City's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2021. Based upon this information, the City's proportion was .16215%.

For the year ended June 30, 2022, the City recognized OPEB expense (benefit) of (\$25,305). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 72,266
Changes of assumptions	19,821	-
Net difference between projected and actual earnings on OPEB plan investments	-	63,475
Changes in proportion	11,488	3,861
City contributions during to the measurement date	5,248	1,823
City contributions subsequent to the measurement date	30,442	-
Total	<u>\$ 66,999</u>	<u>\$ 141,425</u>

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

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The \$30,442 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction or addition to of the net OPEB liability or asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended June 30:**

2023	\$ (27,664)
2024	(25,614)
2025	(24,890)
2026	(23,397)
2027	(3,303)
Thereafter	-
	<u>\$ (104,868)</u>

**Actuarial Assumptions-** The total OPEB liability as of June 30, 2022, was determined based on an actuarial valuation prepared as if June 30, 2021 using the following actuarial assumptions:

- Investment return – 6.50 % compounded annually net of investment expense and including inflation
- Salary increases – 3.25% to 9.25% per year including inflation
- Mortality rates – Pub-2010 Below Media, General Membership Active/Retiree  
Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are set back one year, and female rates are set forward one year. • No annual post-retirement benefit increases
- Assumed inflation rate – 2.50%
- Payroll growth – 3.25%
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years

The actuarial assumptions used in the July 1, 2021, valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2019. The experience study report is dated May 13, 2020.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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.

The Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2021, are summarized in the following table:

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	34.0%	4.7%
U.S. Small Cap Equity	6.0%	5.8%
Int's Developed Equity	23.0%	6.5%
Emerging Market Equity	5.0%	8.5%
Core Fixed Income	25.0%	0.5%
Long Term Treasuries	3.5%	0.0%
U.S. TIPS	3.5%	0.3%
Total	<u>100.0%</u>	

**Discount Rate-** A single discount rate of 6.50% was used to measure the total OPEB liability as of June 30, 2021. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate-**The following presents the net OPEB liability (asset) of the employer calculated using the discount rate of 6.50%, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability (Asset)	\$ (167,631)	\$ (222,930)	\$ (270,328)

**OPEB plan fiduciary net position** - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report of the OPERS; which can be located at [www.ok.gov/OPERS](http://www.ok.gov/OPERS).

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

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**REQUIRED SUPPLEMENTARY INFORMATION**



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

**Budgetary Comparison Schedule (Budgetary Basis)– General Fund – Fiscal Year Ended June 30, 2022**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ 2,877,167	\$ 2,877,167	\$ 3,986,637	\$ 1,109,470
<b>Resources (Inflows):</b>				
Taxes	8,111,899	8,111,899	8,950,532	838,633
Intergovernmental	1,268,000	1,268,000	1,239,325	(28,675)
Charges for services	224,000	224,000	302,452	78,452
Fines and forfeitures	197,500	197,500	244,061	46,561
Licenses and permits	170,000	170,000	153,697	(16,303)
Miscellaneous	176,000	416,000	451,659	35,659
Interest	50,000	50,000	29,671	(20,329)
Transfers in	-	-	150,888	150,888
Total Resources (Inflows)	10,197,399	10,437,399	11,522,285	1,084,886
<b>Amounts available for appropriation</b>	13,074,566	13,314,566	15,508,922	2,194,356
<b>Charges to Appropriations (Outflows):</b>				
Managerial	1,802,981	1,711,981	1,645,632	66,349
City treasurer	15,578	15,578	14,149	1,429
City clerk	89,458	90,458	73,316	17,142
Municipal court	224,563	224,563	155,720	68,843
Police	3,315,596	3,335,596	3,253,790	81,806
Fire	1,533,722	1,704,610	1,611,068	93,542
Emergency management	100,224	100,224	93,171	7,053
Highways and streets	1,002,295	1,002,295	964,061	38,234
Maintenance	190,093	190,093	178,968	11,125
Culture, tourism and recreation	1,181,647	1,181,647	982,040	199,607
Health	-	-	92,509	(92,509)
Cemetery	225,489	225,489	212,998	12,491
Information technology	170,880	170,880	58,798	112,082
Library	28,000	28,000	30,376	(2,376)
Transfers out	1,831,573	2,101,493	1,998,527	102,966
<b>Total Charges to Appropriations</b>	11,712,099	12,082,907	11,365,123	717,784
<b>Ending Budgetary Fund Balance</b>	\$ 1,362,467	\$ 1,231,659	\$ 4,143,799	\$ 2,912,140

See accompanying notes to budgetary comparison schedules.

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

**Budgetary Comparison Schedule (Budgetary Basis) – Restricted Sales Tax Fund II – Fiscal Year Ended June 30, 2022**

	RESTRICTED SALES TAX FUND II			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ -	\$ -	\$ (7,137)	\$ (7,137)
<b>Resources (Inflows):</b>				
Taxes	2,647,887	2,647,887	3,163,985	516,098
Total Revenue	<u>2,647,887</u>	<u>2,647,887</u>	<u>3,163,985</u>	<u>516,098</u>
<b>Amounts available for appropriation</b>	<u>\$ 2,647,887</u>	<u>\$ 2,647,887</u>	<u>\$ 3,156,848</u>	<u>\$ 508,961</u>
<b>Charges to Appropriations (Outflows):</b>				
Transfer out	\$ 2,647,887	\$ 2,647,887	\$ 3,163,985	\$ (516,098)
<b>Total Charges to Appropriations</b>	<u>2,647,887</u>	<u>2,647,887</u>	<u>3,163,985</u>	<u>(516,098)</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,137)</u>	<u>\$ (7,137)</u>

See accompanying notes to budgetary comparison schedules.

