

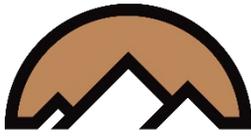
Financial Statements and Federal Awards Report in Accordance
with the Uniform Guidance

June 30, 2024

City of Tahlequah, Oklahoma

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

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

We did not audit the financial statements of the Tahlequah Educational Facilities Authority ("TEFA") component unit, which represents 100%, 100%, and 100%, respectively of the assets, net position, and revenues of the non-major proprietary funds, and 0.04%, 0.04%, and 0.06%, respectively of the assets, net position, and revenues of the business-type activities as of June 30, 2024. We did not audit the financial statements of the Tahlequah Public Facilities Authority ("TPFA") component unit, which represents 100%, 100%, and 100%, respectively of the assets, net position, and revenues of the TPFA fund, and 30.41%, 35.78%, and 1.97%, respectively of the assets, fund balance, and revenues of the governmental activities as of June 30, 2024. We did not audit the financial statements of the discretely presented component units of the Tahlequah Hospital Authority ("THA"), and the Tahlequah Regional Development Authority ("TRDA"), which represents 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for TEFA, TPFA, THA, and TRDA, are based solely on the reports of the other auditors.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 12 to the financial statements, the City has recorded a prior period adjustment to the financials relating to overstated construction in progress from a previous fiscal year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, pension plan information, and other post-employment benefits information be presented to supplement the basic financial

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

St. Pierre, Kimble, & Associates CPA, PC

St. Pierre, Kimble, & Associates, C.P.A, P.C.
Stilwell, Oklahoma
June 30, 2025

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

FINANCIAL HIGHLIGHTS

- The City's total ending net position of \$64,760,292 reflects an increase of \$8,282,489 or 14.1% during the fiscal year.
- During the year, the City's expenses for governmental activities were \$15.3 million and were funded by program revenues of \$4.2 million and further funded with taxes and other general revenues \$18.7 million.
- In the City's business-type activities, which include education and sanitation, program revenues exceeded expenses by \$372,296.
- For budgetary reporting purposes, the General Fund reported revenues and transfers in over estimates by \$1,097,902 or 9.5%, while expenditures and transfers out were under the final appropriations by \$893,069 or 6.4%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City and its component units using the integrated approach as prescribed by the Governmental Accounting Standards Board (GASB). Included in this report are government-wide statements for each of three categories of activities – governmental activities, business-type activities, 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 16,833 located in eastern Oklahoma. The City is an aldermanic form of government and operates under state law that provides for three branches of government:

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

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

The City's Financial Reporting Entity

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

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

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

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

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

Using This Annual Report

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

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

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

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

Reporting the City as a Whole – The Statement of Net Position and the Statement of Activities

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

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

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

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

Reporting the City's Most Significant Funds – The Fund Financial Statements

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

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

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 \$64.8 million at the close of the most recent fiscal year.

The following table presents condensed financial information on the City's net position for the fiscal years ending June 30, 2024 and 2023.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023 As Restated	2024	2023	2024	2023 As Restated
Assets						
Current and other assets	\$ 27,768,792	\$ 31,258,442	\$ 4,937,976	\$ 4,335,170	\$ 32,706,768	\$ 35,593,612
Capital assets	37,602,879	31,432,427	4,991,960	5,070,389	42,594,839	36,502,816
Total assets	65,371,671	62,690,869	9,929,936	9,405,559	75,301,607	72,096,428
Deferred Outflows of Resources	6,821,990	4,309,023	503,438	680,433	7,325,428	4,989,456
Liabilities						
Other liabilities	2,484,632	3,715,428	80,763	116,961	2,565,395	3,832,389
Long-term liabilities	14,026,339	15,569,614	342,285	585,084	14,368,624	16,154,698
Total liabilities	16,510,971	19,285,042	423,048	702,045	16,934,019	19,987,087
Deferred Inflows of Resources	845,621	547,232	87,103	73,762	932,724	620,994
Net position						
Net investment						
in capital assets	37,602,879	26,430,044	4,910,847	4,967,383	42,513,726	31,397,427
Restricted	20,307,300	14,836,868	264,034	61,978	20,571,334	14,898,846
Unrestricted	(3,073,110)	5,900,706	4,748,342	4,280,824	1,675,232	10,181,530
Total net position	\$ 54,837,069	\$ 47,167,618	\$ 9,923,223	\$ 9,310,185	\$ 64,760,292	\$ 56,477,803

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 2024, this net investment in capital assets amounted to approximately \$42.5 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 \$20.6 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 \$1.7 million, is available to meet the government's ongoing obligations to citizens and creditors.

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023 As Restated	2024	2023	2024	2023 As Restated
Revenues						
Program revenues						
Charges for services	\$ 1,569,268	\$ 1,240,164	\$ 3,494,819	\$ 3,252,993	\$ 5,064,087	\$ 4,493,157
Operating grants and contributions	1,998,591	3,039,372	12,000	-	2,010,591	3,039,372
Capital grants and contributions	664,711	3,492,312	-	34,725	664,711	3,527,037
General revenues						
Taxes	15,775,022	14,969,703	-	-	15,775,022	14,969,703
Intergovernmental revenue	898,878	297,394	-	-	898,878	297,394
Unrestricted investment earnings	1,366,574	697,703	254,757	41,166	1,621,331	738,869
Miscellaneous	699,790	222,655	-	40,635	699,790	263,290
Total revenues	22,972,834	23,959,303	3,761,576	3,369,519	26,734,410	27,328,822
Expenses						
General government	4,129,355	4,261,668	-	-	4,129,355	4,261,668
Public safety	4,752,835	6,833,499	-	-	4,752,835	6,833,499
Highways and streets	2,885,859	4,197,450	-	-	2,885,859	4,197,450
Culture and recreation	1,892,643	1,866,392	-	-	1,892,643	1,866,392
Economic development	439,212	298,457	-	-	439,212	298,457
Airport	300,288	428,394	-	-	300,288	428,394
Cemetery	260,554	242,366	-	-	260,554	242,366
Interest and fiscal charges	656,652	305,100	-	-	656,652	305,100
Sanitation	-	-	3,128,223	2,962,754	3,128,223	2,962,754
Education	-	-	6,300	71,253	6,300	71,253
Total expenses	15,317,398	18,433,326	3,134,523	3,034,007	18,451,921	21,467,333
Excess before transfers	7,655,436	5,525,977	627,053	335,512	8,282,489	5,861,489
Transfers	14,015	(30,189)	(14,015)	30,189	-	-
Change in net position	7,669,451	5,495,788	613,038	365,701	8,282,489	5,861,489
Beginning net position, as restated	47,167,618	41,671,830	9,310,185	8,944,484	56,477,803	50,616,314
Ending net position	\$ 54,837,069	\$ 47,167,618	\$ 9,923,223	\$ 9,310,185	\$ 64,760,292	\$ 56,477,803

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.

The following table presents the total expense of services and the net revenue (expense) of services of the governmental activities.

	Total Expense of Services		Net Revenue (Expense) of Services	
	2024	2023 As Restated	2024	2023 As Restated
General government	\$ 4,129,355	\$ 4,261,668	\$ (2,330,256)	\$ (2,559,940)
Public safety	4,752,835	6,833,499	(3,411,372)	(3,116,820)
Highways and streets	2,885,859	4,197,450	(2,470,770)	(2,810,681)
Culture and recreation	1,892,643	1,866,392	(1,642,039)	(1,464,145)
Economic development	439,212	298,457	(439,212)	(298,457)
Airport	300,288	428,394	74,363	70,630
Cemetery	260,554	242,366	(208,890)	(176,965)
Interest and fiscal charges	656,652	305,100	(656,652)	(305,100)
Total	<u>\$ 15,317,398</u>	<u>\$ 18,433,326</u>	<u>\$ (11,084,828)</u>	<u>\$ (10,661,478)</u>

Business-type Activities

The City's business-type activities include utility services for sanitation and education services. The following table presents the total expense of services and the net revenue (expense) of services of the business-type activities.

	Total Expense of Services		Net Revenue (Expense) of Services	
	2024	2023	2024	2023
Sanitation	\$ 3,128,223	\$ 2,962,754	\$ 360,896	\$ 303,422
Education	6,300	71,253	11,400	(49,711)
Total	<u>\$ 3,134,523</u>	<u>\$ 3,034,007</u>	<u>\$ 372,296</u>	<u>\$ 253,711</u>

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2024 fiscal year, the governmental funds reported a combined fund balance of \$24,264,351. The enterprise funds reported combined net position of \$9,923,223.

Other fund highlights include:

- In the General Fund there was a \$1,077,512 restriction for streets, \$61,887 restriction for public safety, and a \$15,824 restriction for indigent transportation. There was also a \$15,870 assignment for public safety and a \$23,665 assignment for the Brookside restoration.
- Proprietary fund net position restrictions included \$44,839 for OPEB purposes, \$204,174 for pension purposes, and \$15,021 for education.

General Fund Budgetary Highlights

Actual revenues and transfers were over estimates by \$1,097,902 or 9.5%, while expenditures and transfers were under final appropriations by \$893,069 or 6.4%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The carrying value of the City's capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$42,594,839 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, infrastructure, buildings and improvements, equipment, and right-of-use lease assets.

The following table presents a summary of capital assets, net of accumulated depreciation/amortization as of June 30, 2024 and 2023.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023 As Restated	2024	2023	2024	2023 As Restated
Capital assets (net of accumulated depreciation/amortization where applicable)						
Land	\$ 4,482,698	\$ 4,200,418	\$ 76,100	\$ 76,100	\$ 4,558,798	\$ 4,276,518
Construction in progress	7,260,029	2,511,209	-	-	7,260,029	2,511,209
Infrastructure	12,630,973	14,084,598	593,708	628,272	13,224,681	14,712,870
Buildings and improvements	6,057,344	6,265,315	1,741,147	1,783,636	7,798,491	8,048,951
Equipment	6,556,300	4,020,065	2,511,720	2,490,000	9,068,020	6,510,065
Right-of-use lease assets	615,535	350,822	69,285	92,381	684,820	443,203
Total capital assets	<u>\$ 37,602,879</u>	<u>\$ 31,432,427</u>	<u>\$ 4,991,960</u>	<u>\$ 5,070,389</u>	<u>\$ 42,594,839</u>	<u>\$ 36,502,816</u>

This year's more significant capital asset additions included:

- Fire engine- 2023 Pierce Aerial 100' Ladder - \$2,203,945
- SCBA Equipment - \$290,637
- Land on Water Street - \$251,645
- 2024 Freightliner 108SD - \$135,401
- 2025 Freightliner M2106 - \$123,401

Additional information on the City's capital assets can be found in Note 7 of this report.

Long Term Liabilities

At the end of June 30, 2024 and 2023, the City had the following long-term liabilities:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Bonds payable	\$ -	\$ 8,885,000	\$ -	\$ -	\$ -	\$ 8,885,000
Unamortized bond premium	-	71,511	-	-	-	71,511
Notes payable	7,842,478	-	-	-	7,842,478	-
Leases payable	864,613	544,161	81,113	103,006	945,726	647,167
Compensated absences	755,603	669,671	29,088	23,919	784,691	693,590
Net pension liability	4,563,645	5,399,271	232,084	458,159	4,795,729	5,857,430
Total long-term liabilities	<u>\$ 14,026,339</u>	<u>\$ 15,569,614</u>	<u>\$ 342,285</u>	<u>\$ 585,084</u>	<u>\$ 14,368,624</u>	<u>\$ 16,154,698</u>

During the year ended June 30, 2024, the City refunded its outstanding bonds payable with a note payable.

The Economic Outlook

Tahlequah's economic outlook for FY 2025–2026 remains cautiously optimistic, supported by consistent year-over-year growth in sales tax revenue, which continues to serve as the city's primary funding source. With projected collections for FY 2024–2025 reaching approximately \$13.8 million, this represents a steady 3.4% increase over the prior year and aligns with the multi-year trend of moderate revenue growth.

Regional economic indicators for Northeastern Oklahoma show a stable environment, with modest employment growth, a resilient retail sector, and continued public-sector investment, particularly from the Cherokee Nation and Northeastern State University. Additionally, the city has experienced a local increase in both municipal staff levels and average payroll per employee, signaling reinvestment in workforce capacity and service delivery. This trend runs slightly ahead of national public-sector hiring growth, which has remained relatively flat in many mid-sized municipalities.

However, the city's reliance on sales tax poses a vulnerability to broader economic shifts, such as inflation, rising interest rates, or a decline in discretionary spending. To sustain fiscal health and longterm stability, the city should consider diversifying revenue sources, expanding efforts to support local businesses, and promoting tourism and community events that stimulate spending.

Strategic economic development initiatives will be essential in reinforcing Tahlequah's financial position while ensuring continued growth and service delivery in the year ahead.

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
Statement of Net Position
June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents	\$ 9,794,327	\$ 3,877,139	\$ 13,671,466	\$ 24,464,318
Investments	3,474,443	360,007	3,834,450	7,593,860
Receivables (net of allowance for uncollectibles):				
Taxes	1,991,922	-	1,991,922	-
Court fines	299,927	-	299,927	-
Grants	543,281	-	543,281	-
Accounts	208,419	391,068	599,487	46,508,913
Leases	189,510	-	189,510	-
Internal balances	(245,000)	245,000	-	-
Inventories	-	-	-	5,565,184
Prepaid items	-	-	-	2,875,013
Net OPEB asset	169,623	64,762	234,385	-
Net pension asset	168,459	-	168,459	-
Other assets	-	-	-	9,423,852
Land held for resale	-	-	-	1,805,217
Restricted assets				
Cash and cash equivalents	4,520,348	-	4,520,348	13,254,125
Investments	6,653,533	-	6,653,533	-
Capital assets, net of accumulated depreciation/ amortization, where applicable				
Land	4,482,698	76,100	4,558,798	2,178,765
Construction in progress	7,260,029	-	7,260,029	8,226,728
Infrastructure	12,630,973	593,708	13,224,681	29,635,005
Buildings and improvements	6,057,344	1,741,147	7,798,491	31,794,692
Machinery and equipment	6,556,300	2,511,720	9,068,020	16,612,260
Right-of-use lease assets	615,535	69,285	684,820	596,658
Right-of-use subscription IT assets	-	-	-	258,375
Total assets	<u>65,371,671</u>	<u>9,929,936</u>	<u>75,301,607</u>	<u>200,792,965</u>
Deferred Outflows of Resources				
Other postemployment benefits	129,629	49,493	179,122	-
Pension plans	6,692,361	453,945	7,146,306	-
Excess consideration	-	-	-	3,997,341
Total deferred outflows of resources	<u>6,821,990</u>	<u>503,438</u>	<u>7,325,428</u>	<u>3,997,341</u>

City of Tahlequah, Oklahoma
Statement of Net Position
June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Liabilities				
Accounts payable	495,063	52,321	547,384	20,567,865
Accrued wages payable	240,863	28,442	269,305	8,391,120
Due to other governments	4,853	-	4,853	27,614
Unearned revenue	1,629,239	-	1,629,239	1,700
Deposits payable	-	-	-	2,087,243
Accrued interest payable	114,614	-	114,614	171,789
Long-term liabilities				
Due within one year, other than pension	2,117,485	25,360	2,142,845	6,257,721
Due in more than one year, other than pension	7,345,209	84,841	7,430,050	46,640,629
Due in more than one year, net pension liability	4,563,645	232,084	4,795,729	-
Total liabilities	16,510,971	423,048	16,934,019	84,145,681
Deferred Inflows of Resources				
Other postemployment benefits	181,813	69,416	251,229	-
Pension plans	483,797	17,687	501,484	-
Lease related	180,011	-	180,011	-
Interest rate swap	-	-	-	460,196
Total deferred outflows of resources	845,621	87,103	932,724	460,196
Net Position				
Net investment in capital assets	37,602,879	4,910,847	42,513,726	44,453,210
Restricted for				
Debt service	427,800	-	427,800	13,254,125
OPEB purposes	117,439	44,839	162,278	-
Pension purposes	1,813,378	204,174	2,017,552	-
Specific projects and programs	6,913,528	-	6,913,528	-
Capital improvements	11,035,155	-	11,035,155	-
Education	-	15,021	15,021	-
Noncontrolling interest	-	-	-	476,277
Unrestricted	(3,073,110)	4,748,342	1,675,232	62,000,817
Total net position	\$ 54,837,069	\$ 9,923,223	\$ 64,760,292	\$ 120,184,429

