

**THE CITY OF TAHLEQUAH,
OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

**CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019**

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CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

TABLE OF CONTENTS

	Page
Independent Auditor’s Report on Financial Statements	5-7
Required Supplementary Information:	
Management’s Discussion and Analysis	9-17
The Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	20
Governmental Funds Financial Statements:	
Balance Sheet	22
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	3
Reconciliation of Governmental Funds and Government-Wide Financial Statements...	24-25
Proprietary Funds Financial Statements:	
Statement of Net Position.....	27
Statement of Revenues, Expenses, and Changes in Net Position.....	28
Statement of Cash Flows.....	29
Discretely-Presented Component Units Financial Statements:	
Statement of Net Position.....	31
Statement of Revenues, Expenses, and Changes in Net Position.....	32
Footnotes to the Basic Financial Statements	33-71
Required Supplementary Information:	
Budgetary Comparison Information	
Budgetary Comparison Schedule – General Fund.....	73
Budgetary Comparison Schedule – Restricted Sales Tax Fund I.....	74
Budgetary Comparison Schedule – Restricted Sales Tax Fund II.....	74
Footnotes to Budgetary Comparison Schedules.....	75
Schedules of Required Supplementary Information – Oklahoma Firefighter’s Pension & Retirement System.....	76
Schedules of Required Supplementary Information – Oklahoma Police Pension & Retirement System.....	77
Schedules of Required Supplementary Information – Oklahoma Public Employee’s Pension & Retirement System.....	78
Schedules of Required Supplementary Information – Oklahoma Public Employee System OPEB.....	79

**CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019**

TABLE OF CONTENTS

Other Supplementary Information:

General Fund Accounts Combining Schedules

Combining Balance Sheet	81-82
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance.....	83-84

Nonmajor Governmental Combining Statements

Combining Balance Sheet	85
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	85



INDEPENDENT AUDITOR'S REPORT

To the City Council and the Management of the City of Tahlequah, Oklahoma

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, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tahlequah Hospital Authority, Tahlequah Public Works Authority, Tahlequah Public Facilities Authority, Tahlequah Educational Facilities Authority, and the Tahlequah Industrial Authority, which represent 100 percent of the assets, net position, and revenues of Tahlequah Hospital Authority, Tahlequah Public Works Authority, Tahlequah Public Facilities Authority, Tahlequah Educational Facilities Authority, and the Tahlequah Industrial Authority. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Tahlequah Hospital Authority, Tahlequah Public Works Authority, Tahlequah Public Facilities Authority, Tahlequah Educational Facilities Authority, and the Tahlequah Industrial Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate

remaining fund information of the City of Tahlequah, Oklahoma, as of June 30, 2019, 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. Except for the matter described in the “Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units” paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

<u>Opinion Unit</u>	<u>Financial Statement</u>	<u>Type of Opinion</u>
Governmental Activities	Statement of Net Position	Unmodified
	Statement of Activities	Disclaimer
Business Type Activities	Statement of Net Position	Unmodified
	Statement of Activities	Disclaimer
General Fund	Statement of Activities	Unmodified
	Balance Sheet	Unmodified
	Statement of Revenues, Expenditures and Changes in Fund Balance	Disclaimer
Restricted Sales Tax Funds	Balance Sheet	Unmodified
	Statement of Revenues, Expenditures and Changes in Fund Balance	Disclaimer
Other Governmental Funds	Balance Sheet	Unmodified
	Statement of Revenues, Expenditures, and Changes in Fund Balance	Disclaimer
Sanitation Fund	Statement of Net Position	Unmodified
	Statement of Revenues, Expenditures, and Changes in Fund Balance	Disclaimer
	Statement of Cash Flows	Disclaimer

Basis for Disclaimer of Opinion on the 2019 Activities and Cash Flows

We were not appointed as auditors for the City until after June 30, 2019 and thus have not been able to obtain sufficient appropriate audit evidence on the beginning balances recorded in the statements of net position and balance sheets related to the ending balances as of June 30, 2018. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect to elements making up the Statement of Revenues, Expenditures, and Changes in Fund Balance, Statement of Activities, and Statement of Cash Flows.

Disclaimer of Opinion

Because of the significance of the matter described in the “Basis for Disclaimer of Opinion on 2019 Activities and Cash Flows” paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the activities and changes in net position and fund balances, and cash flows thereof for the year ended June 30, 2019 for the City of Tahlequah, Oklahoma. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinion

In our opinion, the Statements of Net Position and Balance Sheets referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tahlequah, Oklahoma, as of June 30, 2019 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 on pages 7–15 and 71–73 be presented to supplement the basic financial statements. Such information, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge

we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tahlequah, Oklahoma's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2020 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 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 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.



Edmond, Oklahoma
September 15, 2020

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

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CITY OF TAHLEQUAH, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF TAHLEQUAH, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2019

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, 2019. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2019, the City's total net position decreased by \$233,021 or 0.6% from the prior year.
- During the year, the City's expenses for governmental activities were \$15.9 million and were funded by program revenues of \$3.5 million and further funded with taxes and other general revenues and transfers that totaled \$11.8 million.
- In the City's business-type activities, which include education and sanitation, program revenues were over expenses in total by \$414 thousand.
- For budgetary reporting purposes, the General Fund reported revenues under estimates by \$951,533 or 9.5%, while expenditures were under the final appropriations by \$1.3 million or 11.2%.

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 Industrial 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.

CITY OF TAHLEQUAH, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2019

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

Proprietary funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position, 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 \$37.5 million at the close of the most recent fiscal year.

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	*	*	*	*	*	*
	2019	2018	2019	2018	2019	2018
Current assets	\$ 15,255	\$ 7,896	\$12,898	\$ 27,804	\$ 28,153	\$ 35,700
Non-current assets	36,951	31,750	5,204	5,097	42,155	36,847
Total assets	52,206	39,646	18,102	32,901	70,308	72,547
Deferred outflow of resources	2,119	2,748	154	-	2,273	2,748
Current liabilities	2,682	1,277	2,274	211	4,956	1,488
Non-current liabilities	20,717	4,504	8,572	31,963	29,289	36,467
Total liabilities	23,399	5,781	10,846	32,174	34,245	37,955
Deferred inflow of resources	770	1,256	66	-	836	1,256
Net position						
Net investment in capital assets	19,689	31,596	5,033	6,674	24,722	38,270
Restricted	6,802	-	57	55	6,859	55
Unrestricted	3,665	3,760	2,254	(6,001)	5,919	(2,241)
Total net position	\$ 30,156	\$ 35,356	\$ 7,344	\$ 728	\$ 37,500	\$ 36,084

* Prior year amounts not restated for MD&A purposes. No explanations for the significant changes will be provided since the presentation varies substantially from prior year due to the number and amounts of restatements needed in the prior year. See note 9 for more information about restatements.

CITY OF TAHLEQUAH, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2019

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 2019, this net investment in capital assets amounted to approximately \$24.7 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 \$6.8 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 \$5.9 million, is available to meet the government's ongoing obligations to citizens and creditors.

Changes in Net Position

For the year ended June 30, 2019, net position of the primary government changed as follows:

TABLE 2
CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Charges for service	\$ 1,275	\$ 1,370	\$ -	\$ 4,592	\$ 1,275	\$ 5,962
Operating grants and contributions	2,013	126	2,368	-	4,381	126
Capital grants and contributions	163	-	2	-	165	-
Taxes	11,086	6,806	-	-	11,086	6,806
Intergovernmental revenue	-	-	-	4	-	4
Investment income	324	70	56	-	380	70
Miscellaneous	237	238	81	-	318	238
Total revenues	15,098	8,610	2,507	4,596	17,605	13,206
Expenses						
General government	3,580	3,899	-	-	3,580	3,899
Public safety	5,683	4,882	-	-	5,683	4,882
Highways and streets	1,611	1,931	-	-	1,611	1,931
Culture and recreation	1,674	1,648	-	-	1,674	1,648
Public Works	1,681	-	-	-	1,681	-
Economic development	108	-	-	-	108	-
Airport	654	-	-	-	654	-
Cemetery	285	-	-	-	285	-
Interest on long-term debt	606	-	-	-	606	-
Education	-	-	27	22	27	22
Sanitation	-	-	1,929	1,975	1,929	1,975
TPFA	-	-	-	2,359	-	2,359
Total expenses	15,882	12,360	1,956	4,356	17,838	16,716
Excess (deficiency) before transfers	(784)	(3,750)	551	240	(233)	(3,510)
Gain (loss) on sale of capital assets	-	-	-	(48)	-	(48)
Transfers	144	3,846	(144)	-	-	3,846
Change in net position	(640)	96	407	192	(233)	288
Beginning net position	30,796	35,260	6,937	536	37,733	35,796
Ending net position	\$ 30,156	\$ 35,356	\$ 7,344	\$ 728	\$ 37,500	\$ 36,084

* Prior year amounts not restated for MD&A purposes. No explanations for the significant changes will be provided since the presentation varies substantially from prior year due to the number and amounts of restatements needed in the prior year. See note 9 for more information about restatements.

CITY OF TAHLEQUAH, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2019

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.

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

	Total Expense		Net Revenue	
	of Services		(Expense)	
	*		*	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General government	\$ 3,580	\$ 3,899	(\$2,289)	(\$3,899)
Public safety	5,683	4,882	(4,421)	(4,259)
Highways and streets	1,611	-	(1,245)	-
Culture and recreation	1,674	1,648	(1,465)	(1,577)
Public works	1,681	1,931	(1,682)	(1,129)
Economic development	108	-	(108)	-
Airport	654	-	(358)	-
Cemetery	285	-	(257)	-
Interest on long-term debt	606	-	(606)	-
Total	<u>15,882</u>	<u>\$ 12,360</u>	<u>(\$12,431)</u>	<u>(\$10,864)</u>

* Prior year amounts not restated for MD&A purposes.

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

	Total Expense		Net Revenue	
	of Services		(Expense)	
	*		*	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sanitation	\$ 1,929	\$ 1,975	\$ (3)	\$ 284
Education	27	22	417	6
TPFA	-	2,359	-	(54)
Total	<u>\$ 1,956</u>	<u>\$ 4,356</u>	<u>\$ 414</u>	<u>\$ 236</u>

* Prior year amounts not restated for MD&A purposes.

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

CITY OF TAHLEQUAH, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2019

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

- Total business-type activities reported net revenue of \$414,016 for the year ended June 30, 2019.
- While sanitation activities reported net revenue for the year ended June 30, 2019, education had a net expense.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2019 fiscal year, the governmental funds reported a combined fund balance of \$16,897,777. The enterprise funds reported combined net position of \$7,344,399.

Other fund highlights include:

- In the General Fund there was a \$902 restriction for public safety, an \$113,240 assignment for public safety, a \$150,000 assignment for CDBG, a \$17,735 assignment for Brookside restoration, and a \$10,987 assignment for the airport.
- Proprietary fund net position restrictions included \$57,136 for capital projects.

General Fund Budgetary Highlights

Actual revenues and transfers were under estimates by \$951,533 or 9.5%, while expenditures and transfers were under final appropriations by \$1.3 million or 11.2%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2019, the City had approximately \$39 million invested in capital assets, net of depreciation, including streets, facility improvements, and land purchases. (See Table 5). This represents a net increase of approximately \$2 million over last year.

Capital Assets						
(In Thousands)						
(Net of accumulated depreciation)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	*					
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 3,592	\$ 3,408	\$ 76	\$ 76	\$ 3,668	\$ 3,484
Buildings	6,667	5,587	1,956	1,917	8,623	7,504
Infrastructure	17,506	15,495	1,012	992	18,518	16,487
Machinery, furniture and equipment	5,005	5,689	2,155	2,112	7,160	7,801
Construction in progress	1,052	1,570	-	-	1,052	1,570
Totals	<u>\$ 33,822</u>	<u>\$ 31,749</u>	<u>\$ 5,199</u>	<u>\$ 5,097</u>	<u>\$ 39,021</u>	<u>\$ 36,846</u>

* Prior year capital assets not restated for MD&A purposes

CITY OF TAHLEQUAH, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2019

This year's more significant capital asset additions/completion of CIP projects included:

W. 4 th Street Campbell to Ross project	\$1,668,668
Bluff Project 2019	\$915,703
Sports Complex Lighting System	\$901,750

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

Long- Term Debt

At year-end, the City had \$29.5 million in long-term debt outstanding. The City's changes in long-term debt by type of debt are as follows:

TABLE 6
Long-Term Debt

	Governmental		Business-Type		Total	
	Activities		Activities			
	*		*		*	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Accrued absences	\$ 472	\$ -	28	\$ -	\$ 500	\$ -
Revenue bonds	18,130	18,010	10,380	10,380	28,510	28,390
Capital leases	369	154	166	272	535	426
Totals	<u>\$ 18,971</u>	<u>\$ 18,164</u>	<u>\$ 10,574</u>	<u>\$ 10,652</u>	<u>\$ 29,545</u>	<u>\$ 28,816</u>

* Prior year long-term debt not restated for MD&A purposes

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 known factors that will affect subsequent year finances:

- In December 2019, a novel strain of coronavirus was reported to have surfaced in China. The spread of the virus to the United States is reported to have begun in February 2020, causing business disruption through temporary business closures throughout the country. While the City expects this matter to negatively impact its revenue collections, the impact and duration cannot be reasonably estimated at this time.