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

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**Footnotes to Budgetary Comparison Schedules:**

1. The budgetary comparison schedule is reported on a cash basis that reports expected cash expenditures by program within a fund and estimated cash receipts by source for all funds.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within line items and object categories within a department may be made by the City Administrator, however, transfers of appropriations between departments require the approval of the City Council. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.
3. The budgetary basis differs from the modified accrual (GAAP) basis as shown in the schedule below:

General Fund:

Total budgetary revenues and transfers	\$ 11,522,285
Less: budgetary expenses and transfers	<u>(11,365,123)</u>
Net Change to Budgetary Fund Balance	157,162
Change in revenue accruals	454,922
Change in expenditure accruals	(819,435)
General Fund sub-accounts changes in balance	<u>(598,237)</u>
Change in Fund Balance- Modified Accrual	<u><u>\$ (805,588)</u></u>

Restricted Sales Tax Fund II:

Total budgetary revenues and transfers	\$ 3,163,985
Less: budgetary expenses and transfers	<u>(3,163,985)</u>
Net Change to Budgetary Fund Balance	-
Change in revenue accruals	10,573
Change in expenditure accruals	<u>(10,573)</u>
Change in Fund Balance- Modified Accrual	<u><u>\$ -</u></u>

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

**SCHEDULE OF THE CITY OF TAHLEQUAH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM**  
**Last 10 Fiscal Years\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City's proportion of the net pension liability	0.223900%	0.246298%	0.254001%	0.260579%	0.271829%	0.270078%	0.277328%	0.276828%
City's proportionate share of the net pension liability	\$ 2,302,349	\$ 2,614,231	\$ 3,103,156	\$3,277,365	\$3,008,855	\$2,853,812	\$3,416,429	\$1,823,096
City's covered-employee payroll	\$ 608,050	\$ 640,287	\$ 666,324	\$ 695,000	\$ 742,841	\$ 837,221	\$ 884,714	\$ 860,729
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	379%	408%	466%	472%	405%	341%	386%	212%
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%

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

**Notes to Schedule:**

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Statutorially required contribution	\$ 95,544	\$ 94,212	\$ 99,469	\$ 103,693	\$ 117,211	\$ 123,860	\$ 120,502	\$ 149,364
Contributions in relation to the statutorially required contribution	<u>95,544</u>	<u>94,212</u>	<u>99,469</u>	<u>103,693</u>	<u>117,211</u>	<u>123,860</u>	<u>120,502</u>	<u>149,364</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 640,287	\$ 666,324	\$ 695,000	\$ 742,841	\$ 837,221	\$ 884,714	\$ 860,729	\$ 1,066,886
Contributions as a percentage of covered-employee payroll	14.92%	14.14%	14.31%	13.96%	14.00%	14.00%	14.00%	14.00%

**Notes to Schedule:**

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

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

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY OF TAHLEQUAH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years\*

	2015	2016	2017	2018	2019	2020	2021	2022
City's proportion of the net pension liability (asset)	0.4099%	0.4372%	0.4457%	0.4819%	0.5211%	0.5666%	0.5772%	0.5477%
City's proportionate share of the net pension liability (asset)	\$ (138,025)	\$ 17,826	\$ 682,581	\$ 17,826	\$ (248,236)	\$ (36,168)	\$ 662,868	\$ (2,627,323)
City's covered-employee payroll	\$1,186,670	\$1,083,246	\$1,235,769	\$1,314,515	\$1,413,115	\$1,851,608	\$1,942,538	\$ 1,894,962
City's proportionate share of the net pension liability (asset) as a percentage of its covered-	11.63%	1.65%	55.24%	1.36%	17.57%	1.95%	-34.12%	138.65%
Plan fiduciary net position as a percentage of the total pension	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%

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

**Notes to Schedule:**

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

SCHEDULE OF CITY CONTRIBUTIONS

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
Statutorially required contribution	\$ 140,822	\$ 160,650	\$ 170,887	\$ 183,705	\$ 240,709	\$ 252,530	\$ 246,345	\$ 263,554
Contributions in relation to the statutorially required contribution	<u>140,822</u>	<u>160,650</u>	<u>170,887</u>	<u>183,705</u>	<u>240,709</u>	<u>252,530</u>	<u>246,345</u>	<u>263,554</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,083,246	\$ 1,235,769	\$ 1,314,515	\$ 1,413,115	\$ 1,851,608	\$ 1,942,538	\$ 1,894,962	\$ 2,027,338
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**Notes to Schedule:**

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

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

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN

Last 10 Fiscal Years\* (Dollar amounts in thousands)

	2015	2016	** 2017	2018	2019	2020	2021	2022
City's proportion of the net pension liability	0.1517%	0.1598%	0.1552%	0.1634%	0.1869%	0.1881%	0.1809%	0.1622%
City's proportionate share of the net pension liability	\$ 274,448	\$ 574,704	\$ 1,539,943	\$ 883,458	\$ 364,561	\$ 250,512	\$1,613,991	\$(2,176,325)
City's covered-employee payroll	\$2,569,909	\$2,740,012	\$ 2,824,552	\$2,788,176	\$3,124,503	\$2,977,273	\$2,995,164	\$ 2,757,339
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	11%	21%	55%	32%	12%	8%	54%	-79%
Plan fiduciary net position as a percentage of the total pension liability	97.90%	96.00%	89.48%	94.28%	97.96%	98.63%	91.59%	112.51%

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

**Notes to Schedule:**

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

The Plan's net pension liability increased between 2015 and 2016 due to changes in assumptions adopted by the System's Board.

The most notable change was the lowering of the System's discount rate from 7.00% to 6.50%.

\*\* The net pension liability for fiscal year 2017 was restated due to the restatement of other post employment benefits at OPERS.