City of Tahlequah, Oklahoma
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Units
					Governmental Activities	Business-Type Activities		
Primary government								
Governmental activities								
General government	\$ 4,129,355	\$ 347,187	\$ 1,451,912	\$ -	\$ (2,330,256)	\$ -	\$ (2,330,256)	\$ -
Public safety	4,752,835	546,138	350,527	444,798	(3,411,372)	-	(3,411,372)	-
Highways and streets	2,885,859	219,375	195,714	-	(2,470,770)	-	(2,470,770)	-
Culture and recreation	1,892,643	250,604	-	-	(1,642,039)	-	(1,642,039)	-
Economic development	439,212	-	-	-	(439,212)	-	(439,212)	-
Airport	300,288	154,738	-	219,913	74,363	-	74,363	-
Cemetery	260,554	51,226	438	-	(208,890)	-	(208,890)	-
Interest and fiscal charges	656,652	-	-	-	(656,652)	-	(656,652)	-
Total governmental activities	<u>15,317,398</u>	<u>1,569,268</u>	<u>1,998,591</u>	<u>664,711</u>	<u>(11,084,828)</u>	<u>-</u>	<u>(11,084,828)</u>	<u>-</u>
Business-type activities								
Sanitation	3,128,223	3,477,119	12,000	-	-	360,896	360,896	-
Education	6,300	17,700	-	-	-	11,400	11,400	-
Total business-type activities	<u>3,134,523</u>	<u>3,494,819</u>	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>372,296</u>	<u>372,296</u>	<u>-</u>
Total primary government	<u>\$ 18,451,921</u>	<u>\$ 5,064,087</u>	<u>\$ 2,010,591</u>	<u>\$ 664,711</u>	<u>(11,084,828)</u>	<u>372,296</u>	<u>(10,712,532)</u>	<u>-</u>
Component units								
Tahlequah Hospital Authority	\$ 151,748,935	\$ 149,466,908	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,282,027)
Tahlequah Public Works Authority	30,475,048	32,566,705	22,311	-	-	-	-	2,113,968
Tahlequah Regional Development Authority	351,859	302,400	-	-	-	-	-	(49,459)
Total component units	<u>\$ 182,575,842</u>	<u>\$ 182,336,013</u>	<u>\$ 22,311</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(217,518)</u>
General revenues								
Taxes								
Sales and use taxes					14,799,909	-	14,799,909	-
Franchise taxes and public service taxes					667,076	-	667,076	-
Hotel/motel taxes					308,037	-	308,037	-
Intergovernmental revenue not restricted to specific programs					898,878	-	898,878	-
Unrestricted investment earnings					1,366,574	254,757	1,621,331	4,171,993
Gain on disposition of capital assets					-	-	-	90,717
Miscellaneous					699,790	-	699,790	-
Transfers					14,015	(14,015)	-	-
Total general revenue and transfers					<u>18,754,279</u>	<u>240,742</u>	<u>18,995,021</u>	<u>4,262,710</u>
Change in net position					<u>7,669,451</u>	<u>613,038</u>	<u>8,282,489</u>	<u>4,045,192</u>
Net position - beginning, as previously reported					49,383,572	9,310,185	58,693,757	116,139,237
Adjustments (Note 12)					(2,215,954)	-	(2,215,954)	-
Net position - beginning, as restated					47,167,618	9,310,185	56,477,803	116,139,237
Net position - ending					<u>\$ 54,837,069</u>	<u>\$ 9,923,223</u>	<u>\$ 64,760,292</u>	<u>\$ 120,184,429</u>

City of Tahlequah, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2024

	General	Restricted Sales Tax II	Tahlequah Public Facilities Authority	Streets and Sidewalks	American Rescue	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 2,513,910	\$ -	\$ -	\$ 5,181,117	\$ 1,212,492	\$ 886,808	\$ 9,794,327
Investments	3,231,128	-	-	-	-	243,315	3,474,443
Restricted cash and cash equivalents	-	-	4,520,348	-	-	-	4,520,348
Restricted investments	-	-	6,653,533	-	-	-	6,653,533
Receivables (net of allowance for uncollectibles)							
Taxes	1,344,461	289,074	-	299,687	-	58,700	1,991,922
Court fines	299,927	-	-	-	-	-	299,927
Grants	543,281	-	-	-	-	-	543,281
Accounts	208,419	-	-	-	-	-	208,419
Leases	189,510	-	-	-	-	-	189,510
Due from other funds	88,898	-	289,074	-	-	-	377,972
Total assets	\$ 8,419,534	\$ 289,074	\$ 11,462,955	\$ 5,480,804	\$ 1,212,492	\$ 1,188,823	\$ 28,053,682
Liabilities, Deferred Inflows of Resources, and Fund Balance							
Liabilities							
Accounts payable	\$ 407,759	\$ -	\$ -	\$ 49,267	\$ 13,253	\$ 24,784	\$ 495,063
Accrued wages payable	240,863	-	-	-	-	-	240,863
Due to other governments	4,853	-	-	-	-	-	4,853
Due to other funds	245,000	289,074	-	88,898	-	-	622,972
Unearned revenue	430,000	-	-	-	1,199,239	-	1,629,239
Total liabilities	1,328,475	289,074	-	138,165	1,212,492	24,784	2,992,990
Deferred Inflows of Resources							
Unavailable revenue	600,379	-	-	-	-	15,951	616,330
Lease related	180,011	-	-	-	-	-	180,011
Total deferred inflows of resources	780,390	-	-	-	-	15,951	796,341
Fund Balance							
Restricted	1,164,208	-	11,462,955	5,342,639	-	136,297	18,106,099
Assigned	2,014,785	-	-	-	-	1,011,791	3,026,576
Unassigned	3,131,676	-	-	-	-	-	3,131,676
Total fund balance	6,310,669	-	11,462,955	5,342,639	-	1,148,088	24,264,351
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,419,534	\$ 289,074	\$ 11,462,955	\$ 5,480,804	\$ 1,212,492	\$ 1,188,823	\$ 28,053,682

City of Tahlequah, Oklahoma
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 June 30, 2024

Total Fund Balances - Governmental Funds		\$ 24,264,351
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		37,602,879
Other assets are not available to pay for current-period expenditures and, therefore, are either not recognized as a receivable or are unavailable in the funds.		616,330
Long-term assets from pensions and other postemployment benefits reported in the governmental activities are not financial resources, and therefore, are not reported in the funds.		338,082
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.		6,156,380
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.		(114,614)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Notes payable	\$ 7,842,478	
Leases payable	864,613	
Compensated absences	755,603	
Net pension liability	<u>4,563,645</u>	
		<u>(14,026,339)</u>
Net Position of Governmental Activities		<u><u>\$ 54,837,069</u></u>

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

	General	Restricted Sales Tax II	Tahlequah Public Facilities Authority	Streets and Sidewalks	American Rescue	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 9,626,454	\$ 3,409,862	\$ -	\$ 2,278,007	\$ -	\$ 444,748	\$ 15,759,071
Intergovernmental	3,295,561	-	-	-	898,878	-	4,194,439
Charges for goods and services	635,388	-	-	-	-	227,571	862,959
Fines and forfeitures	385,661	-	-	-	-	-	385,661
Licenses and permits	235,864	-	-	-	-	4,429	240,293
Investment income	505,953	-	547,350	207,652	-	105,619	1,366,574
Donations	-	-	-	-	-	438	438
Miscellaneous	710,812	-	-	-	-	-	710,812
Total revenues	15,395,693	3,409,862	547,350	2,485,659	898,878	782,805	23,520,247
Expenditures							
Current							
General government							
City Treasurer	14,259	-	-	-	-	-	14,259
City Clerk	85,857	-	-	-	-	-	85,857
Municipal Court	160,758	-	-	-	-	-	160,758
Information Technology	185,604	-	-	-	-	38,895	224,499
Other General Government	2,115,742	-	-	-	269,805	-	2,385,547
Compliance	361,734	-	-	-	-	-	361,734
Public safety							
Police	3,832,929	-	-	-	-	50,566	3,883,495
Fire	2,454,862	-	-	-	-	46,345	2,501,207
Emergency Management	1,066,582	-	-	-	-	10,719	1,077,301
Public works							
Maintenance	227,280	-	-	-	-	-	227,280
Streets	1,276,656	-	-	510,928	-	204,755	1,992,339
Health & Sanitation	-	-	-	-	-	145,312	145,312
Culture and recreation							
Library	26,584	-	-	-	-	518	27,102
Other Culture, Tourism and Recreation	1,314,906	-	-	-	-	62,999	1,377,905
Economic Development							
Airport	202,300	-	-	-	-	-	202,300
Cemetery	248,570	-	-	-	-	-	248,570
Capital outlay	2,788,279	-	2,323,709	1,688,994	629,073	1,479,217	8,909,272
Debt service							
Principal	-	-	1,857,522	-	-	172,283	2,029,805
Interest and fiscal charges	-	-	605,542	-	-	8,006	613,548
Total expenditures	16,362,902	-	4,786,773	2,199,922	898,878	2,658,827	26,907,302

The Notes to Financial Statements are an integral part of this statement

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

	General	Restricted Sales Tax II	Tahlequah Public Facilities Authority	Streets and Sidewalks	American Rescue	Other Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues over (under) Expenditures	(967,209)	3,409,862	(4,239,423)	285,737	-	(1,876,022)	(3,387,055)
Other Financing Sources (Uses)							
Transfers in	694,364	-	3,409,862	350,000	-	500,000	4,954,226
Transfers out	(850,000)	(3,409,862)	(8,000)	(374,620)	-	(303,744)	(4,946,226)
Bond proceeds	-	-	9,700,000	-	-	-	9,700,000
Lease proceeds	-	-	-	-	-	492,735	492,735
Payment to refunded bonds	-	-	(8,885,000)	-	-	-	(8,885,000)
Total other financing sources (uses)	(155,636)	(3,409,862)	4,216,862	(24,620)	-	688,991	1,315,735
Net Change in Fund Balance	(1,122,845)	-	(22,561)	261,117	-	(1,187,031)	(2,071,320)
Fund Balance, Beginning of Year	7,433,514	-	11,485,516	5,081,522	-	2,335,119	26,335,671
Fund Balance, End of Year	<u>\$ 6,310,669</u>	<u>\$ -</u>	<u>\$ 11,462,955</u>	<u>\$ 5,342,639</u>	<u>\$ -</u>	<u>\$ 1,148,088</u>	<u>\$ 24,264,351</u>

City of Tahlequah, Oklahoma
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ (2,071,320)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives as depreciation/amortization expense.	
Capital outlay	8,909,272
Depreciation/amortization expense	(2,733,814)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.	
Transfer of assets from business-type activities	6,015
Book value of assets disposed	(11,022)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
	200,894
In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.	
	(85,932)
In the statement of activities OPEB is measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.	
	(26,523)
In the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, the contributions are reported as expense.	
	2,802,914
In the statement of activities interest expense is recognized as it accrues. In the governmental funds, however, the expenditure is measured by the amount of financial resources used.	
	(114,614)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Bond proceeds	(9,700,000)
Lease proceeds	(492,735)
Payment to refunded bonds	8,885,000
Principal payments	2,029,805
Amortization of bond premium	71,511
Change in Net Position of Governmental Activities	\$ 7,669,451

City of Tahlequah, Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2024

	Sanitation	Nonmajor Fund TEFA	Total Proprietary Funds
Assets			
Current Assets			
Cash and cash equivalents	\$ 3,862,118	\$ 15,021	\$ 3,877,139
Investments	360,007	-	360,007
Accounts receivable	391,068	-	391,068
Due from other funds	245,000	-	245,000
Total current assets	<u>4,858,193</u>	<u>15,021</u>	<u>4,873,214</u>
Noncurrent Assets			
Net OPEB asset	64,762	-	64,762
Capital assets			
Land	76,100	-	76,100
Infrastructure	1,016,805	-	1,016,805
Buildings and improvements	2,221,347	-	2,221,347
Machinery and equipment	5,353,709	-	5,353,709
Right of use lease assets	115,477	-	115,477
Less accumulated depreciation/amortization	<u>(3,791,478)</u>	<u>-</u>	<u>(3,791,478)</u>
Total capital assets, net of accumulated depreciation/amortization	<u>4,991,960</u>	<u>-</u>	<u>4,991,960</u>
Total noncurrent assets	<u>5,056,722</u>	<u>-</u>	<u>5,056,722</u>
Total assets	<u>9,914,915</u>	<u>15,021</u>	<u>9,929,936</u>
Deferred Outflows of Resources			
Other postemployment benefits	49,493	-	49,493
Pension plans	453,945	-	453,945
Total deferred outflows of resources	<u>503,438</u>	<u>-</u>	<u>503,438</u>

City of Tahlequah, Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2024

	Sanitation	Nonmajor Fund TEFA	Total Proprietary Funds
Liabilities			
Current Liabilities			
Accounts payable	52,321	-	52,321
Accrued wages payable	28,442	-	28,442
Current portion of leases payable	22,451	-	22,451
Current portion of compensated absences	2,909	-	2,909
Total current liabilities	<u>106,123</u>	<u>-</u>	<u>106,123</u>
Noncurrent Liabilities			
Long-term debt, net of current portion			
Lease liabilities	58,662	-	58,662
Compensated absences	26,179	-	26,179
Net pension liability	232,084	-	232,084
Total noncurrent liabilities	<u>316,925</u>	<u>-</u>	<u>316,925</u>
Total liabilities	<u>423,048</u>	<u>-</u>	<u>423,048</u>
Deferred Inflows of Resources			
Other postemployment benefits	69,416	-	69,416
Pension plans	17,687	-	17,687
Total deferred inflows resources	<u>87,103</u>	<u>-</u>	<u>87,103</u>
Net Position			
Net investment in capital assets	4,910,847	-	4,910,847
Restricted for:			
OPEB purposes	44,839	-	44,839
Pension purposes	204,174	-	204,174
Education	-	15,021	15,021
Unrestricted	4,748,342	-	4,748,342
Total net position	<u>\$ 9,908,202</u>	<u>\$ 15,021</u>	<u>\$ 9,923,223</u>

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

	Sanitation	Nonmajor Fund TEFA	Total Proprietary Funds
Operating Revenues			
Charges for goods and services	\$ 3,451,874	\$ -	\$ 3,451,874
Rents and royalties	-	17,700	17,700
Operating grants	12,000	-	12,000
Miscellaneous	25,245	-	25,245
Total operating revenues	<u>3,489,119</u>	<u>17,700</u>	<u>3,506,819</u>
Operating Expenses			
Personal services	1,353,132	-	1,353,132
Materials and supplies	1,296,938	-	1,296,938
Education	-	6,300	6,300
Depreciation/amortization	471,203	-	471,203
Total operating expenses	<u>3,121,273</u>	<u>6,300</u>	<u>3,127,573</u>
Operating Income	<u>367,846</u>	<u>11,400</u>	<u>379,246</u>
Nonoperating Revenues (Expenses)			
Loss on disposal of assets	(4,607)	-	(4,607)
Investment income	254,757	-	254,757
Interest expense and fiscal charges	(2,343)	-	(2,343)
Total nonoperating revenues (expenses)	<u>247,807</u>	<u>-</u>	<u>247,807</u>
Income before Transfers and Capital Contributions	615,653	11,400	627,053
Transfers out	-	(8,000)	(8,000)
Capital contributions to governmental activities	(6,015)	-	(6,015)
Change in Net Position	609,638	3,400	613,038
Net Position, Beginning of Year	<u>9,298,564</u>	<u>11,621</u>	<u>9,310,185</u>
Net Position, End of Year	<u>\$ 9,908,202</u>	<u>\$ 15,021</u>	<u>\$ 9,923,223</u>

City of Tahlequah, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2024

	Sanitation	Nonmajor Fund TEFA	Total Proprietary Funds
Operating Activities			
Receipts from customers and users	\$ 3,462,427	\$ 17,700	\$ 3,480,127
Operating grants	12,000	-	12,000
Payments to suppliers for goods and services	(1,340,607)	(6,300)	(1,346,907)
Payments to and on behalf of employees	(1,389,982)	-	(1,389,982)
Net Cash from Operating Activities	<u>743,838</u>	<u>11,400</u>	<u>755,238</u>
Noncapital Financing Activity			
Transfers to other funds	-	(8,000)	(8,000)
Capital and Related Financing Activities			
Proceeds from sale of assets	3,650	-	3,650
Acquisition and construction of capital assets	(407,046)	-	(407,046)
Debt service			
Principal	(21,893)	-	(21,893)
Interest	(2,343)	-	(2,343)
Net Cash Used for Capital and Related Financing Activities	<u>(427,632)</u>	<u>-</u>	<u>(427,632)</u>
Investing Activities			
Purchase of investments	(23,952)	-	(23,952)
Interest and dividends from investments	254,757	-	254,757
Net Cash from Investing Activities	<u>230,805</u>	<u>-</u>	<u>230,805</u>
Change in Cash and Cash Equivalents	547,011	3,400	550,411
Cash and Cash Equivalents, Beginning of Year	<u>3,315,107</u>	<u>11,621</u>	<u>3,326,728</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,862,118</u>	<u>\$ 15,021</u>	<u>\$ 3,877,139</u>