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, 2019**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

Statement of Net Position– June 30, 2019

	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 2,857,686	\$ 1,910,681	\$ 4,768,367	\$ 12,778,647
Restricted cash and cash equivalents	8,014,182	121,630	8,135,812	10,838,748
Investments	2,439,357	370,675	2,810,032	20,799,744
Restricted investments	-	-	-	60,269
Prepaid expense	-	-	-	1,637,427
Accounts receivable, net	320,104	10,495,320	10,815,424	32,908,281
Court fine receivable, net	115,618	-	115,618	-
Due from other governments	1,508,238	-	1,508,238	-
Inventory	-	-	-	3,927,511
Total Current Assets	<u>15,255,185</u>	<u>12,898,306</u>	<u>28,153,491</u>	<u>82,950,627</u>
Noncurrent Assets:				
Restricted cash and cash equivalents	2,861,562	-	2,861,562	-
Other assets	-	-	-	1,005,455
Net pension asset	248,236	-	248,236	-
Net OPEB asset	19,463	4,725	24,188	-
Capital Assets:				
Land and construction in progress	4,644,116	76,100	4,720,216	9,375,175
Other capital assets, net of depreciation	29,177,429	5,122,682	34,300,111	80,341,319
Total Noncurrent Assets	<u>36,950,806</u>	<u>5,203,507</u>	<u>42,154,313</u>	<u>90,721,949</u>
Total Assets	<u>52,205,991</u>	<u>18,101,813</u>	<u>70,307,804</u>	<u>173,672,576</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amounts related to pensions	2,073,434	142,825	2,216,259	-
Deferred amounts related to derivative	-	-	-	637,715
Deferred amounts related to OPEB	45,300	11,118	56,418	-
	<u>2,118,734</u>	<u>153,943</u>	<u>2,272,677</u>	<u>637,715</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	845,105	200,279	1,045,384	15,966,353
Other payables	64,720	-	64,720	-
Sales tax due to TPWA	207,311	-	207,311	-
Deposits subject to refund	-	-	-	1,616,892
Due to other governments	9,289	-	9,289	-
Current portion of:				
Long term liabilities - due in one year	1,555,473	2,073,253	3,628,726	5,027,838
Total Current Liabilities	<u>2,681,898</u>	<u>2,273,532</u>	<u>4,955,430</u>	<u>24,227,975</u>
Noncurrent liabilities:				
Long term liabilities - due in more than one year	17,415,158	8,500,583	25,915,741	40,877,103
Net pension liability	3,302,204	71,212	3,373,416	-
Total Noncurrent Liabilities	<u>20,717,362</u>	<u>8,571,795</u>	<u>29,289,157</u>	<u>40,877,103</u>
Total Liabilities	<u>23,399,260</u>	<u>10,845,327</u>	<u>34,244,587</u>	<u>65,105,078</u>
DEFERRED INFLOW OF RESOURCES				
Deferred amounts related to pensions	720,809	53,981	774,790	-
Deferred amounts related to OPEB	48,848	12,049	60,897	-
	<u>769,657</u>	<u>66,030</u>	<u>835,687</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	19,688,965	5,032,889	24,721,854	45,369,358
Restricted for:				
Capital Projects	3,188,043	-	3,188,043	-
Debt Service	3,369,913	-	3,369,913	4,825,152
Streets	112,776	-	112,776	-
Tourism	41,135	-	41,135	-
Public Safety	902	-	902	-
Cemetery	89,433	-	89,433	-
Education	-	57,136	57,136	-
Unrestricted	3,664,641	2,254,374	5,919,015	60,627,595
Total Net Position	<u>\$ 30,155,808</u>	<u>\$ 7,344,399</u>	<u>\$ 37,500,207</u>	<u>\$ 110,822,105</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, 2019

Statement of Activities –Fiscal Year Ended June 30, 2019

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	
Primary government								
Governmental Activities								
General government	\$ 3,579,892	\$ 185,672	\$ 1,097,063	\$ 8,474	\$ (2,288,683)	\$ -	\$ (2,288,683)	\$ -
Public safety	5,682,799	499,337	761,822	-	(4,421,640)	-	(4,421,640)	-
Highways and streets	1,610,997	209,120	149,789	7,182	(1,244,906)	-	(1,244,906)	-
Culture and recreation	1,673,920	204,602	4,659	-	(1,464,659)	-	(1,464,659)	-
Public Works	1,681,686	-	-	-	(1,681,686)	-	(1,681,686)	-
Economic development	108,648	-	-	-	(108,648)	-	(108,648)	-
Airport	653,791	148,086	-	147,506	(358,199)	-	(358,199)	-
Cemetery	284,795	27,980	-	-	(256,815)	-	(256,815)	-
Interest on Long-term debt	605,963	-	-	-	(605,963)	-	(605,963)	-
Total governmental activities	<u>15,882,491</u>	<u>1,274,797</u>	<u>2,013,333</u>	<u>163,162</u>	<u>(12,431,199)</u>	<u>-</u>	<u>(12,431,199)</u>	<u>-</u>
Business-type activities:								
Education	26,650	23,785	-	-	-	(2,865)	(2,865)	-
Sanitation	1,929,154	2,344,535	-	1,500	-	416,881	416,881	-
Total business-type activities	<u>1,955,804</u>	<u>2,368,320</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>414,016</u>	<u>414,016</u>	<u>-</u>
Total primary government	<u>\$ 17,838,295</u>	<u>\$ 3,643,117</u>	<u>\$ 2,013,333</u>	<u>\$ 164,662</u>	<u>(12,431,199)</u>	<u>414,016</u>	<u>(12,017,183)</u>	<u>-</u>
Component Units								
Tahlequah Hospital Authority	117,846,418	118,836,203	-	-	-	-	-	989,785
Tahlequah Industrial Authority	120,432	95,511	-	-	-	-	-	(24,921)
Tahlequah Public Works Authority	23,410,283	23,329,083	1,661,367	-	-	-	-	1,580,167
Total component units	<u>141,377,133</u>	<u>142,260,797</u>	<u>1,661,367</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,545,031</u>
General revenues:								
Taxes:								
Sales and use taxes					10,488,462	-	10,488,462	-
Franchise taxes and public service taxes					447,637	-	447,637	-
Hotel/motel taxes					149,783	-	149,783	-
Unrestricted investment earnings					323,711	56,342	380,053	3,189,435
Miscellaneous					237,442	80,785	318,227	1,046
Transfers - internal activities					143,900	(143,900)	-	-
Total general revenues and transfers					<u>11,790,935</u>	<u>(6,773)</u>	<u>11,784,162</u>	<u>3,190,481</u>
Change in net position					(640,264)	407,243	(233,021)	5,735,512
Net position - beginning, restated					30,796,072	6,937,156	37,733,228	105,086,593
Net position - ending					<u>\$ 30,155,808</u>	<u>\$ 7,344,389</u>	<u>\$ 37,500,207</u>	<u>\$ 110,822,105</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, 2019**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

Governmental Funds Balance Sheet - June 30, 2019

	<u>General Fund</u>	<u>Restricted Sales Tax Fund</u>	<u>Restricted Sales Tax II Fund</u>	<u>Tahlequah Public Facilities Authority</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 680,036	\$ -	\$ -	\$ 10,875,744	\$ 2,177,650	\$ 13,733,430
Investments	1,656,642	-	-	-	782,715	2,439,357
Due from other funds	-	-	-	310,967	2,595	313,562
Taxes receivable, net	951,921	207,311	310,967	-	33,445	1,503,644
Receivables:						
Court fines receivable, net	115,618	-	-	-	-	115,618
Due from other governments	19,969	-	-	-	-	19,969
Other receivables	95,433	-	-	209,296	-	304,729
Total assets	<u>\$ 3,519,619</u>	<u>207,311</u>	<u>310,967</u>	<u>11,396,007</u>	<u>\$ 2,996,405</u>	<u>\$ 18,430,309</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 834,411	-	7,019	-	\$ 65,047	\$ 906,477
Payable to Component Unit	-	207,311	-	-	-	207,311
Due to other funds	2,523	29	311,010	-	-	313,562
Other accrued expenses	12,637	-	-	-	-	12,637
Total liabilities	<u>849,571</u>	<u>207,340</u>	<u>318,029</u>	<u>-</u>	<u>65,047</u>	<u>1,439,987</u>
Deferred Inflows of resources:						
Deferred revenue	<u>92,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,545</u>
Fund balances:						
Restricted for:						
Cemetery	-	-	-	-	89,433	89,433
Capital Improvements	-	-	-	8,026,094	-	8,026,094
Debt Service	-	-	-	3,369,913	-	3,369,913
Streets	-	-	-	-	112,776	112,776
Public Safety	902	-	-	-	-	902
Tourism	-	-	-	-	41,135	41,135
Assigned to:						
Public safety	113,240	-	-	-	-	113,240
CDBG	150,000	-	-	-	-	150,000
Capital Improvements	-	-	-	-	1,597,453	1,597,453
Stormwater	-	-	-	-	439,366	439,366
Brookside restoration	17,735	-	-	-	-	17,735
Streets	-	-	-	-	509,506	509,506
Airport	10,987	-	-	-	-	10,987
Tourism	-	-	-	-	141,689	141,689
Unassigned (deficit)	2,284,639	(29)	(7,062)	-	-	2,277,548
Total fund balances	<u>2,577,503</u>	<u>(29)</u>	<u>(7,062)</u>	<u>11,396,007</u>	<u>2,931,358</u>	<u>16,897,777</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,519,619</u>	<u>\$ 207,311</u>	<u>\$ 310,967</u>	<u>\$ 11,396,007</u>	<u>\$ 2,996,405</u>	<u>\$ 18,430,309</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, 2019

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Fiscal Year Ended June 30, 2019

	<u>General Fund</u>	<u>Restricted Sales Tax Fund</u>	<u>Restricted Sales Tax II Fund</u>	<u>Tahlequah Public Facilities Authority</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 6,901,981	\$ 1,613,647	\$ 2,420,471	\$ -	\$ 298,372	\$ 11,234,471
Intergovernmental	1,417,045	-	-	-	-	1,417,045
Charges for services	402,882	-	-	19,300	212,588	634,770
Fines and forfeitures	432,130	-	-	-	-	432,130
Licenses and permits	112,006	-	-	-	-	112,006
Investment income	64,381	-	-	205,261	54,069	323,711
Donations	3,154	-	-	-	-	3,154
Miscellaneous	800,906	-	-	-	117,200	918,106
Total revenues	<u>10,134,485</u>	<u>1,613,647</u>	<u>2,420,471</u>	<u>224,561</u>	<u>682,229</u>	<u>15,075,393</u>
EXPENDITURES						
Current:						
Administrative	-	1,681,686	-	-	280	1,681,966
City Treasurer	12,971	-	-	-	-	12,971
City Clerk	77,257	-	-	-	-	77,257
Municipal Court	158,838	-	-	-	-	158,838
Police	3,337,490	-	-	-	-	3,337,490
Fire	1,621,579	-	-	-	-	1,621,579
Emergency Management	500,170	-	-	-	-	500,170
Maintenance	247,619	-	-	-	-	247,619
Streets	1,042,146	-	-	-	38,083	1,080,229
Health and sanitation	-	-	-	-	132,182	132,182
Culture, tourism and recreation	693,896	-	-	-	107,368	801,264
General government	2,158,232	-	-	38,658	2,554	2,199,444
Library	25,459	-	-	-	-	25,459
Cemetery	268,827	-	-	-	-	268,827
Parks	576,308	-	-	-	-	576,308
Airport	364,695	-	-	-	-	364,695
Capital Outlay	1,017,606	-	-	2,761,352	881,624	4,660,582
Debt Service:						
Principal	87,120	-	-	1,306,213	59,299	1,452,632
Interest and other charges	6,930	-	-	594,711	4,322	605,963
Total expenditures	<u>12,197,143</u>	<u>1,681,686</u>	<u>-</u>	<u>4,700,934</u>	<u>1,225,712</u>	<u>19,805,475</u>
Excess (deficiency) of revenues over expenditures	<u>(2,062,658)</u>	<u>(68,039)</u>	<u>2,420,471</u>	<u>(4,476,373)</u>	<u>(543,483)</u>	<u>(4,730,082)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt	172,956	-	-	-	188,072	361,028
Transfers in	145,040	-	-	2,529,548	-	2,674,588
Transfers out	-	-	(2,529,548)	-	(6,720)	(2,536,268)
Total other financing sources (uses)	<u>317,996</u>	<u>-</u>	<u>(2,529,548)</u>	<u>2,529,548</u>	<u>181,352</u>	<u>499,348</u>
Net change in fund balances	(1,744,662)	(68,039)	(109,077)	(1,946,825)	(362,131)	(4,230,734)
Fund balances - beginning, restated	4,322,165	68,010	102,015	13,342,832	3,293,489	21,128,511
Fund balances - ending	<u>\$ 2,577,503</u>	<u>\$ (29)</u>	<u>\$ (7,062)</u>	<u>\$ 11,396,007</u>	<u>\$ 2,931,358</u>	<u>\$ 16,897,777</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, 2019