SCHEDULE OF THE CITY'S CONTRIBUTIONS

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN

Last 10 Fiscal Years (Dollar amounts in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 452,102	\$ 466,051	\$ 460,049	\$ 515,543	\$ 491,250	\$ 494,202	\$ 454,961	\$ 473,234
Contributions in relation to the contractually required contribution	452,102	466,051	460,049	515,543	491,250	494,202	454,961	473,234
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 2,740,012	\$ 2,824,552	\$ 2,788,176	\$ 3,124,503	\$ 2,977,273	\$ 2,995,164	\$ 2,757,339	\$ 3,052,582
Contributions as a percentage of covered-employee payroll	16.50%	16.50%	16.50%	16.50%	16.50%	16.50%	16.50%	15.50%

**Notes to Schedule:**

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

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

Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)**

**SUPPLEMENTAL HEALTH INSURANCE PROGRAM**

**Last 10 Fiscal Years\* (Dollar amounts in thousands)**

	2018	2019	2020	2021	2022
Center's proportion of the net OPEB liability (asset)	0.1634%	0.1869%	0.1881%	0.1809%	0.1622%
Center's proportionate share of the net OPEB liability (asset)	\$ 18,716	\$ (24,188)	\$ (73,118)	\$ (84,814)	\$ (222,930)
Center's covered payroll	\$2,788,176	\$3,124,503	\$2,977,273	\$2,995,164	\$2,757,339
Center's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.67%	-0.77%	-2.46%	-2.83%	-8.08%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	96.50%	103.94%	112.11%	114.27%	142.87%

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

**Notes to Schedule:**

Only the current and prior four fiscal year's are presented because 10-year data is not yet available.

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

**Schedules of Required Supplementary Information**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**SUPPLEMENTAL HEALTH INSURANCE PROGRAM**  
**Last 10 Fiscal Years (Dollar amounts in thousands)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contribution	\$ 35,633	\$ 36,205	\$ 1,201	\$ 31,909	\$ 30,442
Contributions in relation to the contractually required contribution	<u>35,633</u>	<u>36,205</u>	<u>1,201</u>	<u>31,909</u>	<u>30,442</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,124,503	\$ 2,977,273	\$ 2,995,164	\$ 2,757,339	\$ 3,052,582
Contributions as a percentage of covered payroll	1.14%	1.22%	0.04%	1.16%	1.00%

**Notes to Schedule:**

Only the current and prior four fiscal year's are presented because 10-year data is not yet available.



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

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**OTHER SUPPLEMENTARY INFORMATION**

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

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

	General Fund (110)	Police Canine (215)	Municipal Airport (117)	Brookside Restoration (203)	CDBG - Project Strong (421)	American Rescue Fund (422)	Emergency Reserve Fund (208)	Winter Wonderland (220)	Bliss Avenue (423)	Cops in Schools Retention (347)	Design - Apron (424)	Safe Routes To School (387)	Restricted Donations (425)	FBI - EDOVCTF (392)
<b>ASSETS AND DEFERRED OUTFLOWS</b>														
Cash and cash equivalents	\$ 1,845,555	\$ 4,401	\$ 39,201	\$ 4,320	\$ 15,426	\$ 1,342,823	\$ 1,221,265	\$ -	\$ -	\$ 131	\$ 17,800	\$ 276,525	\$ 136,207	\$ -
Investments	534,088	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	7,539	-	-	-	200,524	-	-	-	-	-	-	254,318	-	-
Due from other funds	839,938	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes receivable, net	1,240,108	-	-	-	-	-	-	-	-	-	-	-	-	-
Court fines receivable, net	231,071	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease receivable	201,576	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables	344,273	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 5,244,148	\$ 4,401	\$ 39,201	\$ 4,320	\$ 215,950	\$ 1,342,823	\$ 1,221,265	\$ -	\$ -	\$ 131	\$ 17,800	\$ 530,843	\$ 136,207	\$ -
<b>LIABILITIES AND DEFERRED INFLOWS</b>														
Liabilities:														
Accounts payable	\$ 443,986	\$ -	\$ 39,201	\$ -	\$ 15,426	\$ -	\$ -	\$ -	\$ -	\$ 6,633	\$ 17,800	\$ 200,945	\$ -	\$ -
Due to other funds	260,767	-	-	-	200,524	-	-	-	-	-	-	217,025	-	-
Payable to other governments	1,534	-	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	1,342,823	-	-	-	-	-	-	-	-
Total liabilities	706,287	-	39,201	-	215,950	1,342,823	-	-	-	6,633	17,800	417,970	-	-
Deferred Inflows:														
Unavailable revenue	217,264	-	-	-	88,916	-	-	-	-	-	-	254,318	-	-
Related to leases	198,317	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Deferred Inflows	415,581	-	-	-	88,916	-	-	-	-	-	-	254,318	-	-
Fund balances:														
Streets	24,325	-	-	-	-	-	-	-	-	-	-	-	136,207	-
Public safety	58,500	700	-	-	-	-	-	-	-	-	-	-	-	-
Dog Park	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Indigent Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assigned to:														
Public safety	-	3,701	-	-	-	-	-	-	-	-	-	-	-	-
CDBG	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Brookside restoration	-	-	-	4,320	-	-	-	-	-	-	-	-	-	-
Balance future budget	2,099,368	-	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned (deficit)	1,940,087	-	-	-	(88,916)	-	1,221,265	-	-	(6,502)	-	(141,445)	-	-
Total fund balances	4,122,280	4,401	-	4,320	(88,916)	-	1,221,265	-	-	(6,502)	-	(141,445)	136,207	-
Total liabilities and fund balances	\$ 5,244,148	\$ 4,401	\$ 39,201	\$ 4,320	\$ 215,950	\$ 1,342,823	\$ 1,221,265	\$ -	\$ -	\$ 131	\$ 17,800	\$ 530,843	\$ 136,207	\$ -