City of Tahlequah, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2024

	Sanitation	<u>Nonmajor Fund</u> <u>TEFA</u>	<u>Total Proprietary</u> <u>Funds</u>
Reconciliation of Operating Income to			
Net Cash from Operating Activities			
Operating income	\$ 367,846	\$ 11,400	\$ 379,246
Adjustments to reconcile operating			
income to net cash from			
operating activities			
Depreciation/amortization	471,203	-	471,203
Changes in assets and liabilities			
Accounts receivable	(14,692)	-	(14,692)
Net OPEB asset	(13,751)	-	(13,751)
OPEB related deferred outflows	(14,620)	-	(14,620)
Pension related deferred outflows	191,615	-	191,615
Accounts payable	(43,669)	-	(43,669)
Accrued wages payable	7,471	-	7,471
Compensated absences	5,169	-	5,169
Net pension liability	(226,075)	-	(226,075)
OPEB related deferred inflows	35,214	-	35,214
Pension related deferred inflows	(21,873)	-	(21,873)
Net cash from			
operating activities	<u>\$ 743,838</u>	<u>\$ 11,400</u>	<u>\$ 755,238</u>
Supplemental Schedule of Noncash Capital			
and Related Financing Activities			
Transfer of capital assets to governmental			
activities	<u>\$ 6,015</u>	<u>\$ -</u>	<u>\$ 6,015</u>

City of Tahlequah, Oklahoma
Combining Statement of Net Position
Discretely Presented Component Units
June 30, 2024

	Tahlequah Hospital Authority	Tahlequah Public Works Authority	Tahlequah Regional Development Authority	Total Discretely Presented Component Units
Assets				
Cash and cash equivalents	\$ 13,369,761	\$ 10,166,169	\$ 928,388	\$ 24,464,318
Investments	7,593,860	-	-	7,593,860
Receivables (net of allowance for uncollectibles):				
Accounts	39,932,978	6,340,515	235,420	46,508,913
Inventories	3,830,788	1,734,396	-	5,565,184
Prepaid items	2,551,270	323,743	-	2,875,013
Other assets	9,423,852	-	-	9,423,852
Land held for resale	-	-	1,805,217	1,805,217
Restricted assets				
Cash and cash equivalents	-	13,254,125	-	13,254,125
Capital assets, net of accumulated depreciation/ amortization, where applicable				
Land	1,643,036	387,912	147,817	2,178,765
Construction in progress	418,833	7,807,895	-	8,226,728
Infrastructure	-	29,635,005	-	29,635,005
Buildings and improvements	27,323,867	3,736,788	734,037	31,794,692
Machinery and equipment	7,150,928	9,461,332	-	16,612,260
Right-of-use lease assets	596,658	-	-	596,658
Right-of-use subscription IT assets	258,375	-	-	258,375
Total assets	<u>114,094,206</u>	<u>82,847,880</u>	<u>3,850,879</u>	<u>200,792,965</u>
Deferred Outflows of Resources				
Excess consideration	3,997,341	-	-	3,997,341
Liabilities				
Accounts payable	18,225,235	2,088,154	254,476	20,567,865
Accrued wages payable	8,191,013	200,107	-	8,391,120
Due to other governments	-	27,614	-	27,614
Unearned revenue	-	-	1,700	1,700
Deposits payable	-	2,087,243	-	2,087,243
Accrued interest payable	-	171,789	-	171,789
Long-term liabilities				
Due within one year	5,127,771	1,103,413	26,537	6,257,721
Due in more than one year	22,359,023	22,805,805	1,475,801	46,640,629
Total liabilities	<u>53,903,042</u>	<u>28,484,125</u>	<u>1,758,514</u>	<u>84,145,681</u>
Deferred Inflows of Resources				
Interest rate swap	460,196	-	-	460,196
Net Position				
Net investment in capital assets	15,641,349	27,627,128	1,184,733	44,453,210
Restricted for				
Debt service	-	13,254,125	-	13,254,125
Noncontrolling interest	476,277	-	-	476,277
Unrestricted	47,610,683	13,482,502	907,632	62,000,817
Total net position	<u>\$ 63,728,309</u>	<u>\$ 54,363,755</u>	<u>\$ 2,092,365</u>	<u>\$ 120,184,429</u>

City of Tahlequah, Oklahoma
Combining Statements of Revenues, Expenditures, and Changes in Net Position
Discretely Presented Component Units
Year Ended June 30, 2024

	Tahlequah Hospital Authority	Tahlequah Public Works Authority	Tahlequah Regional Development Authority	Total Discretely Presented Component Units
Operating Revenues				
Charges for goods and services				
Patient service	\$ 149,466,908	\$ -	\$ -	\$ 149,466,908
Electric	-	21,886,864	-	21,886,864
Water	-	6,436,982	-	6,436,982
Sewer	-	3,953,286	-	3,953,286
Rental income	-	-	117,900	117,900
Job incentive program	-	-	176,000	176,000
Miscellaneous	-	289,573	8,500	298,073
Total operating revenues	<u>149,466,908</u>	<u>32,566,705</u>	<u>302,400</u>	<u>182,336,013</u>
Operating Expenses				
Hospital	145,789,591	-	-	145,789,591
Electric	-	15,724,661	-	15,724,661
Water	-	1,979,563	-	1,979,563
Wastewater/Sewer	-	5,112,086	-	5,112,086
Administration	-	3,396,884	-	3,396,884
Industrial	-	-	304,001	304,001
Payment to City of Tahlequah	-	1,445,425	-	1,445,425
Depreciation/amortization	5,049,369	2,326,150	24,970	7,400,489
Total operating expenses	<u>150,838,960</u>	<u>29,984,769</u>	<u>328,971</u>	<u>181,152,700</u>
Operating Income (Loss)	(1,372,052)	2,581,936	(26,571)	1,183,313
Nonoperating Revenues (Expenses)				
(Loss) Gain on disposal of assets	(17,687)	-	90,717	73,030
Investment income	3,087,299	1,065,108	19,586	4,171,993
Interest expense and fiscal charges	(892,288)	(490,279)	(22,888)	(1,405,455)
Grant income	-	22,311	-	22,311
Total nonoperating revenues (expenses)	<u>2,177,324</u>	<u>597,140</u>	<u>87,415</u>	<u>2,861,879</u>
Change in Net Position	805,272	3,179,076	60,844	4,045,192
Net Position, Beginning of Year	<u>62,923,037</u>	<u>51,184,679</u>	<u>2,031,521</u>	<u>116,139,237</u>
Net Position, End of Year	<u>\$ 63,728,309</u>	<u>\$ 54,363,755</u>	<u>\$ 2,092,365</u>	<u>\$ 120,184,429</u>

Note 1 - Summary of Significant Accounting Policies

The following is a summary of significant accounting policies of the City of Tahlequah, Oklahoma ("the City"):

Basis of Presentation

The financial statements of the City have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the standard-setting body for governmental accounting and financial reporting. The City follows and implements all applicable GASB standards.

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. Blended component units are entities which are legally separate from the City but which are so intertwined with the City that they are, in substance, the same as the City. Discretely presented component units are entities for which the City is considered to be financially accountable or for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. 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 16,833 located in eastern Oklahoma. The City is an aldermanic form of government and operates under state law that provides for three branches of government:

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

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

Blended Component Units

- Tahlequah Public Facilities Authority (TPFA) – TPFA stimulates public growth and development; increases meaningful job opportunities; promotes entrepreneurship and capital investment; inventories public services, facilities and resources; and promotes, encourages and finances the growth and development of the City.
- The Tahlequah Educational Facilities Authority (TEFA) – TEFA stimulates educational growth and development and promotes, encourages and finances the growth and development of education within the City.

Both blended 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.

Discretely Presented Component Units

- Tahlequah Hospital Authority (THA) – THA 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.
- Tahlequah Public Works Authority (TPWA) – TPWA is a public trust created under the authority of and pursuant to the provisions of Title 60, Oklahoma Statute 1961, Sections 176 to 180, on December 4, 1970, for the use and benefit of the City of Tahlequah, Oklahoma. The Authority was established to manage utility facilities whether water, sewage, electric, or other forms or types of public and municipal services within or without the corporate boundaries of the City of Tahlequah, Oklahoma, and the conservation of public welfare in these areas.
- The Tahlequah Regional Development Authority (TRDA) – TRDA is a public trust created on September 8, 1981, under the provisions of Title 60, Oklahoma Statutes, the Oklahoma Trust Act, and other applicable laws and statutes of the State of Oklahoma. The Board of Trustees are citizens and residents of the Beneficiary and/or County appointed by the Mayor and confirmed by a majority vote of the City Council of the City of Tahlequah. The regional development authority's 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.

Government-Wide and Fund Financial Statements

The goal of government-wide financial statements is to present a broad overview of a government's finances. The basic statements that form the government-wide financial statements are the statement of net position and the statement of activities. These two statements report information on all activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally financed through taxes and intergovernmental revenues, are reported separately from business-type activities, which are normally financed through user fees and charges for goods or services.

The statement of activities reports gross direct expenses by function reduced by program revenues. This results in a measurement of net revenue or expense for each of the government's activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues are directly associated with the function or business-type activity and include 1) charges for services and 2) operating or capital grants and contributions that are restricted to a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are prepared for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, 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.

Under the modified accrual basis of accounting, receivables may be measurable but not available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources, reported as unavailable revenues, are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

- *General Fund* – accounts for all activities not accounted for in other special-purpose funds.
- *Restricted Sales Tax II Fund* – accounts for sales tax levied by the City for capital project improvements and debt service payments related to capital projects.
- *Tahlequah Public Facilities Authority Fund* – accounts for resources related to capital projects.
- *Streets & Sidewalks Fund* – capital improvement fund for use of sales tax for improvements to streets and sidewalks.
- *American Rescue Fund* – Accounts for the collection of spending of the Federal American Rescue Plant Act Covid-19 relief funds.

All proprietary and fiduciary fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

The City reports the following major proprietary fund:

Sanitation Fund – accounts for the activities in providing sanitation services to the public.

As a general rule, the City has eliminated the effect of interfund activity from the government-wide financial statements. Exceptions to this rule are when various charges exist between different functions of the government (i.e., sanitation charges to other various functions of the City). Elimination of these charges would distort direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include the following: amounts received from those who purchase, use, or directly benefit from a program; amounts received from parties outside the City that are restricted to one or more specific programs; and earnings on investments that are legally restricted for a specific program. Revenues that do not meet the previous criteria are reported as general revenues, including all taxes.

Proprietary funds report operating revenues and expenses separately from nonoperating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash, Cash Equivalents and Investments

For the purposes of the statements of net position, balance sheets, and statement of cash flows, "cash and cash equivalents" includes all demand and savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. Investments of the promissory note trustee accounts are considered cash equivalents.

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

Restricted Cash and Cash Equivalents

Amounts included in restricted cash and cash equivalents represent amounts held for debt service payments, amounts held by the trustee bank for debt retirement, and amounts held for capital improvement.

Receivables and Payables

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.

Lease Receivables

Lease receivables are recorded by the City as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the City charges the lessee.

Inventories and Prepaid Items

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 is recorded as an expenditure when purchased rather than when consumed because inventories are immaterial.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The prepayments are charged to expenditures over the period of their economic benefit.

Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historic cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would have been paid to acquire an asset with equivalent service potential on the date of the donation. The City maintains a threshold level of \$3,000 or more for capitalizing capital assets. Federally funded assets maintain a threshold of \$3,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed by the City, no salvage value is taken into consideration for depreciation purposes. Useful lives are as follows.

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

Land and construction in progress are not depreciated.

Right-of-use leased assets are recognized at the lease commencement date and represent the City’s right to use an underlying asset for the lease term. Right-of-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to please the lease asset into service. Right-of-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 4 to 5 years.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis over the term of the related issue. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

Lease liabilities represent the City’s obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the City.

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.

Other Post-Employment Benefits (OPEB)

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.

Pensions

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City's deferred outflows include the following: unrecognized items not yet charged to OPEB expense and pension expense arising contributions from the employer after the measurement date but before the end of the employer's reporting period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City's deferred inflows include the following: unavailable revenues, which represents certain receivables recorded by the City which are deferred as they are not received within the City's measurable period of 60 days, and are not considered measurable and available under the modified accrual basis of accounting; and unrecognized items having not yet reduced OPEB or pension expense. Another item is deferred inflows related to leases, where the City is the lessor and is reported in the statement of net position and governmental fund balance sheet. The deferred inflows of resources related to leases are recognized as an inflow or resources (revenue) on the straight-line basis over the term of the lease.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the City's financial statements.

Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation/amortization (if applicable) 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. Deferred outflows of resources or deferred inflows of resources that are attributable to the acquisition, construction, or improvements of those assets or related debt also should be included in this component of net position. If there are unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

Restricted net position consists of restricted assets and deferred outflows of resources, reduced by liabilities and deferred inflows of resources related to those assets, with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

Unrestricted net position consists of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the net investment in capital assets or the restricted component of net position.

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

Fund Balance

Governmental fund balance may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned", and "Unassigned" components. Proprietary fund balance is classified the same as in the government-wide financial statements.

In accordance with Government Accounting Standards Board (GASB) No. 54, *Fund Balance Reporting and Governmental Fund-Type Definitions*, the City classifies governmental fund balances as follows:

Nonspendable Fund Balance – amounts that are not in spendable form (such as inventory and prepaid items) or are required to be maintained intact.

Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance – amounts constrained to specific purposes that are internally imposed by imposed by formal action of the city's highest level of decision-making authority. The City's highest level of decision-making authority is made by ordinance.

Assigned Fund Balance – 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.

Unassigned Fund Balance – amounts that are available for any purpose. Positive amounts are reported only in 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.

Sales Tax Revenue

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

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.

Adoption of New Accounting Standard

As of July 1, 2023, the City adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. The implementation of this standard requires additional presentation and disclosure requirements for accounting changes and error corrections. The financial statements have been updated to conform to the presentation requirements related to the error correction in the financial statements for the year ended June 30, 2024. The additional disclosures required by this standard are included in Note 12.

Note 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, 2024, the City held the following deposits and investments:

Demand deposits	\$ 18,191,814
Certificates of deposit	3,834,450
Investments	6,653,533
	\$ 28,679,797
	\$ 28,679,797

Deposits and investment are included on statement of net position as follows:

Cash and cash equivalents	\$ 13,671,466
Investments	3,834,450
Restricted cash and cash equivalents	4,520,348
Restricted investments	6,653,533
	\$ 28,679,797
	\$ 28,679,797

Deposits

As of June 30, 2024, the carrying amount of the City's deposits was \$22,026,264 and the bank balance was \$22,665,408. The City's deposits were fully secured by FDIC coverage and pledged collateral.

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, 2024, the City had no custodial credit risk as described above.

Investments

Fair Value Measurement – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2024.

Investment	Total	Level 1	Level 2	Level 3
Certificates of deposit	\$ 3,834,450	\$ 3,834,450	\$ -	\$ -
Federated Treasury Obligations	\$ 6,653,533	\$ -	\$ 6,653,533	\$ -

The credit rating and maturities of the City's investments are as follows:

Investment	Credit Rating	Fair Value	Maturities (in Years)	
			< 1	1 - 5
Certificates of deposit	N/A	\$ 3,834,450	\$ 692,163	\$ 3,142,287
Federated Treasury Obligations	AAAm	\$ 6,653,533	\$ 6,653,533	\$ -

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.

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.

Concentration of 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.

Note 3 - Receivables

Allowances for uncollectible accounts receivable for court fines are calculated based on historical trend data. The other funds receivables are stated at face value. As of June 30, 2024, the allowance for uncollectible accounts and net accounts receivable were as follows:

	<u>Accounts Receivable</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Accounts Receivable</u>
Governmental Activities			
Taxes	\$ 1,991,922	\$ -	\$ 1,991,922
Court fines	4,379,712	(4,079,785)	299,927
Grants	543,281	-	543,281
Accounts	208,419	-	208,419
Leases	189,510	-	189,510
Total governmental activities	<u>\$ 7,312,844</u>	<u>\$ (4,079,785)</u>	<u>\$ 3,233,059</u>
Business-Type Activities			
Accounts	<u>\$ 391,068</u>	<u>\$ -</u>	<u>\$ 391,068</u>

Note 4 - Capital Assets

Governmental activities capital asset activity for the year ended June 30, 2024, was as follows:

	<u>Beginning Balance, as Restated (Note 12)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 4,200,418	\$ 282,630	\$ 350	\$ 4,482,698
Construction in progress	2,511,209	4,802,920	54,100	7,260,029
Total capital assets, not being depreciated	<u>6,711,627</u>	<u>5,085,550</u>	<u>54,450</u>	<u>11,742,727</u>
Capital assets, being depreciated				
Infrastructure	37,750,097	123,857	10,167	37,863,787
Buildings and improvements	11,488,742	71,269	44,146	11,515,865
Machinery and equipment	12,871,424	3,343,877	749,805	15,465,496
Total capital assets, being depreciated	<u>62,110,263</u>	<u>3,539,003</u>	<u>804,118</u>	<u>64,845,148</u>
Less accumulated depreciation for				
Infrastructure	23,665,499	1,577,482	10,167	25,232,814
Buildings and improvements	5,223,427	279,202	44,108	5,458,521
Machinery and equipment	8,851,359	797,008	739,171	8,909,196
Total accumulated depreciation	<u>37,740,285</u>	<u>2,653,692</u>	<u>793,446</u>	<u>39,600,531</u>
Total capital assets, being depreciated, net	<u>24,369,978</u>	<u>885,311</u>	<u>10,672</u>	<u>25,244,617</u>
Right-of-use leased equipment	780,071	531,848	-	1,311,919
Less accumulated amortization	429,249	267,135	-	696,384
Total right-of-use leased assets being amortized, net	<u>350,822</u>	<u>264,713</u>	<u>-</u>	<u>615,535</u>
Governmental Activities Capital Assets, Net	<u>\$ 31,432,427</u>	<u>\$ 6,235,574</u>	<u>\$ 65,122</u>	<u>\$ 37,602,879</u>

Increases to depreciation include accumulated depreciation of \$187,013 on machinery and equipment transferred from the business-type activities.