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	\$	16,897,777
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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.		33,821,545
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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		19,463
Net pension asset		248,236
OPEB related deferred outflows		45,300
Pension related deferred outflows		2,073,434
Deferred revenue		92,545

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		(3,302,204)
Pension related deferred inflows		(720,809)
OPEB related deferred inflows		(48,848)
Note payable		(18,970,631)

Net Position of Governmental Activities in the Statement of Net Position	\$	30,155,808
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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, 2019

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

Net change in fund balances - total governmental funds: \$ (4,230,734)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital asset purchases capitalized	1,859,154
Depreciation expense	(2,616,509)

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	15,656
Transferred assets	2,820,654

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.

775,188

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in deferred revenue	22,114
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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	1,452,636
Proceeds of long-term debt	(361,028)

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	(39,076)
Change in accrued compensated absences	(338,319)

Change in net position of governmental activities	\$ (640,264)
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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, 2019**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

Proprietary Funds Statement of Net Position - June 30, 2019

	<u>Sanitation</u>	<u>TEFA</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,894,824	\$ 15,857	\$ 1,910,681
Investments	370,675	-	370,675
Restricted:			
Cash and cash equivalents	-	121,630	121,630
Accounts receivable, net	45,021	2,385,600	2,430,621
Total current assets	<u>2,310,520</u>	<u>2,523,087</u>	<u>4,833,607</u>
Non-current assets:			
Restricted:			
Net OPEB asset	4,725	-	4,725
Capital assets:			
Land and construction in progress	76,100	-	76,100
Other capital assets, net of accumulated depreciation	5,122,682	-	5,122,682
Accounts receivable, net	-	8,064,699	8,064,699
Total non-current assets	<u>5,203,507</u>	<u>8,064,699</u>	<u>13,268,206</u>
Total assets	<u>\$ 7,514,027</u>	<u>\$ 10,587,786</u>	<u>\$ 18,101,813</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred amounts related to pensions	142,825	-	142,825
Deferred amounts related to OPEB	11,118	-	11,118
	<u>153,943</u>	<u>-</u>	<u>153,943</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 36,596	\$ -	\$ 36,596
Salaries payable	38,182	-	38,182
Accrued interest payable	-	150,650	150,650
Capital lease obligation	55,459	-	55,459
Revenue bonds payable	-	2,015,000	2,015,000
Accrued compensated absences	2,794	-	2,794
Total current liabilities	<u>133,031</u>	<u>2,165,650</u>	<u>2,298,681</u>
Non-current liabilities:			
Capital lease obligation	110,434	-	110,434
Revenue bonds payable	-	8,365,000	8,365,000
Net pension liability	71,212	-	71,212
Total non-current liabilities	<u>181,646</u>	<u>8,365,000</u>	<u>8,546,646</u>
Total liabilities	<u>314,677</u>	<u>10,530,650</u>	<u>10,845,327</u>
DEFERRED INFLOW OF RESOURCES			
Deferred amounts related to pensions	53,981	-	53,981
Deferred amounts related to OPEB	12,049	-	12,049
	<u>66,030</u>	<u>-</u>	<u>66,030</u>
NET POSITION			
Net investment in capital assets	5,032,889	-	5,032,889
Restricted for capital projects	-	57,136	57,136
Unrestricted	2,254,374	-	2,254,374
Total net position	<u>\$ 7,287,263</u>	<u>\$ 57,136</u>	<u>\$ 7,344,399</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, 2019

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position – Fiscal Year Ended June 30, 2019

	<u>Sanitation</u>	<u>TEFA</u>	<u>Total</u>
REVENUES			
Charges for services:			
Sanitation charges	\$ 2,344,535	\$ -	\$ 2,344,535
Rents and royalties	-	23,785	23,785
Total operating revenues	<u>2,344,535</u>	<u>23,785</u>	<u>2,368,320</u>
OPERATING EXPENSES			
Personal Services	817,280	-	817,280
Materials and Supplies	769,862	-	769,862
Education	-	20,522	20,522
Depreciation expense	336,201	-	336,201
Total operating expenses	<u>1,923,343</u>	<u>20,522</u>	<u>1,943,865</u>
Operating income	<u>421,192</u>	<u>3,263</u>	<u>424,455</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	51,453	4,889	56,342
Miscellaneous	80,785	(6,128)	74,657
Interest expense	(5,811)	-	(5,811)
Total non-operating revenue (expenses)	<u>126,427</u>	<u>(1,239)</u>	<u>125,188</u>
Income before contributions and transfers	547,619	2,024	549,643
Capital contributions	1,500	-	1,500
Transfers out	(143,900)	-	(143,900)
Change in net position	405,219	2,024	407,243
Total net position - beginning, restated	<u>6,882,044</u>	<u>55,112</u>	<u>6,937,156</u>
Total net position - ending	<u>\$ 7,287,263</u>	<u>\$ 57,136</u>	<u>\$ 7,344,399</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, 2019

Proprietary Funds Statement of Cash Flows – Fiscal Year Ended June 30, 2019

	<u>Sanitation</u>	<u>TEFA</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,400,178	\$ 23,784	\$ 2,423,962
Payments to suppliers	(793,919)	(14,500)	(808,419)
Payments to employees	(857,118)	(10,864)	(867,982)
Net cash provided by (used in) operating activities	<u>749,141</u>	<u>(1,580)</u>	<u>747,561</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(143,900)	-	(143,900)
Net cash provided by (used in) noncapital financing activities	<u>(143,900)</u>	<u>-</u>	<u>(143,900)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(437,425)	-	(437,425)
Capital grants and contributions	1,500	-	1,500
Annual sub lease payments	-	(6,128)	(6,128)
Principal paid on debt	(105,730)	(1,875,000)	(1,980,730)
Net Increase in capital lease purchase receivable	-	1,903,247	1,903,247
Interest and fiscal agent fees paid on debt	(5,811)	(25,078)	(30,889)
Net cash provided by (used in) capital and related financing activities	<u>(547,466)</u>	<u>(2,959)</u>	<u>(550,425)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale (purchase) of investments	(675)	-	(675)
Interest and dividends	51,453	4,889	56,342
Net cash provided by investing activities	<u>50,778</u>	<u>4,889</u>	<u>55,667</u>
Net increase in cash and cash equivalents	108,553	350	108,903
Balances - beginning of year	<u>1,786,271</u>	<u>137,137</u>	<u>1,923,408</u>
Balances - end of year	<u>\$ 1,894,824</u>	<u>\$ 137,487</u>	<u>\$ 2,032,311</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 1,894,824	\$ 15,857	\$ 1,910,681
Restricted cash and cash equivalents - current	-	121,630	121,630
Total cash and cash equivalents, end of year	<u>\$ 1,894,824</u>	<u>\$ 137,487</u>	<u>\$ 2,032,311</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 421,192	\$ 3,262	\$ 424,454
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expense	336,201	-	336,201
Other non-operating revenues	80,785	-	80,785
Change in assets and liabilities:			
Accounts receivable	(25,142)	(4,842)	(29,984)
Net OPEB asset	(4,725)	-	(4,725)
Accrued payroll payable	6,926	-	6,926
Accounts payable	(30,983)	-	(30,983)
Net OPEB Liability	(3,768)	-	(3,768)
Net Pension liability	(106,640)	-	(106,640)
Pension and OPEB deferrals	72,501	-	72,501
Accrued compensated absences	2,794	-	2,794
Net cash provided by (used in) operating activities	<u>\$ 749,141</u>	<u>\$ (1,580)</u>	<u>\$ 747,561</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, 2019

COMBINING DISCRETELY PRESENTED COMPONENT UNITS

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

Discretely Presented Component Units Statement of Net Position - June 30, 2019

	Discrete Component Units			
	Tahlequah Hospital Authority	TPWA	TIA	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 7,803,814	\$ 4,017,549	\$ 957,284	\$ 12,778,647
Investments	20,799,744	-	-	20,799,744
Restricted:				
Cash and cash equivalents	-	10,838,748	-	10,838,748
Investments	-	60,269	-	60,269
Accounts Receivable, net	28,274,715	3,189,592	-	31,464,307
Other receivables	1,443,974	-	-	1,443,974
Inventories	2,630,813	1,296,698	-	3,927,511
Prepaid Expenses	1,637,427	-	-	1,637,427
Total current assets	<u>62,590,487</u>	<u>19,402,856</u>	<u>957,284</u>	<u>82,950,627</u>
Non-current assets:				
Capital Assets:				
Other capital assets, net of accumulated depreciation	45,163,900	43,461,561	1,091,033	89,716,494
Other assets	1,005,455	-	-	1,005,455
Total non-current assets	<u>46,169,355</u>	<u>43,461,561</u>	<u>1,091,033</u>	<u>90,721,949</u>
Total assets	<u>108,759,842</u>	<u>62,864,417</u>	<u>2,048,317</u>	<u>173,672,576</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amounts related to derivative	637,715	-	-	637,715
	<u>637,715</u>	<u>-</u>	<u>-</u>	<u>637,715</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	13,007,085	1,529,661	3,739	14,540,485
Other accrued expenses	637,715	-	-	637,715
Unearned revenue	788,153	-	-	788,153
Deposits subject to refund	-	1,616,892	-	1,616,892
Capital lease obligation	44,625	117,027	-	161,652
Notes payable	1,707,640	712,000	20,000	2,439,640
Revenue bonds payable	-	1,930,194	-	1,930,194
Compensated absences	-	496,352	-	496,352
Total current liabilities	<u>16,185,218</u>	<u>6,402,126</u>	<u>23,739</u>	<u>22,611,083</u>
Non-current liabilities:				
Capital lease obligation	28,688	120,025	-	148,713
Notes payable	26,628,318	14,056,740	43,332	40,728,390
Total non-current liabilities	<u>26,657,006</u>	<u>14,176,765</u>	<u>43,332</u>	<u>40,877,103</u>
Total liabilities	<u>42,842,224</u>	<u>20,578,891</u>	<u>67,071</u>	<u>63,488,186</u>
DEFERRED INFLOW OF RESOURCES				
Deferred amounts related to pensions	-	-	-	-
Deferred amounts related to OPEB	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Invested in capital assets, net of related debt	15,885,888	28,455,769	1,027,701	45,369,358
Restricted for debt service	-	4,825,152	-	4,825,152
Unrestricted	50,669,445	9,004,605	953,545	60,627,595
Total net position	<u>\$66,555,333</u>	<u>\$ 42,285,526</u>	<u>\$ 1,981,246</u>	<u>\$ 110,822,105</u>

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

Discretely Presented Component Units Statement of Revenues, Expenses, and Changes in Net Position – Fiscal Year Ended June 30, 2019