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

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

	PAPI-FAA Grant (393)	CDBG 16 (395)	Safe Oklahoma Grant (396)	TIDE 8 (397)	Department of Justice TFO-OT (398)	Safe Trails Grant (399)	2020 BPV Grant Fund (419)	Walmart Grant Fund (403)	CDBG 17 Fund (404)	PAPI-FAA Grant Fund (405)	Safe Ok Grant Fund (406)	Dog Park Fund (420)
<b>ASSETS AND DEFERRED OUTFLOWS</b>												
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,685	\$ 8,385
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	11,169	-	1,718	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-	-	-	-	-	-
Court fines receivable, net	-	-	-	-	-	-	-	-	-	-	-	-
Utilities receivable, net	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,169</u>	<u>\$ -</u>	<u>\$ 1,718</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,685</u>	<u>\$ 8,385</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>												
Liabilities:												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	11,809	2,081	-	-	-	-	-
Payable to other governments	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,809</u>	<u>2,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows:												
Unavailable revenue	-	-	-	-	-	-	-	-	-	-	-	-
Related to leases	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances:												
Streets	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	2,685	-
Dog Park	-	-	-	-	-	-	-	-	-	-	-	8,385
Indigent Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Assigned to:												
Public safety	-	-	-	11,169	-	-	-	-	-	-	-	-
CDBG	-	-	-	-	-	-	-	-	-	-	-	-
Brookside restoration	-	-	-	-	-	-	-	-	-	-	-	-
Balance future budget	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	(10,091)	(2,081)	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,169</u>	<u>-</u>	<u>(10,091)</u>	<u>(2,081)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,685</u>	<u>8,385</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,169</u>	<u>\$ -</u>	<u>\$ 1,718</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,685</u>	<u>\$ 8,385</u>

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

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

	Mission Park Trails Fund (408)	Bullet Proof Vest 2018 Fund (409)	Grant Fund (410)	OCDETF Officer OT Grant Fund (411)	FAA Airport Taxiway Project Fund (412)	PD C19 Emergenc y Fund (413)	Cares Fund (414)	CDBG 20 Fund (415)	Indigent Transportation Fund (416)	LED Lighting Pass Thru Fund (417)	JAG LLE Grant Fund (418)	Total General Fund Accounts
<b>ASSETS AND DEFERRED OUTFLOWS</b>												
Cash and cash equivalents	\$ 6,293	\$ -	\$ 1,240	\$ -	\$ -	\$ 7,645	\$ -	\$ 28,787	\$ 18,317	\$ 2,400	\$ 4,842	\$ 4,984,248
Investments	-	-	-	-	-	-	-	-	-	-	-	534,088
Due from other governments	-	-	-	-	-	12,531	-	39,184	-	-	-	514,096
Due from other funds	-	855	-	-	-	-	-	-	-	-	-	853,680
Taxes receivable, net	-	-	-	-	-	-	-	-	-	-	-	1,240,108
Court fines receivable, net	-	-	-	-	-	-	-	-	-	-	-	231,071
Utilities receivable, net	-	-	-	-	-	-	-	-	-	-	-	201,576
Other receivables	17,087	-	-	-	-	-	-	-	-	-	-	361,360
Total assets	<u>\$ 23,380</u>	<u>\$ 855</u>	<u>\$ 1,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,176</u>	<u>\$ -</u>	<u>\$ 67,971</u>	<u>\$ 18,317</u>	<u>\$ 2,400</u>	<u>\$ 4,842</u>	<u>\$ 8,920,227</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>												
Liabilities:												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,400	\$ -	\$ 726,391
Due to other funds	-	1,125	2,480	-	991	20,176	-	-	-	-	4,939	721,917
Payable to other governments	-	-	-	-	-	-	-	-	-	-	-	1,534
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	1,342,823
Total liabilities	<u>-</u>	<u>1,125</u>	<u>2,480</u>	<u>-</u>	<u>991</u>	<u>20,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,400</u>	<u>4,939</u>	<u>2,792,665</u>
Deferred Inflows:												
Unavailable revenue	17,087	-	-	-	-	12,531	-	-	-	-	-	590,116
Related to leases	-	-	-	-	-	-	-	-	-	-	-	198,317
	<u>17,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>788,433</u>
Fund balances:												
Streets	6,293	-	-	-	-	-	-	-	-	-	-	166,825
Public safety	-	-	-	-	-	-	-	-	-	-	-	61,885
Dog Park	-	-	-	-	-	-	-	-	-	-	-	8,385
Indigent Transportation	-	-	-	-	-	-	-	-	18,317	-	-	18,317
Assigned to:												
Public safety	-	-	-	-	-	-	-	-	-	-	-	14,870
CDBG	-	-	-	-	-	-	-	67,971	-	-	-	67,971
Brookside restoration	-	-	-	-	-	-	-	-	-	-	-	4,320
Balance future budget	-	-	-	-	-	-	-	-	-	-	-	2,099,368
Unassigned (deficit)	-	(270)	(1,240)	-	(991)	(12,531)	-	-	-	-	(97)	2,897,188
Total fund balances	<u>6,293</u>	<u>(270)</u>	<u>(1,240)</u>	<u>-</u>	<u>(991)</u>	<u>(12,531)</u>	<u>-</u>	<u>67,971</u>	<u>18,317</u>	<u>-</u>	<u>(97)</u>	<u>5,339,129</u>
Total liabilities and fund balances	<u>\$ 23,380</u>	<u>\$ 855</u>	<u>\$ 1,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,176</u>	<u>\$ -</u>	<u>\$ 67,971</u>	<u>\$ 18,317</u>	<u>\$ 2,400</u>	<u>\$ 4,842</u>	<u>\$ 8,920,227</u>

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

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Fiscal Year Ended June 30, 2022**