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

Governmental activities	
General government	\$ 939,968
Public safety	604,535
Highways and streets	553,550
Culture and recreation	516,234
Airport	103,642
Cemetery	<u>15,885</u>
 Total depreciation/amortization expense - governmental activities	 <u><u>\$ 2,733,814</u></u>

Business-type activities capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets, not being depreciated/amortized				
Land	\$ 76,100	\$ -	\$ -	\$ 76,100
Capital assets, being depreciated				
Infrastructure	1,003,280	13,525	-	1,016,805
Buildings and improvements	2,221,347	-	-	2,221,347
Machinery and equipment	5,178,909	393,521	218,721	5,353,709
Total capital assets, being depreciated	<u>8,403,536</u>	<u>407,046</u>	<u>218,721</u>	<u>8,591,861</u>
Less accumulated depreciation for				
Infrastructure	375,008	48,089	-	423,097
Buildings and improvements	437,711	42,489	-	480,200
Machinery and equipment	2,688,909	357,529	204,449	2,841,989
Total accumulated depreciation	<u>3,501,628</u>	<u>448,107</u>	<u>204,449</u>	<u>3,745,286</u>
Total capital assets, being depreciated, net	<u>4,901,908</u>	<u>(41,061)</u>	<u>14,272</u>	<u>4,846,575</u>
Right-of-use leased assets being amortized	115,477	-	-	115,477
Less accumulated amortization	23,096	23,096	-	46,192
Total right-of-use leased assets being amortized, net	<u>92,381</u>	<u>(23,096)</u>	<u>-</u>	<u>69,285</u>
Right-of-use subscription IT assets	-	-	-	-
Less accumulated amortization	-	-	-	-
Total right-of-use subscription IT assets being amortized, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-Type Activities Capital Assets, Net	<u>\$ 5,070,389</u>	<u>\$ (64,157)</u>	<u>\$ 14,272</u>	<u>\$ 4,991,960</u>

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

Business-type activities	
Sanitation	<u>\$ 471,203</u>

Note 5 - Unearned Revenues/Deferred Inflows of Resources - Unavailable Revenues

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue in the governmental funds were as follows:

	Deferred Inflows of Resources - Unavailable Revenues	Unearned Revenues	Total
Taxes	\$ 15,951	\$ -	\$ 15,951
Court fines	232,067	-	232,067
Abatements	25,410	-	25,410
Grant resources held and grant items receivable	342,902	1,629,239	1,972,141
	<u>\$ 616,330</u>	<u>\$ 1,629,239</u>	<u>\$ 2,245,569</u>

Note 6 - Leases

Lessor Activities

The City has accrued a receivable for cell tower land leases. The remaining receivable for these leases was \$189,510 for the year ended June 30, 2024. Deferred inflows related to these leases were \$180,011 as of June 30, 2024. Interest revenue recognized on these leases was \$2,990 for the year ended June 30, 2024. Principal receipts of \$9,153 were recognized during the fiscal year. The interest rate on the leases was 1.55%. Final receipt is expected in fiscal year 2044.

The future principal and interest lease receipts as of June 30, 2024, are as follows:

Years Ending June 30,	Governmental Activities	
	Principal	Interest
2025	\$ 6,448	\$ 2,892
2026	6,733	2,790
2027	7,032	2,684
2028	7,335	2,572
2029	7,647	2,457
2030-2034	43,259	10,367
2035-2039	52,514	6,671
2040-2044	58,542	2,214
	<u>\$ 189,510</u>	<u>\$ 32,647</u>

Lessee Activities

The City has entered into lease agreements for various vehicles. The City is required to make principal and interest payments through 2029. The lease liability was valued using discount rates of 0.66% to 4.92%. For leases with no interest rate stated, the City utilized its incremental borrowing rate for valuing the lease. Leases payable of the governmental activities are liquidated by the Capital Improvement Fund. Leases payable of the business-type activities are liquidated by the Sanitation Fund.

The agreements call for payments that are partially or completely variable and therefore were not included in lease assets or lease liabilities. These variable payments are a result of the underlying lease measured not on a fixed rate, but rather variable due to the underlying payments derived from usage. A total of \$125 was recognized as expenditures in the governmental funds and \$130 was recognized as expenses in the business-type activities from these variable payments for the year ended June 30, 2024.

The future principal and interest lease payments as of June 30, 2024, are as follows:

Years Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 246,928	\$ 25,094	\$ 22,451	\$ 1,785
2026	232,949	19,233	23,023	1,213
2027	175,991	13,068	23,610	626
2028	119,054	7,328	12,029	89
2029	89,691	2,057	-	-
	<u>\$ 864,613</u>	<u>\$ 66,780</u>	<u>\$ 81,113</u>	<u>\$ 3,713</u>

Note 7 - Long-Term Debt

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2024:

	Beginning Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable	\$ 8,885,000	\$ -	\$ 8,885,000	\$ -	\$ -
Unamortized bond premium	71,511	-	71,511	-	-
Note Payable	-	9,700,000	1,857,522	7,842,478	1,794,997
Leases payable	544,161	492,735	172,283	864,613	246,928
Compensated absences*	669,671	85,932	-	755,603	75,560
	<u>\$ 10,170,343</u>	<u>\$ 10,278,667</u>	<u>\$ 10,986,316</u>	<u>\$ 9,462,694</u>	<u>\$ 2,117,485</u>
Business-Type Activities					
Leases payable	\$ 103,006	\$ -	\$ 21,893	\$ 81,113	\$ 22,451
Compensated absences*	23,919	5,169	-	29,088	2,909
	<u>\$ 126,925</u>	<u>\$ 5,169</u>	<u>\$ 21,893</u>	<u>\$ 110,201</u>	<u>\$ 25,360</u>

*Change in compensated absences is presented as the net change

Note Payable

During the year ended June 30, 2024, the City issued a note payable in the amount of \$9,700,000 to provide for the call of its outstanding bonds payable. The note bears an interest rate of 5.75% and calls for semiannual payments. Principal and interest payments are made from the Tahlequah Public Facilities Authority Fund.

The annual requirements to amortize the note payable outstanding for the governmental activities as of June 30, 2024, are as follows:

Years Ending June 30,	Note Payable	
	Principal	Interest
2025	\$ 1,794,997	\$ 431,508
2026	1,901,168	325,337
2027	2,013,619	212,886
2028	2,132,694	93,956
	\$ 7,842,478	\$ 1,063,687

Leases Payable

Leases payable consists of long-term leases as described in Note 6. Payments are made from the Capital Improvement Fund for the governmental activities and the Sanitation Fund for business-type activities.

Compensated Absences

Compensated absences consist of vacation time that has been earned but not used by City employees as described in Note 1. The liability for compensated absences is liquidated by the fund from which the employee’s wage is paid.

Note 8 - Other Post-Employments Benefit 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 \$30,683.

OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the City reported a net OPEB asset of \$234,385 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of July 1, 2023. 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, 2023. At June 30, 2023, the City's proportion was 0.1836 percent, which was a decrease of 0.0102 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City recognized a reduction of OPEB expense of \$13,178. At June 30, 2024, 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	\$ -	\$ 238,123
Changes of assumptions	52,819	-
Net difference between projected and actual investment earnings on OPEB plan investments	66,821	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	28,799	13,106
City contributions subsequent to the measurement date	30,683	-
	<u>\$ 179,122</u>	<u>\$ 251,229</u>

The \$30,683 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction or addition to of the net OPEB liability or asset in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>		
2025	\$	(39,696)
2026		(31,750)
2027		(7,192)
2028		(12,317)
2029		(11,835)

Actuarial Assumptions

The total OPEB liability as of June 30, 2023, was determined based on actuarial valuations prepared as of July 1, 2023, using the following actuarial assumptions:

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

The actuarial assumptions used in the July 1, 2023, valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2022. The experience study report is dated April 12, 2023.

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 arithmetic real rates of return for each major class, as used in the June 30, 2022, experience study, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Large Cap Equity	34.0%	5.10%
US Small Cap Equity	6.0%	5.10%
Global Equity ex-US	28.0%	8.20%
Core Fixed Income	25.0%	1.90%
Long Term Treasuries	3.5%	2.10%
US TIPS	3.5%	1.80%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent, net of investment expenses for 2023. The projection of cash flows used to determine the discount rate assumed that contributions from System 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 benefit payments of current System 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 OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the employer calculated using the discount rate of 6.50 percent, as well as what the Plan's net OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
City's proportionate share of the net OPEB asset	\$ 171,915	\$ 234,385	\$ 287,508

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.

Note 9 - Defined Benefit Pension Plans

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

- Oklahoma Public Employees Retirement System (OPERS)
- Oklahoma Police Pension and Retirement System (OPPRS)
- Oklahoma Firefighter’s Pension and Retirement System (OFPRS)

For the year ended June 30, 2024, the City reported its proportionate share of net pension asset, net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the plans as follows:

	Net Pension Asset	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Pension Expense
OPERS	\$ -	\$ 1,642,900	\$ 839,950	\$ 64,012	\$ 502,487
OPPRS	168,459	4,290,769	-	380,192	450,357
OFPRS	-	1,212,637	3,955,779	57,280	675,198
Total all plans	<u>\$ 168,459</u>	<u>\$ 7,146,306</u>	<u>\$ 4,795,729</u>	<u>\$ 501,484</u>	<u>\$ 1,628,042</u>

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).

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 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.

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 15.32% of the employees' annual pay. A portion of the contributions received by OPERS are allocated to the Supplemental Health Insurance program; see Note 7. Contributions to the pension plan from the City were \$582,972.

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the City reported a liability of \$839,950 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2023. At June 30, 2023, the City's proportion was 0.18360 percent, which was a decrease of 0.01020 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City recognized pension expense of \$502,487. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,320	\$ 17,675
Changes of assumptions	177,442	-
Net difference between projected and actual investment earnings on pension plan investments	815,139	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	57,027	46,337
City contributions subsequent to the measurement date	582,972	-
	\$ 1,642,900	\$ 64,012

The \$582,972 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2025	\$ 203,469
2026	15,845
2027	602,046
2028	174,556

Actuarial Assumptions

The total pension liability as of June 30, 2023, was determined based on an actuarial valuation prepared as of July 1, 2023, using the following actuarial assumptions:

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

The actuarial assumptions used in the July 1, 2023, valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2022. The experience study report is dated April 12, 2023. 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 arithmetic real rates of return for each major class, as used in the June 30, 2022, experience study, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Large Cap Equity	34.0%	5.10%
US Small Cap Equity	6.0%	5.10%
Global Equity ex-US	28.0%	8.20%
Core Fixed Income	25.0%	1.90%
Long Term Treasuries	3.5%	2.10%
US TIPS	3.5%	1.80%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 6.50%, net of investment expenses for 2023. The projection of cash flows used to determine the discount rate assumed that contributions from System 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 benefit payments of current System 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 City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of the net pension liability (asset)	\$ 3,244,404	\$ 839,950	\$ (1,181,774)

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.

Oklahoma Police Pension and Retirement 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 \$281,006. The State of Oklahoma also made on-behalf contributions to OPRRS in the amount of \$306,296 during the calendar year and this is reported as both an expenditure 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 \$245,215. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the City reported an asset of \$168,459 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2023. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2023. At June 30, 2023, the City's proportion was 0.55160 percent, which was a decrease of 0.03740 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City recognized pension expense of \$450,357. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 471,201	\$ 27,186
Changes of assumptions	-	314,446
Net difference between projected and actual investment earnings on pension plan investments	3,479,179	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	59,383	38,560
City contributions subsequent to the measurement date	281,006	-
	\$ 4,290,769	\$ 380,192

The \$281,006 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2025	\$ 1,468,116
2026	1,310,407
2027	690,140
2028	156,575
2029	4,333

Actuarial Assumptions

The total pension liability as of June 30, 2023, was determined based on an actuarial valuation prepared as of July 1, 2023, using the following actuarial assumptions:

- Inflation – 2.75%
- Salary increases – 3.50% to 9.25% per year
- Investment rate of return – 7.50% compounded annually, net of investment expense
- Cost-of-living adjustments – Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).
- Mortality rates
 - Active and inactive vested members – PubS-2010 Employee (Below Median) Mortality Table with rates set forward two years and projected generationally using SOA Scale MP-2021
 - Healthy retirees – PubS-2010 Healthy Retiree (Below Median) Mortality Table with rates set forward two years and projected generationally using SOA Scale MP-2021
 - Beneficiaries – Pub-2010 Contingent Survivor (Below Median) Mortality Table with rates set forward two years and projected generationally using SOA Scale MP-2021

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2017, to June 30, 2022.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major class, as used in the June 30, 2022, experience study, are summarized in the following table:

Asset Class	Target Allocation	Asset Class	Long-Term Expected Real Rate of Return
Equities	65%	Fixed income	5.78%
Fixed Income	20%	Domestic equity	7.73%
Real estate and other investments	15%	International equity	11.55%
	100%	Real estate	7.66%
		Private equity	11.64%

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for 2023. 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 City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability (asset)	\$ 1,590,528	\$ (168,459)	\$ (1,657,768)

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 Firefighters Pension and Retirement System

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 (OFPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OFPRS. OFPRS issues a publicly available financial report that can be obtained at www.ok.gov/fprs.

Benefits Provided

OFPRS 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 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.

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.

A member who terminates after 10 years of credited service is eligible for a vested severance benefit determined by the normal retirement formula, based on service and salary history to date of termination. The benefit is payable at age 50 or when the member would have completed 20 years of service, whichever is later, provided the member's contribution accumulation is not withdrawn. Members terminating with less than 10 years of credited service may elect to receive a refund of their contribution accumulation without interest.

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 \$169,584. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$430,989 (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 \$369,539.

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the City reported a liability of \$3,955,779 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2023. At June 30, 2023, the City's proportion was 0.30660 percent, which was a decrease of 0.01673 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City recognized pension expense of \$675,198. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 454,276	\$ 4,378
Changes of assumptions	-	5,530
Net difference between projected and actual investment earnings on pension plan investments	403,845	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	184,932	47,372
City contributions subsequent to the measurement date	169,584	-
	\$ 1,212,637	\$ 57,280

The \$169,584 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2025	\$ 314,359
2026	188,368
2027	497,320
2028	(14,274)

Actuarial Assumptions

The total pension liability as of June 30, 2023, was determined based on an actuarial valuation prepared as of July 1, 2023, using the following actuarial assumptions:

- Inflation – 2.75%
- Salary increases – 2.75% to 10.50%
- Investment rate of return – 7.5% net of pension plan investment expense
- Cost-of-living adjustments – Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).
- Mortality rates
 - Active members: Pub-2010 Public Safety Table with generational mortality improvement using MP-2018.
 - Retired members: Pub-2010 Public Safety Below Median Table with generational mortality improvement using Scale MP-2018.
 - Disabled members: Pub-2010 Public Safety Disabled Table set forward 2 years.

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

The long-term expected rate of return on the Plan’s investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	62%	Fixed income	5.80%
Fixed Income	20%	Domestic equity	9.49%
Real assets and other assets	18%	International equity	11.55%
	100%	Real estate	8.48%
		Other assets	6.74%

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for 2023. 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 Oklahoma statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 37.8% of the insurance premium, as established by Oklahoma 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 City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 5,154,551	\$ 3,955,779	\$ 2,953,288

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.