	Discrete Component Units			
	Tahlequah Hospital Authority	TPWA	TIA	Total
REVENUES				
Charges for services:				
Electric	\$ -	\$ 16,343,916	\$ -	\$ 16,343,916
Water	-	3,894,021	-	3,894,021
Sewer	-	2,941,521	-	2,941,521
Penalties	118,836,203	-	-	118,836,203
Rental Income	-	-	89,000	89,000
Payment from City of Tahlequah	-	1,617,424	-	1,617,424
Miscellaneous	-	149,625	-	149,625
Total operating revenues	<u>118,836,203</u>	<u>24,946,507</u>	<u>89,000</u>	<u>143,871,710</u>
OPERATING EXPENSES				
Administration	-	1,848,207	-	1,848,207
Water	-	2,953,224	-	2,953,224
Wastewater/Sewer	-	2,324,500	-	2,324,500
Electric	-	12,891,276	-	12,891,276
Industrial	-	-	75,185	75,185
Hospital	113,294,199	-	-	113,294,199
Depreciation expense	3,294,775	1,916,423	45,247	5,256,445
Payment to City of Tahlequah	-	934,017	-	934,017
Total Operating Expenses	<u>116,588,974</u>	<u>22,867,647</u>	<u>120,432</u>	<u>139,577,053</u>
Operating income (loss)	<u>2,247,229</u>	<u>2,078,860</u>	<u>(31,432)</u>	<u>4,294,657</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	2,921,287	257,242	10,906	3,189,435
Gain on capital asset disposal	1,046	-	-	1,046
Miscellaneous revenue	-	43,943	6,511	50,454
Interest expense	(1,257,444)	(542,636)	-	(1,800,080)
Total non-operating revenue (expenses)	<u>1,664,889</u>	<u>(241,451)</u>	<u>17,417</u>	<u>1,440,855</u>
Change in net position	3,912,118	1,837,409	(14,015)	5,735,512
Total net position - beginning	62,643,215	40,448,117	1,995,261	105,086,593
Total net position - ending	<u>\$ 66,555,333</u>	<u>\$ 42,285,526</u>	<u>\$ 1,981,246</u>	<u>\$ 110,822,105</u>

**CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019**

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

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 City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City 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 water, wastewater, and 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, 2019

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 Industrial 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 appointed by the Mayor and confirmed by a majority vote of the City Council of the City of Tahlequah. All Trustees must reside within the Beneficiary City. The industrial 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, 2019**

- 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 Fund – accounts for sales tax levied by the City for the utility system
- 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

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

Special Revenue Funds:

- 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 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, 2019

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 (FPRS), and Oklahoma Police Pension & Retirement System (OPPRS) and additions to/deductions from OPERS's, FPRS's, and OPPRS's fiduciary net position have been determined on the same basis as they are reported by OPERS'S, FPRS, and OPPRS. For this purpose,

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

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. 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, 2019

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 \$1,000 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, 2019

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.”

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.

**CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019**

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. One-half cent is recorded in the Restricted Sales Tax Fund per voter approval to be used for education. 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.

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.

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

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, 2019, the reporting entity held the following deposits and investments:

Primary Government:

<u>Type</u>	<u>Credit Rating</u>	<u>Fair Value Valuation Level</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			\$ 7,437,724
Certificates of Deposit			2,808,455
			<u>10,246,179</u>
Investments:			
US Treasury Notes		Level I	\$ 2,434,523
Federated Treasury Obligations Series Class #398	AAAm	Level I	5,895,071
			<u>8,329,594</u>
Total deposits and investments			<u>\$ 18,575,773</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents			\$ 4,768,367
Restricted cash and cash equivalents			8,135,812
Investments			2,810,032
Noncurrent restricted cash and cash equivalents			2,861,562
			<u>\$ 18,575,773</u>

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

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, 2019, 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.

At June 30, 2019, the City's investments were not exposed to interest rate risk.

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, 2019, the City's investments consisted of \$2,434,523 in US Treasury notes and \$5,895,071 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.

At June 30, 2019, 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, 2019

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 (TFPA) 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, 2019 are as follows:

<u>Type of Restricted Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Sales Tax - TPFA	\$ 2,667,780	\$ -
Trust Account - Bond A TPFA	505,172	-
Trust Account - Bond B TPFA	3,179	-
Trust Account - Improvement Fund TPFA	4,838,051	-
Trust Account- Reserve TPFA	427,039	-
Trust Account - TEFA	-	121,630
Reserve Account TPFA	<u>2,434,523</u>	<u>-</u>
	10,875,744	121,630
 Reconciliation of Statmenet of Net Position:		
Restricted Cash & Cash Equivalents - current	8,014,182	121,630
Restricted Cash & Cash Equivalents - noncurrent	2,861,562	-
	<u>\$ 10,875,744</u>	<u>\$ 121,630</u>

Discretely presented component units:

<u>Type</u>	<u>Credit Rating</u>	<u>Fair Value Valuation Level</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits	N/A	-	\$ 16,737,412
Money Market Accounts	N/A	Level I	1,837,000
Time deposits, due within one year	N/A	-	<u>5,142,445</u>
			<u>23,716,857</u>
Investments:			
Domestic Fixed Income	Baa1-Aa2	Level II	\$ 3,307,190
International Fixed Income	Baa2-Aa3	Level II	334,232
Domestic equities	N/A	Level I	7,212,573
international equities	N/A	Level I	1,831,027
U.S. Treasury Notes	N/A	Level I	60,269
Investment in joint venture	N/A	Equity Method	6,617,172
Assets under deferred compensation agreements	N/A	N/A	813,327
Investments in captive insurance contracts	N/A	N/A	<u>584,761</u>
			<u>20,760,551</u>
Total deposits and investments			<u>\$ 44,477,408</u>
 Reconciliation to Statement of Net Position:			
CU Cash and cash equivalents			12,778,647
CU Restricted cash and cash equivalents			10,838,748
Restricted Investments			60,269
CU investments			<u>20,799,744</u>
			<u>\$ 44,477,408</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, 2019

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
<i>Governmental Activities:</i>			
Accounts receivable	\$ 273,311	-	\$ 273,311
Hotel/motel tax receivable	15,375	-	15,375
Other receivables	31,418	-	31,418
Court fines	3,067,509	(2,951,891)	115,618
Total Governmental Activities	\$ 3,387,613	\$ (2,951,891)	\$ 435,722
<i>Business-Type Activities:</i>			
Education	\$ 10,495,320	\$ -	\$ 10,495,320
Total Business-Type Activities	\$ 10,495,320	\$ -	\$ 10,495,320

4. Capital Assets and Depreciation

Capital Assets:

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

For the year ended June 30, 2019, capital assets balances changed as follows:

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

	Restated Balance at July 1, 2018	Additions	Disposals	Interfund Transfers In (Out)	Balance at June 30, 2019
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 3,283,390	\$ 309,070	\$ -	\$ -	\$ 3,592,460
Construction in progress	1,570,021	3,153,658	3,672,023	-	1,051,656
Total capital assets not being depreciated	<u>4,853,411</u>	<u>3,462,728</u>	<u>3,672,023</u>	<u>-</u>	<u>4,644,116</u>
Other capital assets:					
Buildings	10,761,769	19,315	-	-	10,781,084
Infrastructure	29,878,255	3,742,265	-	-	33,620,520
Machinery, furniture and equipment	11,528,666	1,141,919	-	11,000	12,681,585
Total other capital assets at historical cost	<u>52,168,690</u>	<u>4,903,499</u>	<u>-</u>	<u>11,000</u>	<u>57,083,189</u>
Less accumulated depreciation for:					
Buildings	3,824,689	289,401	-	-	4,114,090
Improvements	-	-	-	-	-
Infrastructure	14,564,549	1,550,095	-	-	16,114,644
Machinery, furniture and equipment	6,890,273	777,013	-	9,740	7,677,026
Total accumulated depreciation	<u>25,279,511</u>	<u>2,616,509</u>	<u>-</u>	<u>9,740</u>	<u>27,905,760</u>
Other capital assets, net	26,889,179	2,286,990	-	1,260	29,177,429
Governmental activities capital assets, net	<u>\$ 31,742,590</u>	<u>\$ 5,749,718</u>	<u>\$ 3,672,023</u>	<u>\$ 1,260</u>	<u>\$ 33,821,545</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 76,100	\$ -	\$ -	\$ -	\$ 76,100
Total capital assets not being depreciated	<u>76,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,100</u>
Other capital assets:					
Buildings	2,230,948	4,500	-	-	2,235,448
Machinery, furniture and equipment	3,967,983	115,752	63,968	(11,000)	4,008,767
Infrastructure	873,808	323,044	-	-	1,196,852
Total other capital assets at historical cost	<u>7,072,739</u>	<u>443,296</u>	<u>63,968</u>	<u>(11,000)</u>	<u>7,441,067</u>
Less accumulated depreciation for:					
Buildings	235,414	43,730	-	-	279,144
Machinery, furniture and equipment	1,674,986	252,542	63,968	(9,740)	1,853,820
Infrastructure	145,493	39,928	-	-	185,421
Total accumulated depreciation	<u>2,055,893</u>	<u>336,200</u>	<u>63,968</u>	<u>(9,740)</u>	<u>2,318,385</u>
Other capital assets, net	5,016,846	107,096	-	(1,260)	5,122,682
Business-type activities capital assets, net	<u>\$ 5,092,946</u>	<u>\$ 107,096</u>	<u>\$ -</u>	<u>\$ (1,260)</u>	<u>\$ 5,198,782</u>

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

Governmental Activities:		Business-Type Activities:	
General government	\$ 911,065	Sanitation	<u>\$ 336,201</u>
Public safety	533,954		
Highways and streets	484,483		
Culture and recreation	378,675		
Cemetery	19,338		
Airport	288,994		
	<u>\$ 2,616,509</u>		

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

Discretely Presented Component Units:

For the year ended June 30, 2019, capital assets balances for the combined discretely presented component units which includes the THA, TPWA and TIA changed as follows:

	Balance at July 1, 2018	Additions	Transfers and Disposals	Balance at June 30, 2019
Discretely Presented Component Units:				
Capital assets not being depreciated:				
Land	\$ 3,526,788	\$ 34,555	\$ -	\$ 3,561,343
Construction in progress	12,902,922	4,790,491	(11,879,581)	5,813,832
Total capital assets not being depreciated	<u>16,429,710</u>	<u>4,825,046</u>	<u>(11,879,581)</u>	<u>9,375,175</u>
Other capital assets:				
Buildings	40,285,550	1,427,179	11,310,383	53,023,112
Improvements	935,689	-	-	935,689
Infrastructure	70,748,531	71,537	306,699	71,126,767
Machinery, furniture and equipment	35,344,199	1,477,440	(9,897)	36,811,742
Total other capital assets at historical cost	<u>147,313,969</u>	<u>2,976,156</u>	<u>11,607,185</u>	<u>161,897,310</u>
Less accumulated depreciation for:				
Buildings	(17,427,875)	(1,226,212)	1,600	(18,652,487)
Improvements	(581,500)	(44,266)	-	(625,766)
Infrastructure	(34,547,409)	(1,730,158)	84,158	(36,193,410)
Machinery, furniture and equipment	(23,833,257)	(2,260,632)	9,560	(26,084,328)
Total accumulated depreciation	<u>(76,390,041)</u>	<u>(5,261,268)</u>	<u>95,318</u>	<u>(81,555,991)</u>
Other capital assets, net	<u>70,923,928</u>	<u>8,237,424</u>	<u>11,511,867</u>	<u>80,341,319</u>
Discretely presented component units capital assets, net	<u>\$ 87,353,638</u>	<u>\$ 13,062,470</u>	<u>\$ (367,714)</u>	<u>\$ 89,716,494</u>

5. Debt and Debt Service Requirements

For the year ended June 30, 2019, the reporting entity's long-term debt changed as follows:

Type of Debt	Restated Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due Within One Year
Governmental Activities:					
Revenue bonds payable	\$ 19,436,367	\$ -	\$ 1,306,217	\$ 18,130,150	\$ 1,350,000
Capital leases payable	154,005	361,028	146,419	368,614	158,286
Accrued compensated absences	133,551	338,316	-	471,867	47,187
Total Governmental Activities	<u>\$ 19,723,923</u>	<u>\$ 699,344</u>	<u>\$ 1,452,636</u>	<u>\$ 18,970,631</u>	<u>\$ 1,555,473</u>
Business-Type Activities:					
Revenue bonds payable	\$ 12,395,000	\$ -	\$ 2,015,000	\$ 10,380,000	\$ 2,015,000
Capital lease payable	271,623	-	105,730	165,893	55,459
Accrued compensated absences	25,957	1,986	-	27,943	2,794
Total Business-Type Activities	<u>12,692,580</u>	<u>1,986</u>	<u>2,120,730</u>	<u>10,573,836</u>	<u>2,073,253</u>
Total Long-Term Debt	<u>\$ 32,416,503</u>	<u>\$ 701,330</u>	<u>\$ 3,573,366</u>	<u>\$ 29,544,467</u>	<u>\$ 3,628,726</u>

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

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	\$ 9,490,000
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	\$ 18,010,000
Current portion	\$ 1,350,000
Noncurrent portion	16,780,150
	\$ 18,130,150
Less: Premium on bonds	(120,150)
Total Revenue Bonds Payable	\$ 18,010,000

Capital Leases Payable:

City of Tahlequah

\$160,709 lease with BancFirst for the purchase of a 2017 Ford Police Interceptor SUV, issued January 2018 with an interest rate of 2.125%, maturing December 2020.	\$ 81,711
\$172,955 lease with Welch State Bank for the purchase of a 2019 Freightliner fire truck, issued August 2018 with an interest rate of 3.46%, maturing August 2022.	138,864
\$188,072 lease with Armstrong Bank for the purchase of a street sweeper, issued October 2018 with an interest rate of 5%, maturing October 2021.	148,039
Total Capital Leases Payable	\$ 368,614
Current portion	\$ 158,286
Noncurrent portion	210,328
Total Capital Leases Payable	\$ 368,614

Accrued Compensated Absences:

Current portion	\$ 47,187
Noncurrent portion	424,680
Total Accrued Compensated Absences	\$ 471,867

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

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

	\$ 10,380,000
Current portion	\$ 2,015,000
Noncurrent portion	8,365,000
Total Revenue Bonds Payable (TEFA)	\$ 10,380,000

Capital Lease Payable:

Sanitation

\$224,368 lease with Armstrong Bank for the purchase of a 2018 Case Waste Handler, issued May 2018 with an interest rate of 2.157%, maturing May 2022.