	General Fund (110)	Police Canine (215)	Municipal Airport (117)	Brookside Restoration (203)	CDBG - Project Strong (421)	American Rescue Fund (422)	Emergency Reserve Fund (208)	Winter Wonderland (220)	Bliss Avenue (423)	Cops in Schools Retention (347)	Design - Apron (424)	Safe Routes To School (387)	Restricted Donations (425)	FBI - EDOVCTF (392)
<b>REVENUES</b>														
Taxes	\$ 8,996,743	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and fines	278,560	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	153,697	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	1,218,305	-	-	-	111,608	125,941	-	-	-	257,286	139,150	851	-	-
Charges for services	325,752	-	-	8,522	-	-	-	-	-	-	-	-	-	-
Investment earnings	29,671	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	822,878	-	143,552	-	-	-	-	-	99,894	-	-	-	136,207	-
Total revenues	11,825,606	-	143,552	8,522	111,608	125,941	-	-	99,894	257,286	139,150	851	136,207	-
<b>EXPENDITURES</b>														
Current:														
General government	1,591,344	-	-	-	200,524	-	-	-	-	-	-	-	-	-
City Treasurer	14,161	-	-	-	-	-	-	-	-	-	-	-	-	-
City Clerk	73,358	-	-	-	-	-	-	-	-	-	-	-	-	-
Municipal Court	155,406	-	-	-	-	-	-	-	-	-	-	-	-	-
Police	3,405,633	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	1,849,696	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Management	93,291	-	-	-	-	-	-	-	-	440,475	-	-	-	-
Highways and streets	963,895	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance	179,150	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	83,212	-	-	-	-	-	-	-	-	-	-	-	-	-
Culture, tourism and recreation	960,262	-	-	3,474	-	-	-	29,920	-	-	-	-	-	-
Cemetery	213,399	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks	229	-	-	-	-	-	-	-	-	-	-	-	-	-
Airport	362	-	239,750	-	-	-	-	-	-	-	-	-	-	-
Information Technology	58,798	-	-	-	-	-	-	-	-	-	-	-	-	-
Library	30,376	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	155,655	-	-	13,441	-	-	-	-	99,894	-	156,950	256,418	-	-
Total Expenditures	9,828,227	-	239,750	16,915	200,524	-	-	29,920	99,894	440,475	156,950	256,418	-	-
Revenues over (under) expenditures	1,997,379	-	(96,198)	(8,393)	(88,916)	125,941	-	(29,920)	-	(183,189)	(17,800)	(255,567)	136,207	-
<b>OTHER FINANCING SOURCES (USES)</b>														
Transfer in	-	-	-	-	-	-	-	-	-	-	-	120,000	-	-
Transfer out	(1,805,535)	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in- Intra account	151,601	-	96,198	-	-	-	-	29,920	-	332,987	17,800	-	-	-
Transfers out- Intra account	(550,796)	-	-	-	-	(125,941)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(2,204,730)	-	96,198	-	-	(125,941)	-	29,920	-	332,987	17,800	120,000	-	-
Revenues and other sources over (under) expenditures and other uses	(207,351)	-	-	(8,393)	(88,916)	-	-	-	-	149,798	-	(135,567)	136,207	-
Fund balances - beginning	4,329,631	4,401	-	12,713	-	-	1,221,265	-	-	(156,300)	-	(5,878)	-	-
Fund balances - ending	\$ 4,122,280	\$ 4,401	\$ -	\$ 4,320	\$ (88,916)	\$ -	\$ 1,221,265	\$ -	\$ -	\$ (6,502)	\$ -	\$ (141,445)	\$ 136,207	\$ -

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

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Fiscal Year Ended June 30, 2022, (Continued)**

	PAPI-FAA Grant (393)	Safe Oklahoma Grant (396)	TIDE 8 (397)	Department of Justice TFO-OT (398)	Safe Trails Grant (399)	2020 BPV Grant Fund (419)	Walmart Grant Fund (403)	CDBG 17 Fund (404)	PAPI-FAA Grant Fund (405)	Safe Ok Grant Fund (406)	Dog Park Fund (420)
<b>REVENUES</b>											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and fines	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	310
Total revenues	-	-	-	-	-	-	-	-	-	-	310
<b>EXPENDITURES</b>											
Current:											
General government	-	-	-	-	-	-	-	-	-	-	-
City Treasurer	-	-	-	-	-	-	-	-	-	-	-
City Clerk	-	-	-	-	-	-	-	-	-	-	-
Municipal Court	-	-	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-
Emergency Management	-	-	-	-	6,645	3,350	4,000	-	-	(120)	-
Highways and streets	-	-	-	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-	-	-	-	-	-
Culture, tourism and recreation	-	-	-	-	-	-	-	-	-	-	7,658
Cemetery	-	-	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-	-	-	-
Administrative	-	-	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	143,467
Total Expenditures	-	-	-	-	6,645	3,350	4,000	-	-	(120)	151,125
Revenues over (under) expenditures	-	-	-	-	(6,645)	(3,350)	(4,000)	-	-	120	(150,815)
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfer in	-	-	-	-	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-	-	-	-	-
Transfers in- Intra account	-	-	-	-	-	1,269	-	-	-	-	-
Transfers out- Intra account	-	-	-	-	-	-	-	-	(600)	-	-
Total other financing sources (uses)	-	-	-	-	-	1,269	-	-	(600)	-	-
Revenues and other sources over (under) expenditures and other uses	-	-	-	-	(6,645)	(2,081)	(4,000)	-	(600)	120	(150,815)
Fund balances - beginning	-	-	11,169	-	(3,446)	-	4,000	-	600	2,565	159,200
Fund balances - ending	\$ -	\$ -	\$ 11,169	\$ -	\$ (10,091)	\$ (2,081)	\$ -	\$ -	\$ -	\$ 2,685	\$ 8,385

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

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Fiscal Year Ended June 30, 2022, (Continued)**

