

McAlester Audit and Finance Advisory
Committee
NOTICE OF MEETING



Regular Meeting Agenda
Thursday, June 18, 2026 - 4:00 PM
City Hall, 2nd Floor Conference Room
28 E Washington

CALL TO ORDER

Announce the presence of a Quorum.

ROLL CALL

APPROVAL OF MINUTES

1. Approval of meeting minutes of May 21, 2026

SCHEDULED BUSINESS

Staff Report on each item of scheduled business shall be presented by staff prior to applicant's discussion with Planning Commission.

1. Financial Update

ADJOURNMENT

Meeting Minutes

Audit & Finance Advisory Committee Meeting
4:00 p.m., Thursday, May 21, 2026
City Hall, Conference Room
28 E. Washington, McAlester, OK 74501

Present: Carl Gullick, Brenda Russell, Justin Few, Chris Stone, Cara Bland, Trevor Spence,

Absent: John Titsworth, Kevin Beaty, Tracy Sontag

Staff Members Present: Ken Wimer, Interim City Manager; Sherri Swift, Chief Financial Officer; Elizabeth Neboyia, Chief Executive Assistant, Kara Coy

Pursuant to notice duly given, the Meeting of the Audit and Finance Advisory Committee convened at 3:59 p.m. on Thursday, May 21, 2026.

Call to Order

The meeting was called to order by Carl Gullick.

Approval of Minutes for previous meeting

A motion to approve the minutes from March 19, 2026, meeting, was made by Chris Stone and seconded by Trevor Spence.

AYE: Committee Members, Gullick, Russell, Few, Stone, Bland & Spence
NAY:

Discussion and possible action on non-uniform pension investments reports via virtual meeting.

Mr. Chad Rother with Morgan Stanley presented the non-uniform pension investments report. No action was taken.

Preliminary Budget Presentation

Mr. Wimer, Interim City Manager, presented the 2026/2027 Preliminary Budget.

Update on Financials as of April 2026

Ms. Sherri Swift reviewed the financial report for April highlighting that 83% of the fiscal year is complete. She presented General Fund Performance and Revenue; Total Sales Tax Breakdown of the overall 10% included State of Oklahoma, Pittsburg County and City of McAlester; the breakdown of the McAlester 4% Sales Tax; Sales Tax Comparable Cities; General Fund Sales Tax; Use Tax; NAICS Performances, TIF District, MPWA Fund at a Glance; Bond Debts with large final payment scheduled between 2031 and 2034; Active Accounts past due and Terminated Accounts past due; Treasure Report.

New Business

No new business.

Adjournment

The meeting was adjourned at 5:10 p.m.

APPROVAL:

_____ Date _____

FINANCIAL UPDATE

MAY 2026



CITY OF
MCALESTER

GENERAL FUND PERFORMANCE

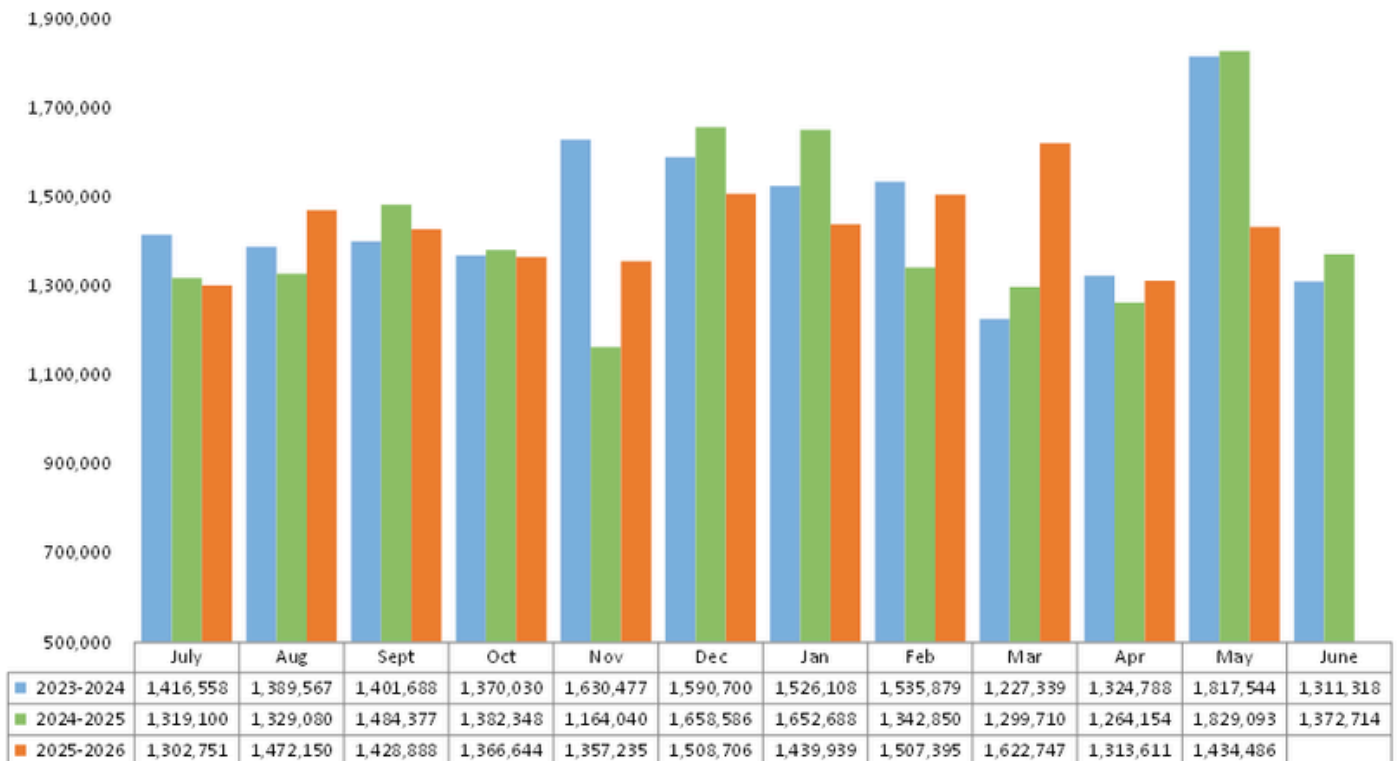
In May, with 91.67% of the fiscal year complete, the General Fund has collected \$15.8 million in revenue, representing roughly 87% of the annual budget. Expenditures were at \$16.2 million, or approximately 87% of the budget. With the monthly fund transfers, the General Fund has an increase of \$211 thousand. We paused the monthly fund transfers from General Fund to the Airport and Nutrition due to an excess in their fund balance. This has helped the ending fund balance in General Fund.