	\$ 165,893
Total Capital Leases Payable	\$ 165,893
Current portion	\$ 55,459
Noncurrent portion	110,434
Total Capital Leases Payable	\$ 165,893

Accrued Compensated Absences:

	\$ 2,794
Current portion	\$ 2,794
Noncurrent portion	-
Total Accrued Compensated Absences	\$ 27,943

Debt Service Requirements to Maturity:

<u>Year Ending June 30,</u>	Governmental Activities		Governmental Activities	
	Revenue Bonds Payable		Capital Leases Payable	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	1,350,000	845,394	158,286	9,796
2021	1,455,000	521,494	135,455	4,923
2022	1,535,000	481,753	67,179	1,288
2023	1,615,000	443,381	7,694	33
2024	1,720,000	385,219	-	-
2025-2028	10,335,000	1,585,116	-	-
Totals	\$ 18,010,000	\$ 4,262,357	\$ 368,614	\$ 16,040

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

<u>Year Ending June 30,</u>	<u>Business-Type Activities</u>		<u>Business-Type Activities</u>	
	<u>Revenue Bonds Payable</u>		<u>Capital Lease Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 2,015,000	\$ 301,300	\$ 55,459	\$ 3,774
2021	2,165,000	431,621	56,931	2,202
2022	2,320,000	302,600	53,503	701
2023	3,880,000	117,370	-	-
2024	-	-	-	-
Totals	<u>\$ 10,380,000</u>	<u>\$ 1,152,891</u>	<u>\$ 165,893</u>	<u>\$ 6,677</u>

Discretely Presented Component Units:

For the year ended June 30, 2019, the combined discretely presented component units which includes the THA, TPWA and TIA for long-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>
Component Unit:					
Notes Payable (direct borrowings)	\$ 42,558,815	\$ 2,815,588	\$ 2,206,373	\$ 43,168,030	\$ 2,439,640
Capital lease payable	515,927	-	205,563	310,364	161,652
Revenue bonds payable	2,905,000	-	970,000	1,935,000	1,935,000
Accrued compensated absences	383,528	112,824	-	496,352	496,352
Total Governmental Activities	<u>\$ 46,363,270</u>	<u>\$ 2,928,412</u>	<u>\$ 3,381,936</u>	<u>\$ 45,909,746</u>	<u>\$ 5,032,644</u>
			Less: unamortized discount	-	(4,806)
				<u>\$ 45,909,746</u>	<u>\$ 5,027,838</u>

Notes Payable (Direct Borrowings):

Tahlequah Public Works Authority

2010 Series Drinking Water SRF Promissory Note to the Oklahoma Water Resources Board, original issue amount \$16,320,000, secured by utility revenues, interest rate of 2.99% and administrative fee of 0.5%, final maturity of March 15, 2041 \$ 13,042,153

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 609,732

2019 Series Drinking Water SRF Promissory Note to the Oklahoma Water Resources Board, original issue amount \$1,116,855, secured by utility revenues, interest rate of 2.99% and administrative fee of 0.5%, final maturity of March 15, 2041 1,116,855

Total Notes Payable (TPWA)	<u>\$ 14,768,740</u>
Current portion	\$ 712,000
Noncurrent portion	14,056,740
Total Note Payable (TPWA)	<u>\$ 14,768,740</u>

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

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.

Tahlequah Industrial Authority (direct borrowing)

\$400,000 note payable in monthly installments of \$1,666, with a 0% interest rate, final payment due August 2022. this note is with the Oklahoma Department of Commerce. It is collateralized by a pledge of sales tax from the City of Tahlequah,

	\$	63,332
Total Notes Payable (TIA)	\$	<u>63,332</u>
Current portion	\$	20,000
Noncurrent portion		<u>43,332</u>
Total Note Payable (TIA)	\$	<u>63,332</u>

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

	\$	13,969,041
4.75% note payable, due in monthly installments of \$3,925 including interest, through January 2027, secured by property		445,354
4.1% note payable, due in monthly installments of \$4,268 including interest, through April 2024, secured by land		224,025
4.1% note payable, due in monthly installments of \$6,431 including interest, through April 2024, secured by land		337,745
4.0% note payable, due in monthly installments of \$4,878 including interest, through December 2028, secured by land		463,400
2.99% note payable, due in monthly installments of \$9,606 including interest, through February 2022, secured by associated equipment		295,080
4.5% note payable, due in monthly installments of \$29,359 including interest, through December 2031, secured by property		3,350,678
5.0% note payable, due in monthly installments of \$5,876 including interest, through August 2033, secured by building		713,563
3.92% note payable up to \$7,400,000, due in monthly installments of \$44,531 including interest, through September 2021, secured by building		7,167,741
2.75% note payable, due in monthly installments of \$10,258 including interest, through July 2023, secured by equipment		474,896
3.2% note payable, due in monthly installments of \$5,426 including interest, through July 2021, secured by property and equipment		130,689
3.85% note payable, due in monthly installments of \$7,875 including interest, through March 2029, secured by property and equipment		763,746
Total Notes Payable (THA)	\$	<u>28,335,958</u>

Current portion	\$	1,707,640
Noncurrent portion		<u>26,628,318</u>
Total Note Payable (THA)	\$	<u>28,335,958</u>

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

Capital Leases Payable:

Tahlequah Public Works Authority

\$79,010 capital lease obligation for the purchase of a loader/backhoe, matures December 2019 with stated interest of 1.575%	\$	8,188
\$44,670 capital lease obligation for the purchase of a truck, matures December 2019 with stated interest of 1.575%		4,629
\$42,874 capital lease obligation for the purchase of a truck, matures December 2019 with stated interest of 1.575		4,443
\$37,742 capital lease obligation for the purchase of a truck, matures February 2020 with stated interest of 2.1%		5,262
\$38,773 capital lease obligation for the purchase of a truck, matures February 2020 with stated interest of 2.1%		5,408
\$67,726 capital lease obligation for the purchase of a truck, matures February 2020 with stated interest of 2.1%		9,447
\$83,828 capital lease obligation for the purchase of a truck, matures July 2020 with stated interest of 1.8%		13,752
\$311,841 capital lease obligation for the purchase of a vacuum truck, matures May 2022 with stated interest of 2.39%		185,922

Total Capital Leases Payable (TPWA)	\$	<u>237,051</u>
Current portion	\$	117,027
Noncurrent portion		120,024
Total Capital Leases Payable (TPWA)	\$	<u>237,051</u>

Tahlequah Hospital Authority

Capital lease obligation with imputed interest of 0%, with a maturity date of April 2021, collateralized by equipment	\$	<u>73,313</u>
Current portion	\$	44,625
Noncurrent portion		28,688
Total Capital Leases Payable (THA)	\$	<u>73,313</u>

Revenue Bonds Payable:

Tahlequah Public Works Authority

2009A Series Build America Sales Tax Revenue Bonds, dated September 1, 2009, original amount of \$9,135,000 secured by pledged sales tax, interest rates from 2.474% to 5.551%, final maturity of December 1, 2019	\$	1,935,000
Less unamortized discount		<u>(4,806)</u>
Total revenue bonds payable, net		<u>1,930,194</u>
Current portion	\$	1,935,000
Less unamortized discount		<u>(4,806)</u>
Total Revenue Bonds Payable (TPWA)	\$	<u>1,930,194</u>

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

Discretely Presented Component Units			Discretely Presented Component Units		
Year Ending June 30,	Notes Payable (direct borrowings)		Year Ending June 30,	Capital Lease Payable	
	Principal	Interest		Principal	Interest
2020	\$ 2,439,640	\$ 1,626,471	2020	\$ 161,652	\$ 4,211
2021	2,601,878	1,532,511	2021	94,094	2,267
2022	9,311,422	1,234,003	2022	54,618	719
2023	2,174,657	1,073,594	2023	-	-
2024	2,007,179	977,010	2024	-	-
2025-2029	14,832,032	3,244,734	2025-2029	-	-
2030-2034	3,802,235	1,096,586	2030-2034	-	-
2035-2039	2,720,000	543,420	2035-2039	-	-
2040-2043	3,278,987	98,225	2040-2043	-	-
Totals	\$ 43,168,030	\$ 11,426,554	Totals	\$ 310,364	\$ 7,197

Discretely Presented Component Units			
Year Ending June 30,	Bonds Payable		
	Principal	Interest	
2020	\$ 1,935,000	\$	44,755
	\$ 1,935,000	\$	44,755

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 \$21,426,963. Pledged sales taxes received in the current year were \$2,420,471. Debt service payments of \$1,900,924 for the current fiscal year were 78.5% of the pledged sales taxes.

The City has pledged one half cent of future sales tax revenues to assist in the repayment of \$9,135,000 of 2009A Series Build America Sales Tax Revenue Bonds, dated September 1, 2009. Proceeds from the note provided financing for capital assets. The bonds are payable from pledged sales tax revenues and are payable through December 1, 2019. The total principal and interest payable for the remainder of the life of these bonds is \$1,979,755. Pledged sales taxes received in the current year were \$1,613,647. Debt service payments of \$2,176,255 for the current fiscal year were 134.8% of the pledged sales taxes.

6. 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.

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

Transfers:

Internal transfers between funds and activities for the year ended June 30, 2019 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	\$ 2,529,548	Restricted Sales Tax
Sanitation Fund	General Fund	138,320	Self-Insured Health
Stormwater Management Fund	General Fund	6,720	Self-Insured Health
Total		<u>\$ 2,674,588</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 2,674,588	\$ (2,536,268)	\$ 138,320
Proprietary Funds	-	(143,900)	(143,900)
	<u>\$ 2,674,588</u>	<u>\$ (2,680,168)</u>	<u>(5,580)</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ 138,320
Transfer of business-type activity asset to governmental activity	5,580
Transfers - internal activity	<u>\$ 143,900</u>

Balances:

Interfund receivable and payables at June 30, 2019 were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
General Fund	Street and Alley Fund	\$ 2,523	Operating
Restricted Sales Tax Fund I	Street and Alley Fund	29	Operating
Restricted Sales Tax Fund II	Street and Alley Fund	43	Operating
Restricted Sales Tax II	Tahlequah Public Facilities Authority	310,967	Restricted Sales Tax
Total		<u>\$ 313,562</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 313,562	\$ (313,562)	\$ -
Proprietary Funds	-	-	-
Total	<u>\$ 313,562</u>	<u>\$ (313,562)</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 – Self -insured

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

The City has established a risk management program for health insurance for City employees, the City has obtained stop-loss coverage for the program for amount up to \$30,000.