	Mission Park Trails Fund (408)	Bullet Proof Vest 2018 Fund (409)	Grant Fund (410)	OCDETF Officer OT Grant Fund (411)	FAA Airport Taxiway Project Fund (412)	PD C19 Emergency Fund (413)	Cares Fund (414)	CDBG 20 Fund (415)	Indigent Transportation Fund (416)	LED Lighting Pass Thru Fund (417)	JAG LLE Grant Fund (418)	Total General Fund Accounts
<b>REVENUES</b>												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8,996,743
Fees and fines	-	-	-	-	-	-	-	-	-	-	-	278,560
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	153,697
Intergovernmental	22,989	-	1,860	-	-	-	-	39,184	-	80,000	-	1,997,174
Charges for services	-	-	-	-	-	-	-	-	-	-	-	334,274
Investment earnings	-	-	-	-	-	-	-	-	-	-	-	29,671
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	1,202,841
Total revenues	22,989	-	1,860	-	-	-	-	39,184	-	80,000	-	12,992,960
<b>EXPENDITURES</b>												
Current:												
General government	-	-	-	-	-	-	226,296	-	222	10,401	-	2,028,787
City Treasurer	-	-	-	-	-	-	-	-	-	-	-	14,161
City Clerk	-	-	-	-	-	-	-	-	-	-	-	73,358
Municipal Court	-	-	-	-	-	-	-	-	-	-	-	155,406
Police	-	-	-	-	-	-	-	-	-	-	-	3,405,633
Fire	-	-	-	-	-	-	-	-	-	-	-	1,849,696
Emergency Management	-	-	-	-	-	4,886	-	-	-	-	-	552,527
Highways and streets	-	-	-	-	-	-	-	-	-	-	-	963,895
Maintenance	-	-	-	-	-	-	-	-	-	-	-	179,150
												83,212
Culture, tourism and recreation	10,669	-	-	-	-	-	-	-	-	-	-	1,011,983
Cemetery	-	-	-	-	-	-	-	-	-	-	-	213,399
Parks	-	-	-	-	-	-	-	-	-	-	-	229
Airport	-	-	-	-	3,726	-	-	-	-	-	-	243,838
Administrative	-	-	-	-	-	-	-	-	-	-	-	58,798
Library	-	-	-	-	-	-	-	-	-	-	-	30,376
Capital Outlay	-	-	-	-	-	-	-	69,176	-	80,000	-	975,001
Total Expenditures	10,669	-	-	-	3,726	4,886	226,296	69,176	222	90,401	-	11,839,449
Revenues over (under) expenditures	12,320	-	1,860	-	(3,726)	(4,886)	(226,296)	(29,992)	(222)	(10,401)	-	1,153,511
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfer in	-	-	-	-	-	-	-	-	-	-	-	120,000
Transfer out	-	-	-	-	-	-	(273,564)	-	-	-	-	(2,079,099)
Transfers in- Intra account	58,764	3,375	-	-	-	-	-	-	-	10,483	-	702,397
Transfers out- Intra account	-	-	-	-	(112)	-	(24,948)	-	-	-	-	(702,397)
Total other financing sources (uses)	58,764	3,375	-	-	(112)	-	(298,512)	-	-	10,483	-	(1,959,099)
Revenues and other sources over (under) expenditures and other uses	71,084	3,375	1,860	-	(3,838)	(4,886)	(524,808)	(29,992)	(222)	82	-	(805,588)
Fund balances - beginning	(64,791)	(3,645)	(3,100)	-	2,847	(7,645)	524,808	97,963	18,539	(82)	(97)	6,144,717
Fund balances - ending	\$ 6,293	\$ (270)	\$ (1,240)	\$ -	\$ (991)	\$ (12,531)	\$ -	\$ 67,971	\$ 18,317	\$ -	\$ (97)	\$ 5,339,129

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

**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2022**

	Street and Alley Fund (111)	Cemetery Care Fund (113)	Hotel Motel Tax Fund (112)	Stormwater Management Fund (116)	Capital Impr Fund (210)	Restricted Sales Tax Fund (218)	Total-Other Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 470,273	\$ 108,416	\$ 259,630	\$ 362,534	\$ 1,454,493	\$ -	\$ 2,655,346
Investments	-	-	-	-	242,542	-	242,542
Due from other funds	2,595	-	-	-	-	-	2,595
Taxes receivable, net	15,844	-	52,416	-	-	-	68,260
Total assets	<u>\$ 488,712</u>	<u>\$ 108,416</u>	<u>\$ 312,046</u>	<u>\$ 362,534</u>	<u>\$ 1,697,035</u>	<u>\$ -</u>	<u>\$ 2,968,743</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 4,212	\$ -	\$ 45,497	\$ 5,359	\$ 50,865	\$ -	\$ 105,933
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>4,212</u>	<u>-</u>	<u>45,497</u>	<u>5,359</u>	<u>50,865</u>	<u>-</u>	<u>105,933</u>
Fund balances:							
Restricted for:							
Cemetery	-	108,416	-	-	-	-	108,416
Tourism	-	-	24,367	-	-	-	24,367
Assigned to:							
Capital Improvements	-	-	-	-	1,646,170	-	1,646,170
Stormwater	-	-	-	357,175	-	-	357,175
Streets	484,500	-	-	-	-	-	484,500
Tourism	-	-	242,182	-	-	-	242,182
Total fund balances	<u>484,500</u>	<u>108,416</u>	<u>266,549</u>	<u>357,175</u>	<u>1,646,170</u>	<u>-</u>	<u>2,862,810</u>
Total liabilities and fund balances	<u>\$ 488,712</u>	<u>\$ 108,416</u>	<u>\$ 312,046</u>	<u>\$ 362,534</u>	<u>\$ 1,697,035</u>	<u>\$ -</u>	<u>\$ 2,968,743</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Fiscal Year Ended June 30, 2022**