Note 10 - Interfund Activity

Due to/Due from Other Funds

Interfund receivables and payables result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. Amounts due to and from other funds are follows:

	Due from:			Total
	General Fund	Restricted Sales Tax II Fund	Streets and Sidewalks Fund	
Due to:				
General Fund	\$ -	\$ -	\$ 88,898	\$ 88,898
Tahlequah Public Facilities Authority	-	289,074	-	289,074
Sanitation Fund	245,000	-	-	245,000
	<u>\$ 245,000</u>	<u>\$ 289,074</u>	<u>\$ 88,898</u>	<u>\$ 622,972</u>

Interfund Transfers

The following interfund transfers occurred during the year ended June 30, 2024:

	Transfers In				Total
	Governmental Funds				
Transfers Out	General Fund	Tahlequah Public Facilities Authority Fund	Streets and Sidewalks	Other Governmental Funds	
Governmental Funds					
General Fund	\$ -	\$ -	\$ 350,000	\$ 500,000	\$ 850,000
Restricted Sales Tax II Fund	-	3,409,862	-	-	3,409,862
Tahlequah Public Facilities Authority Fund	8,000	-	-	-	8,000
Streets and Sidewalks Fund	374,620	-	-	-	374,620
Other Governmental Funds	303,744	-	-	-	303,744
Proprietary Funds					
Tahlequah Educational Facilities Fund	8,000	-	-	-	8,000
Total	<u>\$ 694,364</u>	<u>\$ 3,409,862</u>	<u>\$ 350,000</u>	<u>\$ 500,000</u>	<u>\$ 4,954,226</u>

Transfers from the Restricted Sales Tax II Fund to the Tahlequah Public Facilities Authority Fund were made to transfer sales tax revenue for debt service. Other transfers are made for funding various projects and for capital infrastructure.

Capital assets with a carrying value of \$6,015 were transferred from the Sanitation Fund, a business-type activity, to the governmental activities.

Note 11 - Net Position and Fund Balances

Net Position

Net position restricted for specific projects and programs at June 30, 2024, consists of the following:

Governmental Activities:

Airport	\$ 181,942
Cemetery	136,297
Hazard mitigation	81,476
Indigent Transportation	15,824
Public safety	61,887
Streets	<u>6,436,102</u>

Total Governmental Activities Restricted for Specific Projects and Programs	<u>\$ 6,913,528</u>
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Fund Balances

The City classified fund balances within the governmental funds as follows at June 30, 2024:

	General	Restricted Sales Tax II	Tahlequah Public Facilities Authority	Streets and Sidewalks	American Rescue	Other Governmental Funds	Total
Fund Balances							
Restricted							
Airport	\$ 8,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,985
Capital improvements	-	-	11,035,155	-	-	-	11,035,155
Cemetery	-	-	-	-	-	136,297	136,297
Debt service	-	-	427,800	-	-	-	427,800
Indigent transportation	15,824	-	-	-	-	-	15,824
Public safety	61,887	-	-	-	-	-	61,887
Streets	1,077,512	-	-	5,342,639	-	-	6,420,151
Total restricted	1,164,208	-	11,462,955	5,342,639	-	136,297	18,106,099
Assigned							
Airport	191,515	-	-	-	-	-	191,515
Brookside restoration	23,665	-	-	-	-	-	23,665
Capital improvements	-	-	-	-	-	463,974	463,974
Future year budget	1,783,735	-	-	-	-	-	1,783,735
Public safety	15,870	-	-	-	-	-	15,870
Stormwater	-	-	-	-	-	220,640	220,640
Streets	-	-	-	-	-	301,431	301,431
Tourism	-	-	-	-	-	25,746	25,746
Total assigned	2,014,785	-	-	-	-	1,011,791	3,026,576
Unassigned	3,131,676	-	-	-	-	-	3,131,676
Total Fund Balances	\$ 6,310,669	\$ -	\$ 11,462,955	\$ 5,342,639	\$ -	\$ 1,148,088	\$ 24,264,351

Note 12 - Correction of Error

During fiscal year 2024, the City determined that there were certain errors in amounts previously reported in the 2023 financial statements resulting in a restatement of the beginning net position of the governmental activities. The corrections consist of the City identifying amounts previously reported as construction in progress for projects that did not result in the creation of a capital asset and overstatements of amounts reported as construction in progress for certain projects.

Beginning net position was restated as follows:

	<u>Governmental Activities</u>
Net Position at June 30, 2023, as previously reported	\$ 49,383,572
Amounts incorrectly reported as construction in progress	<u>(2,215,954)</u>
Net Position at July 1, 2023, as restated	<u><u>\$ 47,167,618</u></u>

If these amounts had been properly recorded in the prior year, the change in net position and change in fund balance would have been adjusted as follows for the year ended June 30, 2023:

	Governmental Activities
Change in net position at June 30, 2023, as previously reported	\$ 7,711,742
Amounts incorrectly reported as construction in progress	(2,215,954)
Change in net position at June 30, 2023, as restated	\$ 5,495,788

Note 13 - Risk Management

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

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

Note 14 - Commitments and Contingencies

Litigation

The City generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed or determinable in amount. In the opinion of City Counsel and management, such claims against the City not covered by insurance, would not materially affect the financial condition of the City at June 30, 2024.

Grants and Grants Receivable

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

Construction Commitments

As of June 30, 2024, the City had commitments on various ongoing construction contracts totaling approximately \$16,000,000.

Note 15 - Discretely Presented Component Units

The following entities are presented as discretely presented component units of the City:

- Tahlequah Hospital Authority (THA) – THA 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. Separately issued financial statements may be obtained by contacting Tahlequah Hospital Authority, 1400 East Downing, Tahlequah, Oklahoma 74464.
- Tahlequah Public Works Authority (TPWA) – TPWA 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. Separately issued financial statements may be obtained by contacting Tahlequah Public Works Authority.
- The Tahlequah Regional Development Authority (TRDA) – TRDA is a public trust created on September 8, 1981, under the provisions of Title 60, Oklahoma Statutes, the Oklahoma Trust Act, and other applicable laws and statutes of the State of Oklahoma. The Board of Trustees are citizens and residents of the Beneficiary and/or County appointed by the Mayor and confirmed by a majority vote of the City Council of the City of Tahlequah. The regional development authority’s mission is to advance an environment through partnerships which preserves, attracts and promotes business growth in the Tahlequah community. Separately issued financial statements may be obtained by contacting Tahlequah Regional Development Authority.

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.

Cash, Cash Equivalents, and Investments

At June 30, 2024, the discretely presented component units of the City held the following deposits and investments:

Cash and cash equivalents	\$ 24,464,318
Investments	7,593,860
Restricted cash and cash equivalents	<u>13,254,125</u>
	<u>\$ 45,312,303</u>

Deposits and investments of the discretely presented component units are included on statement of net position as follows:

Cash and deposits	\$ 37,718,443
Investments	<u>7,593,860</u>
	<u>\$ 45,312,303</u>

Deposits

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the discretely presented component units hold 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 discretely presented component units’ names or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the discretely presented component units hold investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the discretely presented component units’ names.

At June 30, 2024, all deposits of the discretely presented component units were entirely covered by federal depository insurance or by collateral held by the custodial banks in the names of the discretely presented component units.

Investments

Fair Value Measurement – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2024.

Investment	Total	Level 1	Level 2	Level 3
THA				
Bonds - domestic	\$ 6,473,386	\$ -	\$ 6,473,386	\$ -
Bonds - international	155,169	-	155,169	-
Corporate stocks	965,305	-	965,305	-
	\$ 7,593,860	\$ -	\$ 7,593,860	\$ -

The credit rating and maturities of the THA's investments are as follows:

Investment	Credit Rating	Fair Value	Maturities (in Years)		
			< 1	1 - 5	> 5 - 10
THA					
Domestic fixed income	Baa1-Aaa	\$ 6,473,386	\$ 4,290,898	\$ 2,182,488	\$ -
International fixed income	Aa2	155,169	155,169	-	-
		6,628,555	\$ 4,446,067	\$ 2,182,488	\$ -
Domestic equities	N/A	965,305			
		\$ 7,593,860			

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The THA's investment policy requires that the weighted average maturity of investments shall not exceed 7 years. As of June 30, 2024, the THA did not exceed the weighted average maturity.

Credit Risk – The THA's investment policy limits equities not to be rated below B+ as rated by Standard & Poor's. Fixed income securities must be investment grade as determined by the major rating agencies (i.e., Moody's, Standard & Poor's and/or Fitch). As of June 30, 2024, the THA had no credit risk as defined above.

Concentration of Credit Risk – The THA will limit credit risk, the risk of loss due to the failure of the security issuer or backer, by diversifying in the investment portfolio so that potential losses on individual securities will be minimized. The THA's investment policy requires that equities (including mutual funds) may range from 10% to 40%, fixed income (including mutual funds) may range from 60% to 90% and cash equivalents (including mutual funds) may range from 0% to 30% of the total investment portfolio. As of June 30, 2024, the THA had no concentration of credit risk as defined above.

Accounts Receivable

Accounts receivable of the discretely presented component units are as follows:

	Accounts Receivable	Allowance for Uncollectible Accounts	Net Accounts Receivable
THA			
Patient	\$ 38,253,104	\$ (10,885,000)	\$ 27,368,104
Nonpatient	11,776,679	-	11,776,679
Related parties	788,195	-	788,195
TPWA			
Utility	6,388,086	(47,571)	6,340,515
TRDA			
Other	235,420	-	235,420
 Total	 \$ 57,441,484	 \$ (10,932,571)	 \$ 46,508,913

THA Net Patient Service Receivable and Revenue

Patient receivables are uncollateralized patient and third-party payor obligations. Patient receivables, excluding amounts due from third-party payors, are turned over to a collection agency if the receivables remain unpaid after THA's collections procedures. THA does not charge interest on the unpaid patient receivables. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. THA does maintain a material allowance for doubtful accounts from third party payors; the methodology has not changed from the previous year. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision.

The THA has agreements with third-party payors that provide for payments to the THA at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare – Inpatient acute care and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per visit. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. The THA is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the THA and audits thereof by the Medicare Administrative Contractor (MAC). The THA's Medicare cost reports have been audited by the MAC through the year ended June 30, 2021.

Medicaid – Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per visit. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Outpatient services are based on a predetermined fee per visit.

The THA has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to the THA under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Concentration of gross revenues by major payor accounted for the following percentages of the THA’s patient service revenues for the years ended June 30, 2024:

Medicare	31%
Medicaid	19%
Blue Cross and other commercial payors	47%
Self pay and other	3%
	100%
	100%

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net patient service revenue for the years ended June 30, 2024, decreased approximately \$1,420,000, due to removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer likely subject to audits, reviews, and investigations and changes in estimated settlements. Medicare regulations allow for previously closed cost reports to be reopened. The Centers for Medicare & Medicaid Services (CMS) reopened and adjudicated final settlement for cost reports ending in June 30, 2020 and June 30, 2021. Management believes that this change in settlement is an isolated occurrence.

Concentrations of Credit Risk

The Authority grants credit without collateral to its patients, most of who are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at June 30, 2024 was as follows:

Medicare	13%
Medicaid	10%
Blue Cross and other commercial payors	56%
Self pay and other	21%
	100%
	100%

Land Held for Resale

The TRDA has purchased parcels of real estate in Tahlequah that are prime locations to attract business growth in the Tahlequah community, with the intention of selling this land to promote economic development.

Other Assets

Other assets consist of the following:

THA	
Investments in joint ventures	\$ 5,335,772
Assets held under deferred compensation agreements	936,446
Investment in captive insurance	1,007,709
Other	2,143,925
	\$ 9,423,852

Investments in Joint Ventures

The THA uses the equity method to account for the joint ventures listed below. Joint venture activity for the years ended June 30, 2024, was as follows:

	Beginning Balance	Joint Venture Income	Distributions	Sales	Ending Balance
Cherokee Health Partners, LLC	\$ 3,048,097	\$ 902,738	\$ 1,636,497	\$ 2,314,338	\$ -
Platte Dialysis, LLC	4,840,063	1,724,944	1,229,235	-	5,335,772
	\$ 7,888,160	\$ 2,627,682	\$ 2,865,732	\$ 2,314,338	\$ 5,335,772

Cherokee Health Partners, LLC (CHP) – CHP is a limited liability company, incorporated as a tribal limited liability company in September 2004. The THA is a 49% owner of CHP. CHP provides cardiac stroke and other imaging services. In its general appeal to capture all the business currently provided by the THA, CHP solicits to serve everyone in the community. On June 30, 2024, the THA closed on the purchase agreement for the remaining 51% of CHP. Accordingly, the results of operations for CHP have been included in the accompanying financial statements as of the date of the acquisition. The THA recorded the acquired assets, deferred outflows of resources, and liabilities at its acquisition value of \$4,800,000. The total amount of net position acquired by the THA as a result of the acquisition was \$3,997,341 as of June 30, 2024. During 2024, the THA was paid \$1,392,973 for services and building space provided to CHP. These amounts are included in operating revenues.

Platte Dialysis, LLC (Platte) – Platte is a limited liability company, established October 2009 to provide dialysis services to residents of Cherokee County, Oklahoma and surrounding areas. The THA is a 49% owner of Platte. In its general appeal to capture all the business currently provided by the THA, Platte solicits to serve everyone in the community.

Assets Held under Deferred Compensation Agreements

Assets held under deferred compensation agreements represents amounts held under the THA's 457(f) retirement plan for the payment of deferred compensation. See discussion of deferred compensation in the long-term debt section of this note.

Investments in Captive Insurance

The THA participates in a captive insurance company to insure risks related to malpractice liability claims. The THA is entitled to a refund of the original investment and any excess premiums paid to the captive in the event the THA withdraws from the insurance captive subsequent to the initial three-year commitment, the THA will be entitled to its paid in capital and surplus account five years from the termination date. As of June 30, 2024, the Hospital is entitled to a full refund of its investment.

Other

Other consists of long-term notes receivable from employees and the interest rate swap receivable. See discussion of interest rate swap later in this note.

Capital Assets

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 2,184,060	\$ -	\$ 5,295	\$ 2,178,765
Construction in progress	16,003,899	2,755,547	10,532,718	8,226,728
Total capital assets, not being depreciated	<u>18,187,959</u>	<u>2,755,547</u>	<u>10,538,013</u>	<u>10,405,493</u>
Capital assets, being depreciated				
Infrastructure	71,593,117	10,532,971	-	82,126,088
Buildings and improvements	55,094,259	478,386	-	55,572,645
Machinery and equipment	42,514,115	1,883,270	1,440,936	42,956,449
Total capital assets, being depreciated	<u>169,201,491</u>	<u>12,894,627</u>	<u>1,440,936</u>	<u>180,655,182</u>
Less accumulated depreciation for				
Infrastructure	50,164,933	2,326,150	-	52,491,083
Buildings and improvements	21,464,657	2,313,296	-	23,777,953
Machinery and equipment	27,179,817	1,547,648	2,383,276	26,344,189
Total accumulated depreciation	<u>98,809,407</u>	<u>6,187,094</u>	<u>2,383,276</u>	<u>102,613,225</u>
Total capital assets, being depreciated, net	<u>70,392,084</u>	<u>6,707,533</u>	<u>(942,340)</u>	<u>78,041,957</u>
Right-of-use lease assets being amortized				
Equipment	358,975	558,102	156,889	760,188
Office space	72,921	-	-	72,921
Total right-of-use lease assets being amortized	<u>431,896</u>	<u>558,102</u>	<u>156,889</u>	<u>833,109</u>
Less accumulated amortization for				
Equipment	28,337	179,887	-	208,224
Office space	-	28,227	-	28,227
Total accumulated amortization	<u>28,337</u>	<u>208,114</u>	<u>-</u>	<u>236,451</u>
Total right-of-use lease assets being amortized, net	<u>403,559</u>	<u>349,988</u>	<u>156,889</u>	<u>596,658</u>
Subscription-based IT assets being amortized	5,131,001	-	-	5,131,001
Less accumulated amortization	3,844,741	1,027,885	-	4,872,626
Total subscription-based IT assets being amortized, net	<u>1,286,260</u>	<u>(1,027,885)</u>	<u>-</u>	<u>258,375</u>
Capital assets, net	<u>\$ 90,269,862</u>	<u>\$ 8,785,183</u>	<u>\$ 9,752,562</u>	<u>\$ 89,302,483</u>

Leases

THA has entered into lease agreements as lessee for the use of medical equipment and office space. The THA is required to make annual principal and interest payments through April 2029. The lease liabilities were valued using discount rates between 4.5% and 9.4% based on the THA’s incremental borrowing rate at the inception of the leases.

Remaining principal and interest payments on leases are as follows:

Years Ending June 30,	Principal	Interest
2025	\$ 190,325	\$ 17,518
2026	176,140	34,204
2027	130,426	22,493
2028	104,674	1,578
2029	82,680	6,935
	<u>\$ 684,245</u>	<u>\$ 82,728</u>

Subscription-Based Information Technology Arrangements (SBITAs)

Right to use subscription IT assets are recognized at the subscription commencement date and represent the THA’s right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period is 10 years.

Subscription liabilities represent the THA’s obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments is discounted based on a borrowing rate determined by the THA.

The THA entered into a SBITA contract for use of a management software. The THA is required to make principal and interest payments through June 2027. The subscription liability was valued using implicit rate of 4.5% based on the THA’s incremental borrowing rate at the inception of the subscriptions.