The City has recorded a liability of health claims and an estimate of IBNR and accounts for the risk financing activity in the General Fund . The claims liability of \$181,533 reported in the Fund at June 30, 2019 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The following is a summary of changes in claims liability for fiscal years 2018 and 2019:

Claims Liability, June 30,2017	\$	143,271
Claim & Changes in estimates		733,265
Claims Payments		<u>739,691</u>
Claims Liability, June 30,2018		136,845
Claim & Changes in estimates		1,527,776
Claims Payments		<u>1,483,088</u>
Claims Liability, June 30, 2019	\$	<u><u>181,533</u></u>

This health insurance risk plan has subsequently been terminated after June 30, 2019 and the health insurance program will be provided through third-party insurance with transfer of risk.

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

8. 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.

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

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.

9. Prior Period Adjustment

Certain restatements of the beginning net position and/or fund balances of both the government-wide financial statements and the individual fund financials statements were necessary in order to correct errors presented in the previously reported financial statements. In addition, several funds and activities were reclassified to more appropriately present financial activity in conformity with generally accepted accounting principles (GAAP).

	Major Governmental Funds			Other Governmental funds				General Fund - Account		Total Governmental Activities	Total Business Type Activities
	Tablequah Public Finance Authority	Restricted Sales Tax Fund I	Restricted Sales Tax Fund II	StormWater	Hotel Motel Tax Fund	Street & Alley Fund	Capital Project Fund	Cops in School	General Fund		
	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Beginning Balance per previous audit	-	-	-	493,923	122,330	475,121	1,838,352	584	3,417,570	35,355,853	(6,295,813)
Prior period adjustments:											
Understated accounts payable	-	-	-	(242)	-	-	(190)	(1,773)	-	(2,205)	-
Understated accounts receivable	-	-	-	-	15,303	-	-	30,731	-	46,034	-
Understated tax receivables (Due from Other Govts)	-	-	-	-	-	19,813	-	-	-	19,813	-
Included ommitted Special Revenue Funds	-	68,010	102,015	-	-	-	-	-	-	170,025	-
Reclassified funds to General fund account	-	-	-	-	-	-	-	-	-	-	-
Understated payroll payable	-	-	-	-	-	-	-	-	(52,290)	(52,290)	-
Understated tax receivables	-	-	-	-	-	-	-	-	47,802	47,802	-
Overstated Self-Insurance activity	-	-	-	-	-	-	-	-	179,323	179,323	-
Understated Court Receivables	-	-	-	-	-	-	-	-	38,381	38,381	-
Overstated accounts payable	-	-	-	-	-	-	-	-	386,776	386,776	-
Overstatement Due to Others	-	-	-	-	-	-	-	-	337,128	337,128	-
Understated Cash - Sweep Account activity	-	-	-	-	-	-	-	-	1,997	1,997	-
Overstated Investments - Activity	-	-	-	-	-	-	-	-	(251,276)	(251,276)	-
Understated Investments - Activity	-	-	-	-	-	-	245,000	-	-	245,000	-
Recalsify TPFA to Governmental	13,342,832	-	-	-	-	-	-	-	-	13,342,832	6,295,813
Reclass Debt to Governmental Activities - TPFA	-	-	-	-	-	-	-	-	-	(19,436,363)	-
Overstatement of Pension Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	(651,655)	-
Overstatement of Pension Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	768,378	-
Overstatement of Net Pension Liability	-	-	-	-	-	-	-	-	-	177,852	-
Overstatement of Net OPEB Liability	-	-	-	-	-	-	-	-	-	3,768	-
Overstatement of Court Revenue	-	-	-	-	-	-	-	-	-	65,225	-
Overstatement of grant Revenue	-	-	-	-	-	-	-	-	-	5,206	-
Overstatement of OPEB Deferred Outflow of Resources	-	-	-	-	-	-	-	-	-	(10,242)	-
Overstatement of OPEB Deferred Inflow of Resources	-	-	-	-	-	-	-	-	-	8,710	-
Total prior period adjustments:	13,342,832	68,010	102,015	(242)	15,303	19,813	244,810	28,958	687,841	(4,559,781)	6,295,813
Restated Beginning Fund Balance	\$ 13,342,832	\$ 68,010	\$ 102,015	\$ 493,681	\$ 137,633	\$ 494,934	\$ 2,083,162	\$ 29,542	\$ 4,105,411	\$ 30,796,072	\$ -

Accounts reclassified to General fund
Total General fund account

\$ 216,754
\$4,322,165

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, 2019

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:			
Police	\$ 248,236	\$ -	\$ 248,236
Total	<u>\$ 248,236</u>	<u>\$ -</u>	<u>\$ 248,236</u>
Net Pension Liability:			
Firefighters	\$ 3,008,855	\$ -	\$ 3,008,855
OPERS	293,349	71,212	364,561
Total	<u>\$ 3,302,204</u>	<u>\$ 71,212</u>	<u>\$ 3,373,416</u>
Deferred Outflows of Resources:			
OPERS	\$ 580,938	\$ 142,825	\$ 723,763
Police	495,242	-	495,242
Firefighters	997,254	-	997,254
Total	<u>\$ 2,073,434</u>	<u>\$ 142,825</u>	<u>\$ 2,216,259</u>
Deferred Inflows of Resources:			
OPERS	\$ 213,196	\$ 53,981	\$ 267,177
Police	254,638	-	254,638
Firefighters	252,975	-	252,975
Total	<u>\$ 720,809</u>	<u>\$ 53,981</u>	<u>\$ 774,790</u>
Pension Expense:			
OPERS	\$ 245,635	\$ 59,357	\$ 304,992
Police	175,899	-	175,899
Firefighters	82,931	-	82,931
Total	<u>\$ 504,465</u>	<u>\$ 59,357</u>	<u>\$ 563,822</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

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.

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

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

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

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

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$117,211. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$271,844 (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 \$268,191.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the City reported a liability of \$3,008,855 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2018. Based upon this information, the City's proportion was 0.27183%.

For the year ended June 30, 2019, the City recognized pension expense of \$82,931. At June 30, 2019, 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, 2019**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 628,465	\$ -
Net difference between projected and actual earnings on pension plan investments	-	250,011
Changes in proportion	251,578	-
City contributions during measurement date	-	2,964
City contributions subsequent to the measurement date	117,211	-
Total	\$ 997,254	\$ 252,975

\$117,211 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, 2020. 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:	
2020	\$ 214,993
2021	182,165
2022	66,007
2023	109,214
2024	54,689
Total	\$ 627,068

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

**CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019**

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, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	4.90%
Domestic equity	47%	7.09%
International equity	15%	9.19%
Real estate	10%	7.99%
Other assets	8%	5.51%

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

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability	\$ 3,940,997	\$ 3,008,855	\$ 2,225,990

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.

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

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.

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

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

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

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

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 \$240,709. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$224,121 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 \$203,383. These on-behalf payments did not meet the criteria of a special funding situation.

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

Pension Liabilities (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the City reported an asset of \$248,236 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2018. 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, 2018. Based upon this information, the City's proportion was 0.52112%.

For the year ended June 30, 2019, the City recognized pension expense of \$175,899. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,466	\$ 232,597
Changes of assumptions	108,414	-
Net difference between projected and actual earnings on pension plan investments	129,266	-
Changes in proportion	15,387	1,122
City contributions during measurement date	-	20,919
City contributions subsequent to the measurement date	240,709	-
Total	\$ 495,242	\$ 254,638

\$240,709 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. 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:	
2020	\$ 132,296
2021	52,219
2022	(140,309)
2023	(48,342)
2024	4,031
	\$ (105)

**CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019**

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.5% to 10% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Cost-of-living adjustments:	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).
Mortality rates:	<p>Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.</p> <p>Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.</p> <p>Disabled pensioners RP-2000 Blue Collar Healthy Combined table with age set forward 4 years.</p>

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

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, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	4.53%
Domestic equity	5.86%
International equity	8.83%
Real estate	6.58%
Private Equity	9.21%
Commodities	5.06%

**CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019**

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:

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability (asset)	\$ 1,151,490	\$ (248,236)	\$(1,431,545)

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.

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.

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).

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

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.
 - 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.

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

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 \$491,250.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the City reported a liability of \$364,561 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2018. Based upon this information, the City's proportion was 0.186913%.

For the year ended June 30, 2019, the City recognized pension expense of \$304,992. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 205,316
Changes of assumptions	156,781	-
Net difference between projected and actual earnings on pension plan investments	-	59,635
Changes in proportion	55,824	2,226
City contributions during measurement date	19,908	-
City contributions subsequent to the measurement date	491,250	-
Total	\$ 723,763	\$ 267,177

\$491,250 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

Year ended June 30:

2020	\$ 219,942
2021	(2,831)
2022	(206,576)
2023	<u>(45,199)</u>
	<u>\$ (34,664)</u>

Actuarial Assumptions- The total pension liability as of June 30, 2019, was determined based on an actuarial valuation prepared as of July 1, 2018, using the following actuarial assumptions:

- Investment return – 7.00% compounded annually net of investment expense and including inflation
- Salary increases – 3.5% to 9.5% per year including inflation
- Mortality rates – Active participants and nondisabled pensioners – RP-2000 Mortality Table projected to 2025 by Scale AA (disabled pensioners set forward 15 years)
- No annual post-retirement benefit increases
- Assumed inflation rate – 2.75%
- Payroll growth – 3.5% per year
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years

The actuarial assumptions used in the July 1, 2018, valuation are based on the results of the most recent actuarial experience study, which cover the three-year period ending June 30, 2016. The experience study report is dated April 13, 2017.

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, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	38.0%	3.8%
U.S. Small Cap Equity	6.0%	4.9%
Non-US Equity	24.0%	9.2%
U.S. Fixed Income	32.0%	1.5%
Total	<u>100.0%</u>	

**CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019**

Discount Rate- The discount rate used to measure the total pension liability was 7.00%. 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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease Rate 6.00%	Current Discount Rate 7.00%	1% Increase Rate 8.00%
Net Pension Liability (Asset)	\$ 2,339,106	\$ 364,561	\$ (1,308,757)

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.

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

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 \$36,205.

**CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019**

OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2019, the City reported an asset of \$24,188 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2018. 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, 2018. Based upon this information, the City's proportion was .186913%.

For the year ended June 30, 2019, the City recognized OPEB expense of \$5,391. At June 30, 2019, 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	\$ -	\$ 38,030
Changes of assumptions	14,174	-
Net difference between projected and actual earnings on OPEB plan investments	-	22,430
Changes in proportion	5,861	234
City contributions during to the measurement date	178	203
City contributions subsequent to the measurement date	36,205	-
Total	\$ 56,418	\$ 60,897

The \$36,205 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. 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:

2020	\$ (10,868)
2021	(10,868)
2022	(10,868)
2023	(5,092)
2024	(2,729)
Thereafter	(259)
	\$ (40,684)

Actuarial Assumptions- The total OPEB liability as of June 30, 2019, was determined based on an actuarial valuation prepared as if June 30, 2018 using the following actuarial assumptions:

- Investment return – 7.00% compounded annually net of investment expense and including inflation
- Salary increases – 3.5% to 9.5% per year including inflation
- Mortality rates – active participants and nondisabled pensioners – RP-2014 Mortality Table projected to 2025 by Scale MP-2016 (disabled pensioners set forward 12 years)
- No annual post-retirement benefit increases
- Assumed inflation rate – 2.75%

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

- Payroll growth – 3.5%
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years

The actuarial assumptions used in the July 1, 2018, valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2016. The experience study report is dated April 13, 2017.

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, 2018, are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	38.0%	3.80%
U.S. Small Cap Equity	6.0%	4.90%
Non-US Equity	24.0%	9.20%
US Fixed	32.0%	1.50%
TOTAL	100.0%	

Discount Rate- A single discount rate of 7.00% was used to measure the total OPEB liability as of June 30, 2018. 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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability (Asset)	\$ 35,511	\$ (24,188)	\$ (78,117)

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.