Financial Summary as of MAY 2026

Percentage of year complete: 91.67%

GENERAL FUND AT A GLANCE				
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	% OF BUDGET
BEGINNING FUND BALANCE	\$ 1,691,270	\$ 1,210,692	\$ 1,210,692	
REVENUES	17,786,646	18,212,062	15,836,260	86.95%
EXPENDITURES	(18,355,485)	(18,633,799)	(16,232,785)	87.11%
ESTIMATED TIF PAYMENT				
REVENUES OVER (UNDER) EXPENDITURES	\$ (568,839)	\$ (421,737)	\$ (396,525)	
TRANSFERS IN	\$ 1,635,000	1,635,000	\$ 1,498,750	91.67%
TRANSFERS OUT	(1,066,161)	(1,073,423)	(890,469)	82.96%
NET TRANSFERS	\$ 568,839	\$ 561,577	\$ 608,281	
INCREASE (DECREASE) TO BALANCE	\$ -	\$ 139,840	\$ 211,756	
ENDING BALANCE	\$ 1,691,270	\$ 1,350,532	\$ 1,422,448	

General Fund Total Revenue



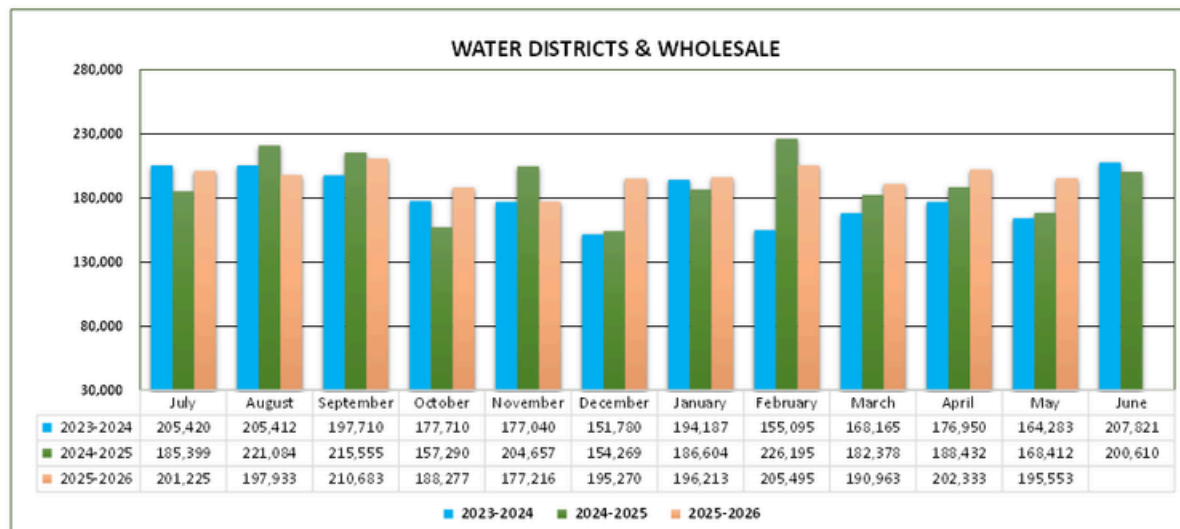
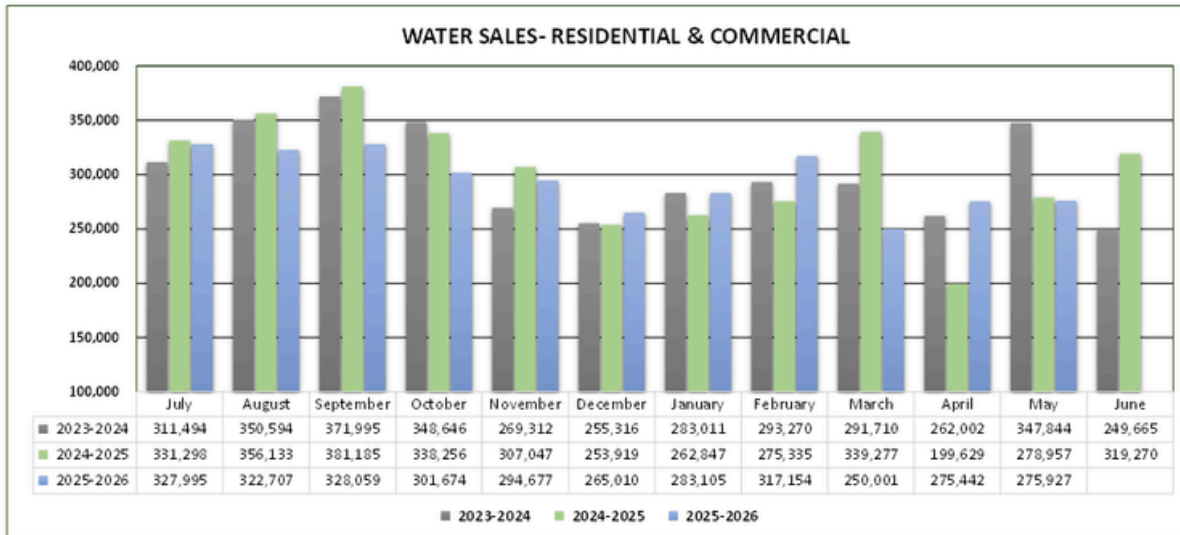
MPWA PERFORMANCE