Remaining principal payments on the SBITA contract are as follows:

Years Ending June 30,	Principal
2025	\$ 313,104
2026	313,104
2027	228,116
	<u>\$ 854,324</u>

Long-Term Debt

The following is a summary of changes in long-term debt of the discretely presented component units for the year ended June 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	\$ 10,886,000	\$ -	\$ 628,000	\$ 10,258,000	\$ 644,000
Notes payable (direct borrowing)	33,314,873	2,215,981	1,767,070	33,763,784	2,067,977
Other notes payable	-	4,800,000	-	4,800,000	2,000,000
Note payable assumed from acquisition	-	1,042,315	-	1,042,315	1,042,315
Leases payable	431,897	558,102	305,754	684,245	190,325
SBITAs payable	1,112,056	-	257,732	854,324	313,104
Deferred compensation*	700,427	236,019	-	936,446	-
Compensated absences*	364,147	195,089	-	559,236	-
	<u>\$ 46,809,400</u>	<u>\$ 9,047,506</u>	<u>\$ 2,958,556</u>	<u>\$ 52,898,350</u>	<u>\$ 6,257,721</u>

*Changes in deferred compensation and compensated absences are presented as net change.

Revenue Bonds Payable

Revenue bonds payable outstanding are as follows:

	Final Maturity	Interest Rate	Original Issue	Principal Outstanding
Revenue Bonds Payable TPWA Utility System Revenue Note, Taxable Series 2019	10/1/2037	2.65%	<u>\$ 12,850,000</u>	<u>\$ 10,886,000</u>

This debt is secured by utility revenues.

Notes Payable (Direct Borrowing)

Notes payable (direct borrowing) outstanding are as follows:

	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Principal Outstanding</u>
Notes Payable (Direct Borrowing)				
THA				
Hospital Note Payable	12/5/2027	4.39%	\$ 15,000,000	\$ 9,853,481
Foundation Note Payable	12/5/2028	4.75%	1,686,862	275,301
Foundation Note Payable	1/1/2026	4.00%	454,645	245,892
Hospital Note Payable	12/1/2031	4.50%	3,821,232	2,243,601
Foundation Note Payable	8/22/1933	5.00%	801,202	510,740
Foundation Note Payable	10/1/2031	3.87%	6,655,703	6,040,449
TPWA				
2018 Series Drinking Water SRF Promissory Note	9/15/2050	2.65%	8,200,000	7,980,911
2019 Series Drinking Water SRF Promissory Note	9/15/2049	1.57%	6,750,000	5,111,071
TRDA				
Promissory Note	6/1/2029	5.59%	1,504,451	1,502,338
Total notes payable (direct borrowing)			<u>\$ 44,874,095</u>	<u>\$ 33,763,784</u>

Notes payable of THA are secured by various buildings, property, and equipment.

Notes payable of 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.

Notes payable of TRDA are secured by property.

Other Note Payable

Other note payable outstanding is as follows:

	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Principal Outstanding</u>
Other Note Payable				
THA				
Hospital Note Payable	8/1/2026	0.00%	<u>\$ 4,800,000</u>	<u>\$ 4,800,000</u>

This note is unsecured.

Note Payable Assumed from Acquisition

Note Payable assumed from acquisition outstanding is as follows:

	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Principal Outstanding</u>
Note Payable Assumed from Acquisition THA				
Hospital Note Payable	5/1/2031	3.85%	<u>\$ 1,042,315</u>	<u>\$ 1,042,315</u>

This note is secured by equipment.

Deferred Compensation

The THA has adopted a non-qualified executive 457(f) deferred compensation plan. The THA may make discretionary credits to the deferred compensation account of each active participant in an amount determined each plan year by the THA. Eligible employees may elect to defer payment of federal and state income taxes on salaries deferred under this plan. Participants vest in their deferred compensation account either at a specific date as selected in writing by the THA, upon involuntary separation from service from the THA without cause, or upon the date of a change in a control event.

Interest Rate Swap

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

	<u>Notional Value</u>			
<u>Original</u>	<u>2024</u>	<u>2023</u>	<u>Interest Paid</u>	
\$ 15,000,000	\$ 9,776,334	\$ 10,690,397	4.390%	

The change in fair value of the swap is included as deferred outflows of resources in the statement of net position. The fair market value of the swap is determined using quoted market prices based upon observable interest rates and yield curves (Level 2 inputs), and the swap is a receivable totaling \$460,196 at June 30, 2024, and was included in other assets and noncurrent liabilities.

Credit Risk

The THA is exposed to credit risk on hedging derivative instruments that are in asset positions. As of June 30, 2024, the THA has hedging derivative instruments in asset positions.

Interest Rate Risk

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

Termination Risk

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

Rollover Risk

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

Charity Care

The THA provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the THA does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The amounts of charges foregone for services provided under the THA's charity care policy (Hospital only) were approximately \$1,918,000 for the year ended June 30, 2024. Total direct and indirect cost related to those forgone charges were approximately \$718,000 at June 30, 2024, based on average ratios of cost to gross charges. The amount of charity care given depends on the number of patients that apply for charity care during the year and the cost of services provided.

Supplemental Hospital Offset Payment Program Act

The Supplemental Hospital Offset Payment Program Act (SHOPP), designated as House Bill 1381 (HB 1381), was passed during 2011 implementing a fee on hospitals to generate matching funds for the state of Oklahoma from federal sources. The SHOPP is currently set to sunset on December 31, 2025. The program is designed to assess Oklahoma hospitals, unless exempt, a supplemental hospital offset payment program fee. The collected fees will be placed in pools and then allocated to hospitals as directed by legislation. The Oklahoma Health Care Authority (OHCA) does not guarantee that allocations will equal or exceed the amount of the supplemental hospital offset payment program fee paid by the Authority.

The Authority made SHOPP payments totaling \$4,306,576 included in administrative services, for the year ended June 30, 2024. In return, the Authority received \$9,700,853 included in net patient service revenue, for the year ended June 30, 2024.

In August 2023, the Authority received approximately \$3,524,000 as a result of a funding provision in Oklahoma Senate Bill 32x for hospitals participating in the SHOPP program.

The SHOPP is expected to change in fiscal year 2025 due to the State of Oklahoma's shift to managed care Medicaid. Future changes in law or regulation at the federal or state level can affect or eliminate SHOPP.

Required Supplementary Information
June 30, 2024

City of Tahlequah, Oklahoma

City of Tahlequah, Oklahoma
 Budgetary Comparison Schedule (Budgetary Basis)
 General Fund
 Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Budgetary Fund Balance, Beginning	\$ 2,395,808	\$ 2,395,808	\$ 3,701,723	\$ 1,305,915
Resources (Inflows)				
Taxes	8,921,500	8,921,500	9,590,488	668,988
Intergovernmental	1,400,000	1,400,000	1,468,998	68,998
Charges for goods and services	425,800	425,800	449,113	23,313
Fines and forfeitures	326,000	326,000	353,400	27,400
Licenses and permits	186,500	186,500	235,864	49,364
Investment income	150,000	150,000	301,098	151,098
Miscellaneous	134,000	134,000	191,436	57,436
Transfers in	16,000	16,000	67,305	51,305
Total resources (inflows)	<u>11,559,800</u>	<u>11,559,800</u>	<u>12,657,702</u>	<u>1,097,902</u>
Amounts available for appropriation	<u>13,955,608</u>	<u>13,955,608</u>	<u>16,359,425</u>	<u>2,403,817</u>
Charges to Appropriations (Outflows)				
General government				
City Treasurer	14,124	14,124	14,178	(54)
City Clerk	92,826	92,826	85,553	7,273
Municipal Court	192,354	192,354	160,069	32,285
Information Technology	229,741	229,741	185,808	43,933
Other General Government	2,373,063	2,295,857	2,116,052	179,805
Compliance	397,769	398,069	361,734	36,335
Public safety				
Police	3,779,003	3,779,003	3,506,120	272,883
Fire	2,017,821	2,019,021	1,928,888	90,133
Emergency Management	125,741	125,741	132,762	(7,021)
Public works				
Maintenance	251,228	251,228	225,469	25,759
Streets	1,269,537	1,226,524	1,115,300	111,224
Culture and recreation				
Library	41,500	41,500	26,584	14,916
Other Culture, Tourism and Recreation	1,396,241	1,396,241	1,317,377	78,864
Cemetery	253,382	253,382	246,648	6,734
Transfers out	1,521,278	1,602,717	1,602,717	-
Total charges to appropriations	<u>13,955,608</u>	<u>13,918,328</u>	<u>13,025,259</u>	<u>893,069</u>
Budgetary Fund Balance, Ending	<u>\$ -</u>	<u>\$ 37,280</u>	<u>\$ 3,334,166</u>	<u>\$ 1,510,748</u>

City of Tahlequah, Oklahoma
Budgetary Comparison Schedule (Budgetary Basis)
Restricted Sales Tax II Fund
Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Budgetary Fund Balance, Beginning	\$ -	\$ -	\$ (7,137)	\$ (7,137)
Resources (Inflows)				
Taxes	-	-	3,408,101	3,408,101
Amounts available for appropriation	-	-	3,400,964	3,400,964
Charges to Appropriations (Outflows)				
Transfers out	-	-	3,408,101	3,408,101
Budgetary Fund Balance, Ending	\$ -	\$ -	\$ (7,137)	\$ (7,137)

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

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.

The budgetary basis differs from the modified accrual (GAAP) basis as shown in the schedule below:

General Fund	
Total budgetary revenues and transfers	\$ 12,657,702
Less: budgetary expenses and transfers	<u>(13,025,259)</u>
Net change to budgetary fund balance	(367,557)
Change in revenue accruals	1,123,465
Change in expenditure accruals	(1,178,237)
General fund sub-accounts changes in balance	<u>(700,516)</u>
Change in fund balance - modified accrual	<u><u>\$ (1,122,845)</u></u>
Restricted Sales Tax II Fund	
Total budgetary revenues and transfers	\$ 3,408,101
Less: budgetary expenses and transfers	<u>(3,408,101)</u>
Net change to budgetary fund balance	-
Change in revenue accruals	1,761
Change in expenditure accruals	<u>(1,761)</u>
Change in fund balance - modified accrual	<u><u>\$ -</u></u>

City of Tahlequah, Oklahoma
Schedule of Employer's Share of the Net OPEB Liability (Asset)
and Schedule of Employer's Contributions
Supplemental Health Insurance Program
June 30, 2024

**Schedule of Employer's Share of Net OPEB Liability (Asset)
Last 10 Fiscal Years**

Measurement Date	Employer's Proportion (Percentage) of the Net OPEB Liability (Asset)	Employer's Proportionate Share (Amount) of the Net OPEB Liability (Asset) (a)	Employer's Covered-Payroll (b)	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered-Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
6/30/2023	0.1836%	\$ (234,385)	\$ 3,454,321	6.79%	141.38%
6/30/2022	0.1938%	\$ (266,459)	\$ 3,052,582	8.73%	130.01%
6/30/2021	0.1622%	\$ (222,930)	\$ 2,757,339	8.08%	142.87%
6/30/2020	0.1809%	\$ (84,814)	\$ 2,995,164	2.83%	114.27%
6/30/2019	0.1881%	\$ (73,118)	\$ 2,977,273	2.46%	112.11%
6/30/2018	0.1869%	\$ (24,188)	\$ 3,124,503	0.77%	103.94%
6/30/2017	0.1634%	\$ 18,716	\$ 2,788,176	0.67%	96.50%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10 year trend is compiled, the City will present information for those years for which information is available.

**Schedule of Employer's Contributions
Last 10 Fiscal Years***

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered-Payroll (c)	Contributions as a Percentage of Covered-Payroll (b/c)
6/30/2024	\$ 30,683	\$ 30,683	\$ -	\$ 3,805,319	0.81%
6/30/2023	\$ 31,599	\$ 31,599	\$ -	\$ 3,454,321	0.91%
6/30/2022	\$ 30,442	\$ 30,442	\$ -	\$ 3,052,582	1.00%
6/30/2021	\$ 31,909	\$ 31,909	\$ -	\$ 2,757,339	1.16%
6/30/2020	\$ 1,201	\$ 1,201	\$ -	\$ 2,995,164	0.04%
6/30/2019	\$ 36,205	\$ 36,205	\$ -	\$ 2,977,273	1.22%
6/30/2018	\$ 35,633	\$ 35,633	\$ -	\$ 3,124,503	1.14%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10 year trend is compiled, the City will present information for those years for which information is available.

Notes to the Schedule of Employer's Share of the Net OPEB Liability (Asset) and Schedule of Employer Contributions

Changes from Prior Valuation

Changes of Benefit and Funding Terms

There have been no significant changes of benefit and funding terms.

Changes of Actuarial Assumptions

July 1, 2023, Valuation

- Change mortality assumption to reflect recent mortality experience.
- Retirement rates were revised.

July 1, 2020, Valuation:

- Decrease the investment return from 7.00% to 6.50%.
- Decrease the price inflation from 2.75% to 2.50%.
- Decrease the payroll growth from 3.50% to 3.25%.
- Change mortality assumption to reflect recent mortality experience.
- Salary scale assumption was revised.
- Withdrawal rates were revised.
- Disability rates were revised.
- Retirement rates were revised

City of Tahlequah, Oklahoma
Schedule of Employer's Share of Net Pension Liability (Asset)
and Schedule of Employer's Contributions
Oklahoma Public Employees Retirement Plan
June 30, 2024

**Schedule of Employer's Share of Net Pension Liability (Asset)
Last 10 Fiscal Years**

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered-Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
6/30/2023	0.1836%	\$ 839,950	\$ 3,454,321	24.32%	95.91%
6/30/2022	0.1938%	\$ 1,629,112	\$ 3,052,582	53.37%	92.24%
6/30/2021	0.1622%	\$ (2,176,325)	\$ 2,757,339	78.93%	112.51%
6/30/2020	0.1809%	\$ 1,613,991	\$ 2,995,164	53.89%	91.59%
6/30/2019	0.1881%	\$ 250,512	\$ 2,977,273	8.41%	98.63%
6/30/2018	0.1869%	\$ 364,561	\$ 3,124,503	11.67%	97.96%
6/30/2017	0.1634%	\$ 883,458	\$ 2,788,176	31.69%	94.28%
6/30/2016	0.1552%	\$ 1,539,943	\$ 2,824,552	54.52%	89.48%
6/30/2015	0.1598%	\$ 574,704	\$ 2,740,012	20.97%	96.00%
6/30/2014	0.1517%	\$ 274,448	\$ 2,569,909	10.68%	97.90%

**Schedule of Employer's Contributions
Last 10 Fiscal Years**

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered-Payroll (c)	Contributions as a Percentage of Covered-Payroll (b/c)
6/30/2024	\$ 582,972	\$ 582,972	\$ -	\$ 3,805,319	15.32%
6/30/2023	\$ 538,364	\$ 538,364	\$ -	\$ 3,454,321	15.59%
6/30/2022	\$ 473,234	\$ 473,234	\$ -	\$ 3,052,582	15.50%
6/30/2021	\$ 454,961	\$ 454,961	\$ -	\$ 2,757,339	16.50%
6/30/2020	\$ 494,202	\$ 494,202	\$ -	\$ 2,995,164	16.50%
6/30/2019	\$ 491,250	\$ 491,250	\$ -	\$ 2,977,273	16.50%
6/30/2018	\$ 515,543	\$ 515,543	\$ -	\$ 3,124,503	16.50%
6/30/2017	\$ 460,049	\$ 460,049	\$ -	\$ 2,788,176	16.50%
6/30/2016	\$ 466,051	\$ 466,051	\$ -	\$ 2,824,552	16.50%
6/30/2015	\$ 452,102	\$ 452,102	\$ -	\$ 2,740,012	16.50%

See Notes to the Schedule of Employer's Share of the Net Pension Liability (Asset) and Schedule of Employer Contributions

Notes to the Schedule of Employer's Share of Net Pension Liability (Asset) and Schedule of Employer's Contributions

Changes of Benefit and Funding Terms

July 1, 2020, Valuation:

- House Bill 3350 provided a one-time benefit increase as of July 1, 2020. Members who retired on or prior to July 1, 2015, received a 4.0% benefit increase. Members who retired between July 1, 2015, and July 1, 2018, received a 2.0% benefit increase. Members who retired after July 1, 2018, did not receive a benefit increase.

July 1, 2018, Valuation:

- House Bill 1340, enacted in 2018, provided a stipend for members of each system who had been retired for five years as of October 1, 2018. The stipend amount was based on the funding level of the system. OPERS members received the lesser of 2% of the gross annual retirement amount or \$1,200. The bill also provided a minimum payment of \$350 for members with 20 years of service. The effective date of the stipend was October 1, 2018.

Changes of Actuarial Assumptions

July 1, 2023, Valuation:

- Change mortality assumption to reflect recent mortality experience.
- Retirement rates were revised.

July 1, 2020, Valuation:

- Decrease the investment return from 7.00% to 6.50%.
- Decrease the price inflation from 2.75% to 2.50%.
- Decrease the payroll growth from 3.50% to 3.25%.
- Change mortality assumption to reflect recent mortality experience.
- Salary scale assumption was revised.
- Withdrawal rates were revised.
- Disability rates were revised.
- Retirement rates were revised.