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

Budgetary Comparison Schedule (Budgetary Basis)– General Fund – Fiscal Year Ended June 30, 2019

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 3,790,448	\$ 3,790,448	\$ 4,105,411	\$ 314,963
Resources (Inflows):				
Taxes	6,640,000	6,640,000	6,874,395	234,395
Intergovernmental	1,814,565	1,814,565	975,899	(838,666)
Charges for services	499,500	499,500	359,265	(140,235)
Fines and forfeitures	724,620	724,620	460,378	(264,242)
Licenses and permits	109,750	27,000	109,979	82,979
Miscellaneous	237,750	234,250	217,585	(16,665)
Interest	65,000	65,000	55,901	(9,099)
Transfers in	416,845	-	-	-
Total Resources (Inflows)	<u>10,508,030</u>	<u>10,004,935</u>	<u>9,053,402</u>	<u>(951,533)</u>
Amounts available for appropriation	<u>14,298,478</u>	<u>13,795,383</u>	<u>13,158,813</u>	<u>(636,570)</u>
Charges to Appropriations (Outflows):				
Managerial	3,122,769	2,371,934	2,243,869	128,065
City treasurer	14,525	14,525	12,973	1,552
City clerk	74,388	77,388	73,704	3,684
Municipal court	171,854	171,854	151,716	20,138
Police	3,219,603	3,284,503	3,258,666	25,837
Fire	1,501,056	1,497,556	1,454,188	43,368
Emergency management	106,555	108,415	96,917	11,498
Highways and streets	1,266,698	1,266,698	1,103,450	163,248
Maintenance	244,740	244,740	234,400	10,340
Culture, tourism and recreation	1,189,059	1,199,009	664,992	534,017
Cemetery	286,472	286,471	269,896	16,575
Parks	838,585	838,585	620,113	218,472
Airport	190,790	190,790	187,126	3,664
Library	31,573	31,573	25,459	6,114
Transfers out	-	414,850	260,067	154,783
Total Charges to Appropriations	<u>12,258,667</u>	<u>11,998,891</u>	<u>10,657,536</u>	<u>1,341,355</u>
Ending Budgetary Fund Balance	<u>\$ 2,039,811</u>	<u>\$ 1,796,492</u>	<u>\$ 2,501,277</u>	<u>\$ 704,785</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, 2019

Budgetary Comparison Schedule (Budgetary Basis) – Restricted Sales Tax Fund I & II – Fiscal Year Ended June 30, 2019

	RESTRICTED SALES TAX FUND I			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 68,010	\$ 68,010
Resources (Inflows):				
Taxes	1,557,500	1,557,500	1,609,197	51,697
Total Revenue	<u>1,557,500</u>	<u>1,557,500</u>	<u>1,609,197</u>	<u>51,697</u>
Amounts available for appropriation	<u>\$ 1,557,500</u>	<u>\$ 1,557,500</u>	<u>\$ 1,677,207</u>	<u>\$ 119,707</u>
Charges to Appropriations (Outflows):				
Administrative:				
Other services and charges	\$ 1,557,500	\$ 1,557,500	\$ 1,609,226	\$ (51,726)
Total Charges to Appropriations	<u>1,557,500</u>	<u>1,557,500</u>	<u>1,609,226</u>	<u>(51,726)</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,981</u>	<u>\$ 67,981</u>
	RESTRICTED SALES TAX FUND II			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 102,015	\$ 102,015
Resources (Inflows):				
Taxes	2,327,000	2,327,000	2,413,796	86,796
Total Revenue	<u>2,327,000</u>	<u>2,327,000</u>	<u>2,413,796</u>	<u>86,796</u>
Amounts available for appropriation	<u>\$ 2,327,000</u>	<u>\$ 2,327,000</u>	<u>\$ 2,515,811</u>	<u>\$ 188,811</u>
Charges to Appropriations (Outflows):				
Transfer out	\$ 2,327,000	\$ 2,327,000	\$ 2,413,839	\$ (86,839)
Total Charges to Appropriations	<u>2,327,000</u>	<u>2,327,000</u>	<u>2,413,839</u>	<u>(86,839)</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,972</u>	<u>\$ 101,972</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, 2019

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	\$ 9,053,402
Less: budgetary expenses and transfers	<u>(10,657,536)</u>
Net Change to Budgetary Fund Balance	(1,604,134)
Change in revenue accruals	617,177
Proceeds from long-term debt	172,956
Change in expenditure accruals	(978,141)
General Fund sub-accounts changes in balance	47,480
Change in Fund Balance- Modified Accrual	<u><u>\$ (1,744,662)</u></u>

Restricted Sales Tax Fund I:

Total budgetary revenues and transfers	\$ 1,609,197
Less: budgetary expenses and transfers	<u>(1,609,226)</u>
Net Change to Budgetary Fund Balance	(29)
Change in revenue accruals	4,450
Change in expenditure accruals	<u>(72,460)</u>
Change in Fund Balance- Modified Accrual	<u><u>\$ (68,039)</u></u>

Restricted Sales Tax Fund II:

Total budgetary revenues and transfers	\$ 2,413,796
Less: budgetary expenses and transfers	<u>(2,413,839)</u>
Net Change to Budgetary Fund Balance	(43)
Change in revenue accruals	6,675
Change in expenditure accruals	<u>(115,709)</u>
Change in Fund Balance- Modified Accrual	<u><u>\$ (109,077)</u></u>

**CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019**

**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>
City's proportion of the net pension liability	0.223900%	0.246298%	0.254001%	0.260579%	0.271829%
City's proportionate share of the net pension liability	\$ 2,302,349	\$ 2,614,231	\$ 3,103,156	\$3,277,365	\$3,008,855
City's covered-employee payroll	\$ 608,050	\$ 640,287	\$ 666,324	\$ 695,000	\$ 742,841
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	379%	408%	466%	472%	405%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%

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

Notes to Schedule:

Only five 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>
Statutorially required contribution	\$ 95,544	\$ 94,212	\$ 99,469	\$ 103,693	\$ 117,211
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>
Contribution deficiency (excess)	<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
Contributions as a percentage of covered-employee payroll	14.92%	14.14%	14.31%	13.96%	14.00%

Notes to Schedule:

Only five 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, 2019

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*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability (asset)	0.4099%	0.4372%	0.4457%	0.4819%	0.5211%
City's proportionate share of the net pension liability (asset)	\$ (138,025)	\$ 17,826	\$ 682,581	\$ 17,826	\$ (248,236)
City's covered-employee payroll	\$1,186,670	\$1,083,246	\$1,235,769	\$1,314,515	\$1,413,115
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.63%	1.65%	55.24%	1.36%	17.57%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%

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

Notes to Schedule:

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Statutorially required contribution	\$ 140,822	\$ 160,650	\$ 170,887	\$ 183,705	\$ 240,709
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>
Contribution deficiency (excess)	<u>\$ -</u>				
City's covered-employee payroll	\$ 1,083,246	\$ 1,235,769	\$ 1,314,515	\$ 1,413,115	\$ 1,851,608
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%

Notes to Schedule:

Only five 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, 2019**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN**

Last 10 Fiscal Years* (Dollar amounts in thousands)

	<u>2015</u>	<u>2016</u>	<u>** 2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability	0.1517%	0.1598%	0.1552%	0.1634%	0.1869%
City's proportionate share of the net pension liability	\$ 274,448	\$ 574,704	\$ 1,539,943	\$ 883,458	\$ 364,561
City's covered-employee payroll	\$2,569,909	\$2,740,012	\$ 2,824,552	\$2,788,176	\$3,124,503
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	11%	21%	55%	32%	12%
Plan fiduciary net position as a percentage of the total pension liability	97.90%	96.00%	89.48%	94.28%	97.96%

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

Notes to Schedule:

Only five 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 7.25% to 7.5%.

** 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)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 452,102	\$ 466,051	\$ 460,049	\$ 515,543	\$ 491,250
Contributions in relation to the contractually required contribution	<u>452,102</u>	<u>466,051</u>	<u>460,049</u>	<u>515,543</u>	<u>491,250</u>
Contribution deficiency (excess)	<u>\$ -</u>				
City's covered-employee payroll	\$ 2,740,012	\$ 2,824,552	\$ 2,788,176	\$ 3,124,503	\$ 2,977,273
Contributions as a percentage of covered-employee payroll	16.50%	16.50%	16.50%	16.50%	16.50%

Notes to Schedule:

Only five 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, 2019

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)

	<u>2018</u>	<u>2019</u>
Center's proportion of the net OPEB liability (asset)	0.1634%	0.1869%
Center's proportionate share of the net OPEB liability (asset)	\$ 18,716	\$ (24,188)
Center's covered payroll	\$2,788,176	\$3,124,503
Center's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.67%	0.77%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	96.50%	103.94%

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

Notes to Schedule:

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

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>
Contractually required contribution	\$ 35,633	\$ 36,205
Contributions in relation to the contractually required contribution	<u>35,633</u>	<u>36,205</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,124,503	\$2,977,273
Contributions as a percentage of covered payroll	1.14%	1.22%

Notes to Schedule:

Only the current and two prior 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, 2019**

OTHER SUPPLEMENTARY INFORMATION

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

Combining Balance Sheet – General Fund Accounts – June 30, 2019

	General Fund (110)	Police Canine (215)	Police Dare (217)	Brookside Restoration (203)	School Resource Officer (204)	Winter Wonderland (220)	Bullet Proof Vest Grant (337)	Cops in Schools Retention (347)	Relocate & Rehab Taxi Grant (355)	Safe Routes To School (387)
ASSETS										
Cash and cash equivalents	\$ 184,611	\$ 2,051	\$ 71	\$ 17,735	\$ 321	\$ (7,196)	\$ (182)	\$ 80,141	\$ 509	\$ 207,637
Investments	1,656,642	-	-	-	-	-	-	-	-	-
Due from other governments	15,000	-	-	-	-	-	855	-	-	-
Due from other funds	262,136	-	-	-	-	-	855	-	-	-
Taxes receivable, net	951,921	-	-	-	-	-	-	-	-	-
Court fines receivable, net	115,618	-	-	-	-	-	-	-	-	-
Other receivables	69,590	-	-	-	-	-	-	25,843	-	-
Total assets	<u>\$ 3,255,518</u>	<u>\$ 2,051</u>	<u>\$ 71</u>	<u>\$ 17,735</u>	<u>\$ 321</u>	<u>\$ (7,196)</u>	<u>\$ 1,528</u>	<u>\$ 105,984</u>	<u>\$ 509</u>	<u>\$ 207,637</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 828,059	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,352	\$ -	\$ -
Due to other funds	13,977	-	-	-	-	-	3,763	-	-	217,025
Deferred revenue	87,576	-	-	-	-	-	855	-	-	-
Other payables	12,637	-	-	-	-	-	-	-	-	-
Total liabilities	<u>942,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,618</u>	<u>6,352</u>	<u>-</u>	<u>217,025</u>
Fund balances:										
Restricted for:										
Public safety	-	-	-	-	-	-	-	-	-	-
Assigned to:										
Public safety	-	2,051	71	-	321	-	-	99,632	-	-
CDBG	-	-	-	-	-	-	-	-	-	-
Brookside restoration	-	-	-	17,735	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-	509	-
Unassigned (deficit)	2,313,269	-	-	-	-	(7,196)	(3,090)	-	-	(9,388)
Total fund balances	<u>2,313,269</u>	<u>2,051</u>	<u>71</u>	<u>17,735</u>	<u>321</u>	<u>(7,196)</u>	<u>(3,090)</u>	<u>99,632</u>	<u>509</u>	<u>(9,388)</u>
Total liabilities and fund balances	<u>\$ 3,255,518</u>	<u>\$ 2,051</u>	<u>\$ 71</u>	<u>\$ 17,735</u>	<u>\$ 321</u>	<u>\$ (7,196)</u>	<u>\$ 1,528</u>	<u>\$ 105,984</u>	<u>\$ 509</u>	<u>\$ 207,637</u>

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

Combining Balance Sheet – General Fund Accounts – June 30, 2019, (Continued)