	Street and Alley Fund (111)	Cemetery Care Fund (113)	Hotel Motel Tax Fund (112)	Stormwater Management Fund (116)	Capital Impr Fund (210)	Restricted Sales Tax Fund (218)	Total-Other Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 153,279	\$ -	\$ 220,957	\$ -	\$ -	\$ -	\$ 374,236
Charges for services	-	17,238	-	211,851	-	-	229,089
Investment earnings	2,197	492	1,023	1,833	7,626	-	13,171
Miscellaneous	-	-	95,414	-	-	-	95,414
Donations	-	155	-	-	-	-	155
Total revenues	<u>155,476</u>	<u>17,885</u>	<u>317,394</u>	<u>213,684</u>	<u>7,626</u>	<u>-</u>	<u>712,065</u>
<b>EXPENDITURES</b>							
Current:							
Highways and streets	196,993	-	-	-	-	-	196,993
Stormwater	-	-	-	277,509	-	-	277,509
Culture, tourism and recreation	-	-	197,411	-	-	-	197,411
Principal	-	-	-	-	80,699	-	80,699
Interest and other charges	-	-	-	-	2,328	-	2,328
Capital Outlay	64,723	8,897	15,494	93,631	1,564,635	-	1,747,380
Total Expenditures	<u>261,716</u>	<u>8,897</u>	<u>212,905</u>	<u>371,140</u>	<u>1,647,662</u>	<u>-</u>	<u>2,502,320</u>
Revenues over (under) expenditures	<u>(106,240)</u>	<u>8,988</u>	<u>104,489</u>	<u>(157,456)</u>	<u>(1,640,036)</u>	<u>-</u>	<u>(1,790,255)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from leases	-	-	-	-	597,123	-	597,123
Transfers in	-	-	-	-	1,963,879	79	1,963,958
Transfers out	-	-	-	-	(48,420)	-	(48,420)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,512,582</u>	<u>79</u>	<u>2,512,661</u>
Revenues and other sources over (under) expenditures and other uses	<u>(106,240)</u>	<u>8,988</u>	<u>104,489</u>	<u>(157,456)</u>	<u>872,546</u>	<u>79</u>	<u>722,406</u>
Fund balances - beginning	<u>590,740</u>	<u>99,428</u>	<u>162,060</u>	<u>514,631</u>	<u>773,624</u>	<u>(79)</u>	<u>2,140,404</u>
Fund balances - ending	<u>\$ 484,500</u>	<u>\$ 108,416</u>	<u>\$ 266,549</u>	<u>\$ 357,175</u>	<u>\$ 1,646,170</u>	<u>\$ -</u>	<u>\$ 2,862,810</u>



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

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**INTERNAL CONTROL AND COMPLIANCE INFORMATION**



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

To the Honorable Mayor and City Council  
City of Tahlequah, 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 Tahlequah, Oklahoma (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated May 19, 2023.

### Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in a separate report, that we consider to be control deficiencies.

### Report on Compliance and Other Matters

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

### Purpose of This Report

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

Edmond, Oklahoma  
May 19, 2023

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

**June 30, 2022**

**City of Tahlequah, Oklahoma**

June 30, 2022

PAGE

**SINGLE AUDIT REPORTS AND SUPPLEMENTARY SCHEDULES:**

**Reports related to financial statements of the reporting entity  
Required by GAO *Government Auditing Standards*:**

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
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**Reports related to Federal Assistance Programs Required by the Uniform Guidance:**

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	2
Schedule of Expenditures of Federal Awards	5
Notes to the Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	7
Summary Schedule of Prior Audit Findings and Questioned Costs	11

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

To the Honorable Mayor and City Council  
City of Tahlequah, 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 Tahlequah, Oklahoma (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated May 19, 2023.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in a separate report, that we consider to be control deficiencies.

**Report on Compliance and Other Matters**

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

**Other Matter**

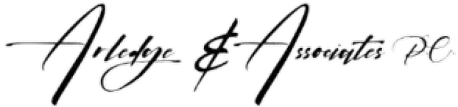
During our audit of the fiscal year ending June 30, 2023 audit, we discovered certain expenditures reported on the 2023 Schedule of Expenditures of Federal Awards that applied to the fiscal year ending June 30, 2022. These expenditures caused the prior year's federal awards to exceed the required threshold for Single Audits, which necessitated a Single Audit to be performed under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

## City's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and describe in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## Purpose of This Report

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



Oklahoma City, Oklahoma

May 19, 2023, except for the Schedule of Expenditures of Federal Awards and assistance listing numbers 14.228 - Community Development Block Grant Non-Entitlement, 20.106 - Airport Improvement Program, COVID-19 Airport Programs, and 21.027 - Coronavirus State and Local Fiscal Recovery Funds Grant Programs' and the Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance which is dated September 30, 2024.



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

To the Honorable Mayor and City Council  
City of Tahlequah, Oklahoma

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

***Opinion on Each Major Federal Program***

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

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

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

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

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

#### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which are required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 to be a material weakness.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

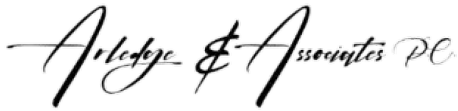




The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 19, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Oklahoma City, Oklahoma  
September 30, 2024



**CITY OF TAHLEQUAH, OKLAHOMA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2022**

<i>Award Information</i>	<i>AL#</i>	<i>Pass-Through Entity Name</i>	<i>Grant Award #</i>	<i>Federal Expenditures (\$)</i>
<b><i>Other Programs (Treated individually for major program determination)</i></b>				
Department of Housing and Urban Development				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	CDBG	CDBG-SC-2020-Tahlequah CI-00124	\$ 39,184
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii		CDBG	18120 CDBSGCR 20	200,524
Total Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				239,708
<i>Total Department of Housing and Urban Development</i>				239,708
United States Department of Justice				
Coronavirus Emergency Supplemental Funding Program				
Coronavirus Emergency Supplemental Funding Program	16.034		20 E089	4,886
Total Coronavirus State and Local Fiscal Recovery Funds				4,886
<i>Total United States Department of Justice</i>				4,886
Department of Transportation				
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs				
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act	20.106	Federal Aviation Administration	FAA 3-40-0093-017-2021	139,150
Total Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs				139,150
Safe Routes to Schools Program				
Safe Routes to Schools Program	20.205	OK Dept of Tourism and Recreation	SRS-211E (015) ST	248,413
Safe Routes to Schools Program		OK Dept of Tourism and Recreation	SRS-211E (016) ST	5,055
Total Safe Route to Schools program				253,468
Recreational Trails Program				
Recreational Trails Program	20.219	OK Dept of Tourism and Recreation	RT 20(107)	40,076
Total Recreational Trails Program				40,076
<i>Total Department of Transportation</i>				432,694
Department of the Treasury				
Coronavirus State and Local Fiscal Recovery Funds				
Coronavirus State and Local Fiscal Recovery Funds	21.027			125,940
Total Coronavirus State and Local Fiscal Recovery Funds				125,940
<i>Total Department of the Treasury</i>				125,940
<b><i>Total Other Programs (Treated individually for major program determination)</i></b>				<b>\$ 803,228</b>
<b><i>Total Expenditures of Federal Awards</i></b>				<b>\$ 803,228</b>

The accompanying notes are an integral part of this schedule.