7/1/2017 Valuation:

- Decrease the investment return from 7.25% to 7.00%.
- Decrease the price inflation from 3.00% to 2.75%.
- Decrease the real wage growth from 1.00% to 0.75%.
- Change mortality assumption to reflect recent mortality improvements.
- Salary scale assumption was revised.
- Withdrawal rates were revised.
- Disability rates were revised.
- Retirement rates were revised.

7/1/2016 Valuation:

- Decrease the investment return from 7.50% to 7.25%.

City of Tahlequah, Oklahoma

Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions
 Oklahoma Police Pension and Retirement System
 June 30, 2024

**Schedule of Employer's Share of Net Pension Liability
 Last 10 Fiscal Years**

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	Employer's Covered-Payroll (b)	Employer's Proportionate Share of the Net Pension Liability, as a Percentage of its Covered-Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2023	0.3066%	\$ 3,955,779	\$ 1,130,879	349.80%	70.85%
6/30/2022	0.3233%	\$ 4,228,318	\$ 1,066,886	396.32%	69.49%
6/30/2021	0.2768%	\$ 1,823,096	\$ 860,729	211.81%	84.24%
6/30/2020	0.2773%	\$ 3,416,429	\$ 884,714	386.16%	69.98%
6/30/2019	0.2701%	\$ 2,853,812	\$ 837,221	340.87%	72.85%
6/30/2018	0.2718%	\$ 3,008,855	\$ 742,841	405.05%	70.73%
6/30/2017	0.2606%	\$ 3,277,365	\$ 695,000	471.56%	66.61%
6/30/2016	0.2540%	\$ 3,103,156	\$ 666,324	465.71%	64.87%
6/30/2015	0.2463%	\$ 2,614,231	\$ 640,287	408.29%	68.27%
6/30/2014	0.2239%	\$ 2,302,349	\$ 608,050	378.64%	68.12%

**Schedule of Employer's Contributions
 Last 10 Fiscal Years**

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered-Payroll (c)	Contributions as a Percentage of Covered-Payroll (b/c)
12/31/2023	\$ 169,584	\$ 169,584	\$ -	\$ 1,211,314	14.00%
12/31/2022	\$ 158,323	\$ 158,323	\$ -	\$ 1,130,879	14.00%
12/31/2021	\$ 149,364	\$ 149,364	\$ -	\$ 1,066,886	14.00%
12/31/2020	\$ 120,502	\$ 120,502	\$ -	\$ 860,729	14.00%
12/31/2019	\$ 123,860	\$ 123,860	\$ -	\$ 884,714	14.00%
12/31/2018	\$ 117,211	\$ 117,211	\$ -	\$ 837,221	14.00%
12/31/2017	\$ 103,693	\$ 103,693	\$ -	\$ 742,841	13.96%
12/31/2016	\$ 99,469	\$ 99,469	\$ -	\$ 695,000	14.31%
12/31/2015	\$ 94,212	\$ 94,212	\$ -	\$ 666,324	14.14%
12/31/2014	\$ 95,544	\$ 95,544	\$ -	\$ 640,287	14.92%

See Notes to the Schedule of Employer's Share of the Net Pension Liability and Schedule of Employer Contributions

Notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions**Changes from Prior Valuation***Changes of Benefit and Funding Terms*

July 1, 2023, Valuation

- During the fiscal year ended June 30, 2023, the share of the State's insurance premium taxes contributed to the System (shown as non-employer contributions) increased to 14.7%.
- SB 743 was passed in the 2022 legislative session and went into effect November 1, 2022. As a result, all future duty-related disabilities will be treated as if the member has 100% impairment.

July 1, 2022, Valuation

- During the fiscal year ended June 30, 2022, the share of the State's insurance premium taxes contributed to the System (shown as non-employer contributions) reverted back to its historical level of 14.0%.

July 1, 2021, Valuation

- Historically, the System has received 14.0% of the insurance premium taxes collected. For the period beginning September 1, 2020, through June 30, 2021, the system received 9.8% of the taxes collected (shown as non-employer contributions).

July 1, 2020, Valuation

- A one-time benefit increase effective July 1, 2020, was granted by the 2020 Legislature.

July 1, 2018, Valuation

- A one-time stipend to be paid in October of 2018 was granted by the 2018 Legislature.

Changes of Actuarial Assumptions

July 1, 2023, Valuation

- Mortality assumption was changed to the Pub-2010 Safety (Below Median) Mortality Tables with rates set forward two years, projected generationally using Scale MP-2021.
- Salary merit increase assumption was adjusted for members with 11 to 16 years of service to better reflect observed experience.
- Moved to an age-based retirement assumption, with 100% retirement at the earlier of age 67 or 35 years of service.
- Disability rates were increased by 10% across the board.

July 1, 2018, Valuation:

- Price inflation was reduced from 3.00% to 2.75%.
- Wage inflation was explicitly set at 3.50%.
- Interest credit on DOP balances increased from 7.75% to 11.00%.
- Updates to retirement and termination rates to better fit experience.
- Disability award amount increased from 50% of pay to 75% of pay.
- Updates to salary merit scale to better fit experience.

City of Tahlequah, Oklahoma

Schedule of Employer's Share of Net Pension Liability (Asset) and Schedule of Employer's Contributions
Oklahoma Firefighters Pension and Retirement System
June 30, 2024

**Schedule of Employer's Share of Net Pension Liability (Asset)
Last 10 Fiscal Years**

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered-Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
6/30/2023	0.1836%	\$ 839,950	\$ 3,454,321	24.32%	95.91%
6/30/2022	0.1938%	\$ 1,629,112	\$ 3,052,582	53.37%	92.24%
6/30/2021	0.1622%	\$ (2,176,325)	\$ 2,757,339	78.93%	112.51%
6/30/2020	0.1809%	\$ 1,613,991	\$ 2,995,164	53.89%	91.59%
6/30/2019	0.1881%	\$ 250,512	\$ 2,977,273	8.41%	98.63%
6/30/2018	0.1869%	\$ 364,561	\$ 3,124,503	11.67%	97.96%
6/30/2017	0.1634%	\$ 883,458	\$ 2,788,176	31.69%	94.28%
6/30/2016	0.1552%	\$ 1,539,943	\$ 2,824,552	54.52%	89.48%
6/30/2015	0.1598%	\$ 574,704	\$ 2,740,012	20.97%	96.00%
6/30/2014	0.1517%	\$ 274,448	\$ 2,569,909	10.68%	97.90%

**Schedule of Employer's Contributions
Last 10 Fiscal Years**

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered-Payroll (c)	Contributions as a Percentage of Covered-Payroll (b/c)
6/30/2024	\$ 582,972	\$ 582,972	\$ -	\$ 3,805,319	15.32%
6/30/2023	\$ 538,364	\$ 538,364	\$ -	\$ 3,454,321	15.59%
6/30/2022	\$ 473,234	\$ 473,234	\$ -	\$ 3,052,582	15.50%
6/30/2021	\$ 454,961	\$ 454,961	\$ -	\$ 2,757,339	16.50%
6/30/2020	\$ 494,202	\$ 494,202	\$ -	\$ 2,995,164	16.50%
6/30/2019	\$ 491,250	\$ 491,250	\$ -	\$ 2,977,273	16.50%
6/30/2018	\$ 515,543	\$ 515,543	\$ -	\$ 3,124,503	16.50%
6/30/2017	\$ 460,049	\$ 460,049	\$ -	\$ 2,788,176	16.50%
6/30/2016	\$ 466,051	\$ 466,051	\$ -	\$ 2,824,552	16.50%
6/30/2015	\$ 452,102	\$ 452,102	\$ -	\$ 2,740,012	16.50%

See Notes to the Schedule of Employer's Share of the Net Pension Liability (Asset) and Schedule of Employer Contributions

Notes to the Schedule of Employer's Share of Net Pension Liability (Asset) and Schedule of Employer's Contributions

Changes from Prior Valuation

Changes of Benefit and Funding Terms

There have been no significant changes of benefit and funding terms.

Changes of Actuarial Assumptions

There have been no significant changes of actuarial assumptions.

Other Supplementary Information
June 30, 2024

City of Tahlequah, Oklahoma

City of Tahlequah, Oklahoma
 Departmental Balance Sheet
 General Fund
 June 30, 2024

	General	Municipal Airport	Brookside Restoration	Net Revenue Stabilization	Police Canine	Cops in Schools	Safe Routes to Schools	TIDE 8	Safe Trails
Assets									
Cash and cash equivalents	\$ (1,020,721)	\$ 192,714	\$ 23,665	\$ 1,736,851	\$ 5,401	\$ 149,163	\$ -	\$ -	\$ -
Investments	3,231,128	-	-	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles)									
Taxes	1,344,461	-	-	-	-	-	-	-	-
Court fines	299,927	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-
Accounts	208,419	-	-	-	-	-	-	-	-
Leases	189,510	-	-	-	-	-	-	-	-
Due from other funds	88,898	-	-	-	-	-	-	-	-
Due from other general fund departments	991	-	-	-	-	-	-	11,169	-
Total assets	<u>\$ 4,342,613</u>	<u>\$ 192,714</u>	<u>\$ 23,665</u>	<u>\$ 1,736,851</u>	<u>\$ 5,401</u>	<u>\$ 149,163</u>	<u>\$ -</u>	<u>\$ 11,169</u>	<u>\$ -</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance									
Liabilities									
Accounts payable	\$ 201,558	\$ 1,199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries payable	230,094	-	-	-	-	10,769	-	-	-
Due to other governments	4,853	-	-	-	-	-	-	-	-
Due to other funds	245,000	-	-	-	-	-	-	-	-
Due to other general fund departments	11,169	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	<u>692,674</u>	<u>1,199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,769</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources									
Unavailable revenue	257,477	-	-	-	-	-	-	-	-
Lease related	180,011	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>437,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance									
Restricted	82,825	-	-	-	700	-	-	-	-
Assigned	1,783,735	191,515	23,665	-	4,701	-	-	11,169	-
Unassigned	1,345,891	-	-	1,736,851	-	138,394	-	-	-
Total fund balance	<u>3,212,451</u>	<u>191,515</u>	<u>23,665</u>	<u>1,736,851</u>	<u>5,401</u>	<u>138,394</u>	<u>-</u>	<u>11,169</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,342,613</u>	<u>\$ 192,714</u>	<u>\$ 23,665</u>	<u>\$ 1,736,851</u>	<u>\$ 5,401</u>	<u>\$ 149,163</u>	<u>\$ -</u>	<u>\$ 11,169</u>	<u>\$ -</u>

City of Tahlequah, Oklahoma
 Departmental Balance Sheet
 General Fund
 June 30, 2024

	Mission Park Trails	Bullet Proof Vest 2018	Grants	FAA Airport Taxiway Project	Indigent Transportation	Dog Park	CDBG - Project Strong Grant	Design - Apron	Restricted Donations
Assets									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 15,824	\$ -	\$ -	\$ -	\$ 291,661
Investments	-	-	-	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-
Court fines	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
Due from other general fund departments	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,824</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 291,661</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance									
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,049
Salaries payable	-	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Due to other general fund departments	-	-	-	991	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,049</u>
Deferred Inflows of Resources									
Unavailable revenue	-	-	-	-	-	-	-	-	-
Lease related	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance									
Restricted	-	-	-	-	15,824	-	-	-	239,612
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(991)	-	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>(991)</u>	<u>15,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,612</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,824</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 291,661</u>

City of Tahlequah, Oklahoma
 Departmental Balance Sheet
 General Fund
 June 30, 2024

	FAA Apron Rehab Grant	BPV 2021 Grant	CDBG 2022 Cedar Street Grant	Department of Commerce EDA Grant	Airport COVID Grants	Hazard Mitigation Grant	TAP Grant - Trails	TAP Grant - Sidewalks	Total General Fund
Assets									
Cash and cash equivalents	\$ 1,104	\$ 2,687	\$ (191,690)	\$ 430,000	\$ 8,985	\$ 58,715	\$ 434,931	\$ 374,620	\$ 2,513,910
Investments	-	-	-	-	-	-	-	-	3,231,128
Receivables (net of allowance for uncollectibles)									
Taxes	-	-	-	-	-	-	-	-	1,344,461
Court fines	-	-	-	-	-	-	-	-	299,927
Grants	177,622	-	195,714	-	-	169,945	-	-	543,281
Accounts	-	-	-	-	-	-	-	-	208,419
Leases	-	-	-	-	-	-	-	-	189,510
Due from other funds	-	-	-	-	-	-	-	-	88,898
Due from other general fund departments	-	-	-	-	-	-	-	-	12,160
Total assets	\$ 178,726	\$ 2,687	\$ 4,024	\$ 430,000	\$ 8,985	\$ 228,660	\$ 434,931	\$ 374,620	\$ 8,431,694
Liabilities, Deferred Inflows of Resources, and Fund Balance									
Liabilities									
Accounts payable	\$ 5,769	\$ -	\$ -	\$ -	\$ -	\$ 147,184	\$ -	\$ -	407,759
Salaries payable	-	-	-	-	-	-	-	-	240,863
Due to other governments	-	-	-	-	-	-	-	-	4,853
Due to other funds	-	-	-	-	-	-	-	-	245,000
Due to other general fund departments	-	-	-	-	-	-	-	-	12,160
Unearned revenue	-	-	-	430,000	-	-	-	-	430,000
Total liabilities	5,769	-	-	430,000	-	147,184	-	-	1,340,635
Deferred Inflows of Resources									
Unavailable revenue	172,957	-	-	-	-	169,945	-	-	600,379
Lease related	-	-	-	-	-	-	-	-	180,011
Total deferred inflows of resources	172,957	-	-	-	-	169,945	-	-	780,390
Fund Balance									
Restricted	-	2,687	4,024	-	8,985	-	434,931	374,620	1,164,208
Assigned	-	-	-	-	-	-	-	-	2,014,785
Unassigned	-	-	-	-	-	(88,469)	-	-	3,131,676
Total fund balance	-	2,687	4,024	-	8,985	(88,469)	434,931	374,620	6,310,669
Total liabilities, deferred inflows of resources, and fund balances	\$ 178,726	\$ 2,687	\$ 4,024	\$ 430,000	\$ 8,985	\$ 228,660	\$ 434,931	\$ 374,620	\$ 8,431,694

City of Tahlequah, Oklahoma
 Departmental Schedule of Revenue, Expenditures, and Changes in Fund Balance
 General Fund
 Year Ended June 30, 2024

	General	Municipal Airport	Brookside Restoration	Net Revenue Stabilization	Police Canine	Cops in Schools	Safe Routes to Schools	TIDE 8	Safe Trails
Revenues									
Taxes	\$ 9,626,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,206,284	-	-	-	-	350,527	36,005	-	-
Charges for goods and services	472,910	154,738	7,740	-	-	-	-	-	-
Fines and forfeitures	385,661	-	-	-	-	-	-	-	-
Licenses and permits	235,864	-	-	-	-	-	-	-	-
Investment income	381,440	11,439	-	113,074	-	-	-	-	-
Miscellaneous	404,246	-	-	-	-	-	-	-	-
Total revenues	13,712,859	166,177	7,740	113,074	-	350,527	36,005	-	-
Expenditures									
Current									
General government									
City Treasurer	14,259	-	-	-	-	-	-	-	-
City Clerk	85,857	-	-	-	-	-	-	-	-
Municipal Court	160,758	-	-	-	-	-	-	-	-
Information Technology	185,604	-	-	-	-	-	-	-	-
Other General Government	2,109,174	-	-	-	-	-	-	-	-
Compliance	361,734	-	-	-	-	-	-	-	-
Public safety									
Police	3,832,929	-	-	-	-	-	-	-	-
Fire	2,405,307	-	-	-	-	-	-	-	-
Emergency Management	133,591	-	-	-	-	464,377	-	-	-
Public works									
Maintenance	227,280	-	-	-	-	-	-	-	-
Streets	1,074,275	-	-	-	-	-	-	-	-
Culture and recreation									
Library	26,584	-	-	-	-	-	-	-	-
Culture, Tourism and Recreation	1,314,677	-	-	-	-	-	-	-	-
Airport	375	201,925	-	-	-	-	-	-	-
Cemetery	248,570	-	-	-	-	-	-	-	-
Capital outlay	55,179	-	-	-	-	-	-	-	-
Total expenditures	12,236,153	201,925	-	-	-	464,377	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,476,706	(35,748)	7,740	113,074	-	(113,850)	36,005	-	-
Other Financing Sources (Uses)									
Transfers in	16,000	-	-	-	-	-	-	-	-
Transfers out	(850,000)	-	-	-	-	-	-	-	-
Intrafund transfers in	52,308	150,000	-	100,000	-	200,000	-	-	-
Intrafund transfers out	(1,117,343)	-	-	-	-	-	(36,005)	-	(148)
Total other financing sources (uses)	(1,899,035)	150,000	-	100,000	-	200,000	(36,005)	-	(148)
Net Change in Fund Balances	(422,329)	114,252	7,740	213,074	-	86,150	-	-	(148)
Fund Balance, Beginning of Year	3,634,780	77,263	15,925	1,523,777	5,401	52,244	-	11,169	148
Fund Balances, End of Year	\$ 3,212,451	\$ 191,515	\$ 23,665	\$ 1,736,851	\$ 5,401	\$ 138,394	\$ -	\$ 11,169	\$ -