	Tahlequah Best Grant (388)	FBI - EDOVCTF (392)	PAPI-FAA Grant (393)	CDBG 16 (395)	Safe Oklahoma Grant (396)	TIDE 8 (397)	Department of Justice TFO-OT (398)	Safe Trails Grant (399)	Total General Fund Accounts
ASSETS									
Cash and cash equivalents	\$ (2,480)	\$ 17,548	\$ 10,478	\$ 150,000	\$ 11,067	\$ (568)	\$ 2,000	\$ 6,293	\$ 680,036
Investments	-	-	-	-	-	-	-	-	1,656,642
Due from other governments	-	-	-	-	-	4,114	-	-	19,969
Due from other funds	-	-	-	-	-	11,169	-	-	274,160
Taxes receivable, net	-	-	-	-	-	-	-	-	951,921
Court fines receivable, net	-	-	-	-	-	-	-	-	115,618
Other receivables	-	-	-	-	-	-	-	-	95,433
Total assets	<u>\$ (2,480)</u>	<u>\$ 17,548</u>	<u>\$ 10,478</u>	<u>\$ 150,000</u>	<u>\$ 11,067</u>	<u>\$ 14,715</u>	<u>\$ 2,000</u>	<u>\$ 6,293</u>	<u>\$ 3,793,779</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 834,411
Due to other funds	2,500	17,548	-	-	-	14,200	1,000	6,670	276,683
Deferred revenue	-	-	-	-	-	4,114	-	-	92,545
Other payables	-	-	-	-	-	-	-	-	12,637
Total liabilities	<u>2,500</u>	<u>17,548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,314</u>	<u>1,000</u>	<u>6,670</u>	<u>1,216,276</u>
Fund balances:									
Restricted for:									
Public safety	-	-	-	-	902	-	-	-	902
Assigned to:									
Public safety	-	-	-	-	10,165	-	1,000	-	113,240
CDBG	-	-	-	150,000	-	-	-	-	150,000
Brookside restoration	-	-	-	-	-	-	-	-	17,735
Airport	-	-	10,478	-	-	-	-	-	10,987
Unassigned (deficit)	(4,980)	-	-	-	-	(3,599)	-	(377)	2,284,639
Total fund balances	<u>(4,980)</u>	<u>-</u>	<u>10,478</u>	<u>150,000</u>	<u>11,067</u>	<u>(3,599)</u>	<u>1,000</u>	<u>(377)</u>	<u>2,577,503</u>
Total liabilities and fund balances	<u>\$ (2,480)</u>	<u>\$ 17,548</u>	<u>\$ 10,478</u>	<u>\$ 150,000</u>	<u>\$ 11,067</u>	<u>\$ 14,715</u>	<u>\$ 2,000</u>	<u>\$ 6,293</u>	<u>\$ 3,793,779</u>

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Fiscal Year Ended June 30, 2019

	General Fund (110)	Police Canine (215)	Police Dare (217)	Brookside Restoration (203)	School Resource Officer (204)	Winter Wonderland (220)	Bullet Proof Vest Grant (337)	Cops in Schools Retention (347)	Relocate & Rehab Taxi Grant (355)	Safe Routes To School (387)
REVENUES										
Taxes	\$ 6,901,981	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and fines	432,130	-	-	-	-	-	-	-	-	-
Licenses and permits	112,006	-	-	-	-	-	-	-	-	-
Intergovernmental	975,899	-	-	-	-	-	855	246,205	-	-
Charges for services	385,731	-	-	840	-	16,311	-	-	-	-
Investment earnings	63,951	-	-	430	-	-	-	-	-	-
Miscellaneous	798,881	2,025	-	-	-	-	-	-	-	-
Donations	-	3,154	-	-	-	-	-	-	-	-
Total revenues	<u>9,670,579</u>	<u>5,179</u>	<u>-</u>	<u>1,270</u>	<u>-</u>	<u>16,311</u>	<u>855</u>	<u>246,205</u>	<u>-</u>	<u>-</u>
EXPENDITURES										
Current:										
General government	2,158,232	-	-	-	-	-	-	-	-	-
City Treasurer	12,971	-	-	-	-	-	-	-	-	-
City Clerk	77,257	-	-	-	-	-	-	-	-	-
Municipal Court	158,838	-	-	-	-	-	-	-	-	-
Police	3,337,490	-	-	-	-	-	-	-	-	-
Fire	1,621,579	-	-	-	-	-	-	-	-	-
Emergency Management	93,976	-	-	-	-	-	1,710	361,235	-	-
Highways and streets	1,042,146	-	-	-	-	-	-	-	-	-
Maintenance	245,052	-	-	-	-	-	-	-	-	-
Culture, tourism and recreation	661,848	-	-	56	-	31,992	-	-	-	-
Cemetery	268,827	-	-	-	-	-	-	-	-	-
Parks	576,308	-	-	-	-	-	-	-	-	-
Airport	191,483	-	-	-	-	-	-	-	-	-
Library	25,459	-	-	-	-	-	-	-	-	-
Principal	87,120	-	-	-	-	-	-	-	-	-
Interest and other charges	6,930	-	-	-	-	-	-	-	-	-
Capital Outlay	998,789	18,699	-	118	-	-	-	-	-	-
Total Expenditures	<u>11,564,305</u>	<u>18,699</u>	<u>-</u>	<u>174</u>	<u>-</u>	<u>31,992</u>	<u>1,710</u>	<u>361,235</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(1,893,726)</u>	<u>(13,520)</u>	<u>-</u>	<u>1,096</u>	<u>-</u>	<u>(15,681)</u>	<u>(855)</u>	<u>(115,030)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)										
Proceeds from long-term debt	172,956	-	-	-	-	-	-	-	-	-
Transfer in	145,040	-	-	-	-	-	-	-	-	-
Transfers in- Intra account	43,655	-	-	-	-	-	-	228,775	-	-
Transfers out- Intra account	(260,067)	-	-	-	-	-	-	(43,655)	-	-
Total other financing sources (uses)	<u>101,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,120</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>(1,792,142)</u>	<u>(13,520)</u>	<u>-</u>	<u>1,096</u>	<u>-</u>	<u>(15,681)</u>	<u>(855)</u>	<u>70,090</u>	<u>-</u>	<u>-</u>
Fund balances - beginning, restated	4,105,411	15,571	71	16,639	321	8,485	(2,235)	29,542	509	(9,388)
Fund balances - ending	<u>\$ 2,313,269</u>	<u>\$ 2,051</u>	<u>\$ 71</u>	<u>\$ 17,735</u>	<u>\$ 321</u>	<u>\$ (7,196)</u>	<u>\$ (3,090)</u>	<u>\$ 99,632</u>	<u>\$ 509</u>	<u>\$ (9,388)</u>

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Fiscal Year Ended June 30, 2019, (Continued)

	Tahlequah Best Grant (388)	FBI - EDOVCTF (392)	PAPI-FAA Grant (393)	CDBG 16 (395)	Safe Oklahoma Grant (396)	TIDE 8 (397)	Department of Justice TFO-OT (398)	Safe Trails Grant (399)	Total General Fund Accounts
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,901,981
Fees and fines	-	-	-	-	-	-	-	-	432,130
Licenses and permits	-	-	-	-	-	-	-	-	112,006
Intergovernmental	-	-	147,506	-	20,000	21,921	-	4,659	1,417,045
Charges for services	-	-	-	-	-	-	-	-	402,882
Investment earnings	-	-	-	-	-	-	-	-	64,381
Miscellaneous	-	-	-	-	-	-	-	-	800,906
Donations	-	-	-	-	-	-	-	-	3,154
Total revenues	-	-	147,506	-	20,000	21,921	-	4,659	10,134,485
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	-	2,158,232
City Treasurer	-	-	-	-	-	-	-	-	12,971
City Clerk	-	-	-	-	-	-	-	-	77,257
Municipal Court	-	-	-	-	-	-	-	-	158,838
Police	-	-	-	-	-	-	-	-	3,337,490
Fire	-	-	-	-	-	-	-	-	1,621,579
Emergency Management	-	-	-	-	19,098	19,520	-	4,631	500,170
Highways and streets	-	-	-	-	-	-	-	-	1,042,146
Maintenance	2,567	-	-	-	-	-	-	-	247,619
Culture, tourism and recreation	-	-	-	-	-	-	-	-	693,896
Cemetery	-	-	-	-	-	-	-	-	268,827
Parks	-	-	-	-	-	-	-	-	576,308
Airport	-	-	173,212	-	-	-	-	-	364,695
Library	-	-	-	-	-	-	-	-	25,459
Principal	-	-	-	-	-	-	-	-	87,120
Interest and other charges	-	-	-	-	-	-	-	-	6,930
Capital Outlay	-	-	-	-	-	-	-	-	1,017,606
Total Expenditures	2,567	-	173,212	-	19,098	19,520	-	4,631	12,197,143
Revenues over (under) expenditures	(2,567)	-	(25,706)	-	902	2,401	-	28	(2,062,658)
OTHER FINANCING SOURCES (USES)									
Proceeds from long-term debt	-	-	-	-	-	-	-	-	172,956
Transfer in	-	-	-	-	-	-	-	-	145,040
Transfers in- Intra account	-	-	31,292	-	-	-	-	-	303,722
Transfers out- Intra account	-	-	-	-	-	-	-	-	(303,722)
Total other financing sources (uses)	-	-	31,292	-	-	-	-	-	317,996
Revenues and other sources over (under) expenditures and other uses	(2,567)	-	5,586	-	902	2,401	-	28	(1,744,662)
Fund balances - beginning, restated	(2,413)	-	4,892	150,000	10,165	(6,000)	1,000	(405)	4,322,165
Fund balances - ending	\$ (4,980)	\$ -	\$ 10,478	\$ 150,000	\$ 11,067	\$ (3,599)	\$ 1,000	\$ (377)	\$ 2,577,503

CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2019

	Street and Alley Fund (111)	Cemetery Care Fund (113)	Hotel Motel Tax Fund (112)	Stormwater Management Fund (116)	Capital Impr Fund (210)	Total-Other Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 601,617	\$ 89,433	\$ 167,449	\$ 440,164	\$ 878,987	\$ 2,177,650
Investments	-	-	-	-	782,715	782,715
Due from other funds	2,595	-	-	-	-	2,595
Taxes receivable, net	18,070	-	15,375	-	-	33,445
Total assets	<u>\$ 622,282</u>	<u>\$ 89,433</u>	<u>\$ 182,824</u>	<u>\$ 440,164</u>	<u>\$ 1,661,702</u>	<u>\$ 2,996,405</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 798	\$ 64,249	\$ 65,047
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>798</u>	<u>64,249</u>	<u>65,047</u>
Fund balances:						
Restricted for:						
Cemetery	-	89,433	-	-	-	89,433
Streets	112,776	-	-	-	-	112,776
Tourism	-	-	41,135	-	-	41,135
Assigned to:						
Capital Improvements	-	-	-	-	1,597,453	1,597,453
Stormwater	-	-	-	439,366	-	439,366
Streets	509,506	-	-	-	-	509,506
Tourism	-	-	141,689	-	-	141,689
Total fund balances	<u>622,282</u>	<u>89,433</u>	<u>182,824</u>	<u>439,366</u>	<u>1,597,453</u>	<u>2,931,358</u>
Total liabilities and fund balances	<u>\$ 622,282</u>	<u>\$ 89,433</u>	<u>\$ 182,824</u>	<u>\$ 440,164</u>	<u>\$ 1,661,702</u>	<u>\$ 2,996,405</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Fiscal Year Ended June 30, 2019

	Street and Alley Fund (111)	Cemetery Care Fund (113)	Hotel Motel Tax Fund (112)	Stormwater Management Fund (116)	Capital Impr Fund (210)	Total-Other Governmental Funds
REVENUES						
Taxes	\$ 148,589	\$ -	\$ 149,783	\$ -	\$ -	\$ 298,372
Charges for services	2,270	3,468	-	206,850	-	212,588
Investment earnings	14,572	2,166	4,056	10,648	22,627	54,069
Miscellaneous	-	-	-	1,200	116,000	117,200
Total revenues	<u>165,431</u>	<u>5,634</u>	<u>153,839</u>	<u>218,698</u>	<u>138,627</u>	<u>682,229</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	2,554	2,554
Highways and streets	38,083	-	-	-	-	38,083
Stormwater	-	-	-	132,182	-	132,182
Culture, tourism and recreation	-	-	107,368	-	-	107,368
Administrative	-	280	-	-	-	280
Principal	-	-	-	-	59,299	59,299
Interest and other charges	-	-	-	-	4,322	4,322
Capital Outlay	-	-	1,280	134,111	746,233	881,624
Total Expenditures	<u>38,083</u>	<u>280</u>	<u>108,648</u>	<u>266,293</u>	<u>812,408</u>	<u>1,225,712</u>
Revenues over (under) expenditures	<u>127,348</u>	<u>5,354</u>	<u>45,191</u>	<u>(47,595)</u>	<u>(673,781)</u>	<u>(543,483)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt	-	-	-	-	188,072	188,072
Transfers out	-	-	-	(6,720)	-	(6,720)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,720)</u>	<u>188,072</u>	<u>181,352</u>
Revenues and other sources over (under) expenditures and other uses	127,348	5,354	45,191	(54,315)	(485,709)	(362,131)
Fund balances - beginning, restated	494,934	84,079	137,633	493,681	2,083,162	3,293,489
Fund balances - ending	<u>\$ 622,282</u>	<u>\$ 89,433</u>	<u>\$ 182,824</u>	<u>\$ 439,366</u>	<u>\$ 1,597,453</u>	<u>\$ 2,931,358</u>

**CITY OF TAHLEQUAH, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2019**

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