## **CITY OF TAHLEQUAH, OKLAHOMA**

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

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#### **NOTE A--BASIS OF PRESENTATION**

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

#### **NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **NOTE C—INDIRECT COST RATE**

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

#### **NOTE D—SUBRECIPIENTS**

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

#### **NOTE E— SUBSEQUENT EVENTS**

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

# CITY OF TAHLEQUAH, OKLAHOMA

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

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### Section I--Summary of Auditor's Results

#### *Financial statements*

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

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

#### *Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified? ☒ yes ☐ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

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

*Unmodified*

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

☒ yes ☐ no

Identification of major federal programs:

<u>Program</u>	<u>Assistance Listing Number</u>
Community Development Block Grant Non-Entitlement	14.228
Airport Improvement Program, COVID-19 Airport Programs	20.106
Coronavirus State and Local Fiscal Recovery Funds	21.027

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

\$750,000

Auditee qualified as low-risk auditee?

☐ yes ☒ no

## CITY OF TAHLEQUAH, OKLAHOMA

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

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#### SECTION II – FINANCIAL STATEMENT FINDINGS

##### Internal Control Findings

*There are no findings to report under this section.*

##### Compliance Findings

*There are no findings to report under this section.*

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

##### Internal Control Findings

##### **Finding 2022-001 – Accurate Reporting of Federal Expenditures**

**Criteria:** The Schedule of Expenditures of Federal Awards (SEFA) should be accurately captured, reconciled, and reviewed by the City. Adequate documentation of procedures performed as well as evidence of thorough reviews should be in place. According to generally accepted accounting principles in the United States of America (GAAP), expenditures should be recognized in the period services are performed or goods are received. Accurate reporting of federal expenditures should be reported via SF-425 financial reports. Also, single audit uploads should be timely submitted to the federal audit clearinghouse the earlier of nine months subsequent to year end or 30 days after report issuance.

**Condition:** Internal controls over financial reporting lacked oversight and thorough review, as federal expenditures were excluded from the SEFA during fiscal year 2022. Additionally, accurate SF-425 federal reporting did not reflect the expenditures incurred for the appropriate reporting period. Lastly, the City did not submit its audit report to the federal audit clearinghouse within nine months from the year ending June 30, 2022.

**Questioned Costs:** \$0

**Cause and Effect:** As a result, the City improperly excluded approximately \$139,000 in federal expenditures relating to assistance listing number (AL#) 21.106 in the initial SEFA reported on during fiscal year 2022. These costs were appropriately reported for financial statement purposes during fiscal year 2022, however, the SEFA was incomplete. Thus, the City then exceeded the \$750,000 federal threshold, triggering a single audit. The City's SF-425 report excluded expenditures incurred during fiscal year ending 2022. This also led to noncompliance as the City did not provide the federal audit clearinghouse with its issued audit report within the established deadline.

**Recommendation:** We recommend that the City review the current procedures for SEFA preparation and implement the necessary changes to ensure accurate reporting of financial information on the SEFA. We also recommend the City establish procedures to timely reconcile federal revenues to its federal expenditures for accurate SF-425 presentation and monitoring completeness of the SEFA. Lastly, we

## CITY OF TAHLEQUAH, OKLAHOMA

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

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#### SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (Cont'd)

##### Internal Control Findings (Cont'd)

##### **Finding 2022-001 – Financial Reporting of Federal Expenditures (Cont'd)**

**Recommendation (Cont'd):** recommend the internal controls for reporting to the federal audit clearinghouse be reviewed to ensure that future filings are completed within the established deadline.

**Management Response:** We have reviewed our current procedures related to SEFA reporting and have increased our training to ensure accurate reporting of financial information on the SEFA. We have established procedures to ensure timely reconciliation of federal expenses. We have internal controls in place to ensure that future filings are completed within the established deadlines.

##### Compliance Findings

*See finding 2022-001 above.*

**CITY OF TAHLEQUAH, OKLAHOMA**

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

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

Internal Control Findings

*No prior items to report under this section.*

Compliance Findings

*No prior items to report under this section.*

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

Internal Control Findings

*No prior items to report under this section.*

Compliance Findings

*No prior items to report under this section.*



CITY OF  
**TAHLEQUAH**  
OKLAHOMA

111 S. Cherokee Ave.

918-456-0651

## Corrective Action Plan

For the Year Ended June 30, 2022

### Finding 2022-001 – Accurate Reporting of Federal Expenditures

Condition: Internal controls over financial reporting lacked oversight and thorough review, as federal expenditures were excluded from the SEFA during fiscal year 2022. Additionally, accurate SF-425 federal reporting did not reflect the expenditures incurred for the appropriate reporting period. Lastly, the City did not submit its audit report to the federal audit clearinghouse within nine months from the year ending June 30, 2022.

In conjunction with our FY2022 single audit, please see the City's corrective action plan below:

*We have reviewed our current procedures related to SEFA reporting and have increased our training to ensure accurate reporting of financial information on the SEFA. We have established procedures to ensure timely reconciliation of federal expenses. We have internal controls in place to ensure that future filings are completed within the established deadlines.*

Expected completion date: 7/1/2024

Party Responsible: Michele Collins, Finance Director

Contact Information: [mcollins@tahlequah.gov](mailto:mcollins@tahlequah.gov)