City of Tahlequah, Oklahoma
 Departmental Schedule of Revenue, Expenditures, and Changes in Fund Balance
 General Fund
 Year Ended June 30, 2024

	Mission Park Trails	Bullet Proof Vest 2018	Grants	FAA Airport Taxiway Project	Indigent Transportation	Dog Park	CDBG - Project Strong Grant	Design - Apron	Restricted Donations
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	182,837	-	-	-	-	-	-	-	70,000
Charges for goods and services	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	306,566
Total revenues	182,837	-	-	-	-	-	-	-	376,566
Expenditures									
Current									
General government									
City Treasurer	-	-	-	-	-	-	-	-	-
City Clerk	-	-	-	-	-	-	-	-	-
Municipal Court	-	-	-	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-	-	-	-
Other General Government	-	-	-	-	1,194	-	5,374	-	-
Compliance	-	-	-	-	-	-	-	-	-
Public safety									
Police	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	49,555
Emergency Management	-	-	-	-	-	-	-	-	93,816
Public works									
Maintenance	-	-	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	12,648
Culture and recreation									
Library	-	-	-	-	-	-	-	-	-
Culture, Tourism and Recreation	-	-	-	-	-	229	-	-	-
Airport	-	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	2,403,865
Total expenditures	-	-	-	-	1,194	229	5,374	-	2,559,884
Excess (Deficiency) of Revenues Over (Under) Expenditures	182,837	-	-	-	(1,194)	(229)	(5,374)	-	(2,183,318)
Other Financing Sources (Uses)									
Transfers in	222,268	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Intrafund transfers in	-	-	1,693	-	-	-	12,933	-	-
Intrafund transfers out	-	(855)	-	-	-	-	-	(15,300)	-
Total other financing sources (uses)	222,268	(855)	1,693	-	-	-	12,933	(15,300)	-
Net Change in Fund Balances	405,105	(855)	1,693	-	(1,194)	(229)	7,559	(15,300)	(2,183,318)
Fund Balance, Beginning of Year	(405,105)	855	(1,693)	(991)	17,018	229	(7,559)	15,300	2,422,930
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ (991)	\$ 15,824	\$ -	\$ -	\$ -	\$ 239,612

City of Tahlequah, Oklahoma
 Departmental Schedule of Revenue, Expenditures, and Changes in Fund Balance
 General Fund
 Year Ended June 30, 2024

	FAA Apron Rehab Grant	BPV 2021 Grant	CDBG 2022 Cedar Street Grant	Department of Commerce EDA Grant	Airport COVID Grants	Hazard Mitigation Grant	TAP Grant - Trails	TAP Grant - Sidewalks	Total General Fund
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,626,454
Intergovernmental	46,956	2,385	195,714	-	-	204,853	-	-	3,295,561
Charges for goods and services	-	-	-	-	-	-	-	-	635,388
Fines and forfeitures	-	-	-	-	-	-	-	-	385,661
Licenses and permits	-	-	-	-	-	-	-	-	235,864
Investment income	-	-	-	-	-	-	-	-	505,953
Miscellaneous	-	-	-	-	-	-	-	-	710,812
Total revenues	46,956	2,385	195,714	-	-	204,853	-	-	15,395,693
Expenditures									
Current									
General government									
City Treasurer	-	-	-	-	-	-	-	-	14,259
City Clerk	-	-	-	-	-	-	-	-	85,857
Municipal Court	-	-	-	-	-	-	-	-	160,758
Information Technology	-	-	-	-	-	-	-	-	185,604
Other General Government	-	-	-	-	-	-	-	-	2,115,742
Compliance	-	-	-	-	-	-	-	-	361,734
Public safety									
Police	-	-	-	-	-	-	-	-	3,832,929
Fire	-	-	-	-	-	-	-	-	2,454,862
Emergency Management	-	-	-	-	-	374,798	-	-	1,066,582
Public works									
Maintenance	-	-	-	-	-	-	-	-	227,280
Streets	-	-	189,733	-	-	-	-	-	1,276,656
Culture and recreation									
Library	-	-	-	-	-	-	-	-	26,584
Culture, Tourism and Recreation	-	-	-	-	-	-	-	-	1,314,906
Airport	-	-	-	-	-	-	-	-	202,300
Cemetery	-	-	-	-	-	-	-	-	248,570
Capital outlay	292,888	-	-	-	-	-	36,347	-	2,788,279
Total expenditures	292,888	-	189,733	-	-	374,798	36,347	-	16,362,902
Excess (Deficiency) of Revenues Over (Under) Expenditures	(245,932)	2,385	5,981	-	-	(169,945)	(36,347)	-	(967,209)
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	-	81,476	-	374,620	694,364
Transfers out	-	-	-	-	-	-	-	-	(850,000)
Intrafund transfers in	181,439	-	-	-	-	-	471,278	-	1,169,651
Intrafund transfers out	-	-	-	-	-	-	-	-	(1,169,651)
Total other financing sources (uses)	181,439	-	-	-	-	81,476	471,278	374,620	(155,636)
Net Change in Fund Balances	(64,493)	2,385	5,981	-	-	(88,469)	434,931	374,620	(1,122,845)
Fund Balance, Beginning of Year	64,493	302	(1,957)	-	8,985	-	-	-	7,433,514
Fund Balances, End of Year	\$ -	\$ 2,687	\$ 4,024	\$ -	\$ 8,985	\$ (88,469)	\$ 434,931	\$ 374,620	\$ 6,310,669

City of Tahlequah, Oklahoma
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	<u>Street and Alley</u>	<u>Hotel Motel Tax</u>	<u>Cemetery Care</u>	<u>Stormwater Management</u>	<u>Capital Improvement</u>	<u>Total Nonmajor Funds</u>
Assets						
Cash and cash equivalents	\$ 289,319	\$ 4,056	\$ 136,297	\$ 221,407	\$ 235,729	\$ 886,808
Investments	-	-	-	-	243,315	243,315
Taxes Receivable	<u>28,063</u>	<u>30,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,700</u>
Total assets	<u><u>\$ 317,382</u></u>	<u><u>\$ 34,693</u></u>	<u><u>\$ 136,297</u></u>	<u><u>\$ 221,407</u></u>	<u><u>\$ 479,044</u></u>	<u><u>\$ 1,188,823</u></u>
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities						
Accounts payable	<u>\$ -</u>	<u>\$ 8,947</u>	<u>\$ -</u>	<u>\$ 767</u>	<u>\$ 15,070</u>	<u>\$ 24,784</u>
Deferred Inflows of Resources						
Unavailable revenue	<u>15,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,951</u>
Fund Balance						
Restricted	-	-	136,297	-	-	136,297
Assigned	<u>301,431</u>	<u>25,746</u>	<u>-</u>	<u>220,640</u>	<u>463,974</u>	<u>1,011,791</u>
Total fund balance	<u><u>301,431</u></u>	<u><u>25,746</u></u>	<u><u>136,297</u></u>	<u><u>220,640</u></u>	<u><u>463,974</u></u>	<u><u>1,148,088</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 317,382</u></u>	<u><u>\$ 34,693</u></u>	<u><u>\$ 136,297</u></u>	<u><u>\$ 221,407</u></u>	<u><u>\$ 479,044</u></u>	<u><u>\$ 1,188,823</u></u>

City of Tahlequah, Oklahoma
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2024

	Street and Alley	Hotel Motel Tax	Cemetery Care	Stormwater Management	Capital Improvement	Total Nonmajor Funds
Revenues						
Taxes	\$ 136,711	\$ 308,037	\$ -	\$ -	\$ -	\$ 444,748
Charges for goods and services	-	-	12,625	214,946	-	227,571
Licenses and permits	-	-	-	4,429	-	4,429
Investment income	18,671	2,501	8,710	23,484	52,253	105,619
Donations	-	-	438	-	-	438
Total revenues	<u>155,382</u>	<u>310,538</u>	<u>21,773</u>	<u>242,859</u>	<u>52,253</u>	<u>782,805</u>
Expenditures						
Current						
General government						
Information Technology	-	-	-	-	38,895	38,895
Public safety						
Police	-	-	-	-	50,566	50,566
Fire	-	-	-	-	46,345	46,345
Emergency Management	-	-	-	-	10,719	10,719
Public works						
Streets	187,358	-	-	-	17,397	204,755
Health & Sanitation	-	-	-	145,312	-	145,312
Culture and recreation						
Library	-	-	-	-	518	518
Parks and recreation	-	-	-	-	62,999	62,999
Economic development	-	439,212	-	-	-	439,212
Capital outlay	-	-	12,126	282,629	1,184,462	1,479,217
Debt service						
Principal	-	-	-	-	172,283	172,283
Interest and fiscal charges	-	-	-	-	8,006	8,006
Total expenditures	<u>187,358</u>	<u>439,212</u>	<u>12,126</u>	<u>427,941</u>	<u>1,592,190</u>	<u>2,658,827</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,976)	(128,674)	9,647	(185,082)	(1,539,937)	(1,876,022)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	500,000	500,000
Transfers out	-	-	-	(81,476)	(222,268)	(303,744)
Lease proceeds	-	-	-	-	492,735	492,735
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(81,476)</u>	<u>770,467</u>	<u>688,991</u>
Net Change in Fund Balances	(31,976)	(128,674)	9,647	(266,558)	(769,470)	(1,187,031)
Fund Balance, Beginning of Year	<u>333,407</u>	<u>154,420</u>	<u>126,650</u>	<u>487,198</u>	<u>1,233,444</u>	<u>2,335,119</u>
Fund Balances, End of Year	<u>\$ 301,431</u>	<u>\$ 25,746</u>	<u>\$ 136,297</u>	<u>\$ 220,640</u>	<u>\$ 463,974</u>	<u>\$ 1,148,088</u>

City of Tahlequah, Oklahoma
Schedule of Expenditures of Federal Awards
June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
Department of Housing and Urban Development Passed through State of Oklahoma Department of Commerce Community Development Block Grants	14.228	CDBG-SC-2022- TAHLEQUAH CI-00119	\$ 189,733
Department of Transportation Airport Improvement Program	20.106	N/A	172,956
Department of the Treasury COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	898,878
Department of Homeland Security Passed through State of Oklahoma Department of Emergency Management and Homeland Security Hazard Mitigation Grant	97.039	FEMA-4530-DR-OK	374,799
			<u>\$ 1,636,366</u>

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The Organization has not elected to use the 10% de minimis cost rate.

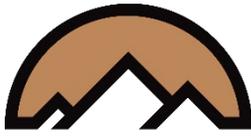
Note 4 - Subsequent Events

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

Other Reports

June 30, 2024

City of Tahlequah, Oklahoma



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Tahlequah, Oklahoma (the “City”), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City’s basic financial statements and have issued our report thereon dated September 30, 2024. Our report includes a reference to other auditors who audited the financial statements of TEFA and TPFA as described in our report on the City of Tahlequah, Oklahoma’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as items 2024-001 & 2024-2, which we consider to be a material weakness and significant deficiency.

City of Tahlequah's Responses to Findings

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

Purpose of This Report

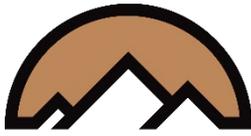
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in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

St. Pierre, Kimble, & Associates CPA, PC

St. Pierre, Kimble, & Associates, C.P.A, P.C.

Stilwell, Oklahoma

June 30, 2025



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the

Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance, and which are described in the accompanying schedule of findings and questioned costs as items 2024-001 & 2024-2. Our opinion on each major federal program is not modified with respect to these matters.

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

The City is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The City's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control over Compliance

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

severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 30, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

St. Pierre, Kimble, & Associates CPA, PC

St. Pierre, Kimble, & Associates, C.P.A, P.C.
Stilwell, Oklahoma
June 30, 2025

**CITY OF TAHLEQUAH, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024**

SECTION I—SUMMARY OF AUDITOR’S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? X Yes No
- Noncompliance material to financial statements noted? X Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? X Yes No

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

Unmodified

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

 X Yes No

Identification of major federal programs:

<u>Program</u>	<u>Assistance Listing Number</u>
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Coronavirus State and Local Fiscal Recovery Funds	21.027
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Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	<u> </u> Yes <u> X </u> No
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CITY OF TAHLEQUAH, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

SECTION II—FINANCIAL STATEMENT FINDINGS

Compliance Finding(s)

• **2024-001: Filing with the State Auditor and Federal Audit Clearinghouse**

Criteria: In order to comply with filing reports with the Oklahoma State Auditor and Inspector (State Auditor), management needs to appropriately monitor the timing of the submission of the filing of the audit report within six months after the end of the fiscal year. The Federal Audit Clearinghouse (FAC) submission must be completed by the earlier of nine months after the year-end or 30 days from the report issuance.

Condition: The City did not submit its audit report to the State Auditor prior to the deadline of six months after the end of the fiscal year ending June 30, 2024. Additionally, the city did not submit its audit report to the FAC within nine months from the year ending June 30, 2024.

Cause and Effect: Due to delayed financial reporting close out of fiscal year 2024 the City was not in compliance with its required deadline to provide the State Auditor and the FAC with its issued audit report within the established deadlines.

Recommendation: We recommend the internal controls for reporting be reviewed to allow for compliance with the State Auditor and FAC established deadlines.

Management Response: Management acknowledges the importance of timely submission of single audit reports to the State Auditor and FAC to ensure compliance. Management has made Professional Services changes to ensure timely audit compliance moving forward.

• **2024-002: Reporting Compliance Requirements of Federal Funds**

Criteria: Per the Compliance and Reporting Guidance for Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) assistance listing number (AL#) 21.027, all recipients are required to submit Project and Expenditure Reports. Annual reports are required for cities below 250,000 residents that are allocated less than \$10 million in CSLFRF funding and must be submitted to the Department of Treasury by April 30.

In addition, per the Airport Improvement Program (AIP) handbook for AL# 20.106, grant recipients must submit timely and accurate SF-425 financial reports annually, by December 31, to summarize expenditures and status of project funds.

Condition: The City's internal controls over reporting compliance requirements were not thoroughly monitored and were not timely, and reports were not accurately submitted.

Questioned Costs: \$0

Cause and Effect: Due to the City not having a centralized reporting requirement schedule, the required annual report for CSLFRF funding was not submitted by April 30 deadline did not agree to the amount reported on the SEFA of \$898,878. As it relates to the AIP, as of the end of audit field work, the SF-425 report was not submitted by December 31, 2024, it also incorrectly reported the amounts expended.

Recommendation: We recommend the City centrally track its required grant reporting and related deadlines with specific individuals identified by grant program to ensure timely and accurate reporting is achieved.

Management Response: We have reviewed current procedures regarding report preparation and have implemented necessary changes to ensure accuracy. We have also established procedures to ensure a timely reconciliation of federal revenues and expenses.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Internal Control Findings

N/A

Compliance Findings

See finding 2024-1 & 2024-2 above.

Questioned Cost: \$0

CITY OF TAHLEQUAH, OKLAHOMA
SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

Internal Control Finding(s)

- **2023-001: Improper Inclusion of Fixed Assets**

Criteria: Property records showing capital assets and infrastructure of the City should be reviewed and reconciled on a periodic basis to ensure accuracy and cutoff between periods. The City's internal controls over capital assets and infrastructure were lacking, as the City improperly included a construction project as an addition when the project should have been recognized in the subsequent period.

Status: Complete

Management Response: We have implemented a more thorough review to identify correct service periods of capital projects at year end to ensure proper inclusion or exclusions in the financial statements.

- **2023-002: Financial Reporting of Federal Expenditures**

Criteria: The Schedule of Expenditures of Federal Awards (SEFA) should be accurately captured, reconciled, and reviewed by the City. Adequate documentation of procedures performed as well as evidence of thorough reviews should be in place. According to GAAP, expenditures should be recognized in the period services are performed or goods are received. Internal controls over financial reporting lacked oversight and thorough review of federal expenditures being included within the SEFA during fiscal year 2023.

Status: Repeat Finding

Management Response: We have reviewed current procedures regarding SEFA preparation and have implemented necessary changes to ensure accuracy. We have also established procedures to ensure a timely reconciliation of federal revenues and expenses.

Compliance Finding(s)

- **2023-003: Filing with the State Auditor and Federal Audit Clearinghouse**

The City did not submit its audit report to the State Auditor prior to the deadline of six months after the end of the fiscal year ending June 30, 2023. Additionally, the City did not submit its audit report to the FAC within nine months from year ending June 30, 2023.

Status: Repeat Finding

Management Response: Management recognizes the need to submit its single audit reports to the State Auditor and FAC in accordance with the required deadlines in order to remain compliant with requirements. Management has made Professional Services changes to ensure timely audit compliance moving forward.