In May, with 91.67% of the fiscal year complete, the MPWA Fund has generated \$11.7 million in revenue, or 88% of the annual budget, while expenditures remained well under budget at \$7.8 million or 77% of the budget. With the monthly fund transfers, and a \$250k transfer to the emergency fund, the fund has a net increase of about \$817 thousand.

Financial Summary as of MAY 2026

Percentage of year complete: 91.67%

MPWA FUND AT A GLANCE				
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	% OF BUDGET
BEGINNING FUND BALANCE	\$ 1,059,052	\$ 2,419,679	\$ 2,419,679	
REVENUES	12,829,173	13,222,849	11,684,850	88.37%
EXPENDITURES	(9,802,425)	(10,082,486)	(7,781,516)	77.18%
REVENUES OVER (UNDER) EXPENDITURES	\$ 3,026,748	\$ 3,140,363	\$ 3,903,334	
TRANSFERS IN	\$ -	\$ -	\$ -	
TRANSFERS OUT	(3,026,748)	(3,140,363)	(3,085,864)	98.26%
NET TRANSFERS	\$ (3,026,748)	\$ (3,140,363)	\$ (3,085,864)	
INCREASE (DECREASE) TO BALANCE	\$ -	\$ -	\$ 817,470	
ENDING BALANCE	\$ 1,059,052	\$ 2,419,679	\$ 3,237,149	



TREASURY REPORT

As of the end of May 2026, pooled cash accounts totaled \$25.9 million, with over \$8.7 million in the operating account. The Emergency Fund remains below the state-mandated requirement of 10% of the operating budget, however we transferred \$250,000 from MPWA to start reducing the deficiency. Meanwhile, the Payroll and Worker's Compensation accounts are funded through transfers from the pooled cash accounts to support ongoing personnel and benefit obligations.

CITY OF MCALESTER			
<u>TREASURY REPORT</u>			
MAY 2026			
BANK/AGENCY	BALANCE 5/31/26		AVERAGE LEDGER
FIRST NATIONAL BANK:			
POOLED CASH	\$	8,718,677	\$ 9,956,967
POOLED RESERVE	\$	17,227,953	\$ 17,227,953
PAYROLL	\$	10,544	\$ 10,544
EMERGENCY FUND ACCOUNT	\$	2,278,699	\$ 2,278,699
ECONOMIC DEVELOPMENT	\$	299,404	\$ 299,404
WORKER'S COMP	\$	74	\$ 74
CD - 77668 FNB		761,118	761,118
CD - 73927 FNB		278,933	278,933
TOTAL	\$	29,575,402	\$ 30,813,692
LESS FDIC COVERAGE		(500,000)	(500,000)
LESS MARKET VALUE OF COLLATERAL PLEDGED		(31,715,835)	(31,715,835)
(OVER)/UNDER PLEDGED	\$	(2,640,433)	\$ (1,402,143)
GENERAL FUND - CLAIM ON POOLED CASH =		\$1,340,533	
MPWA - CLAIM ON POOLED CASH =		\$3,319,144	

BOND DEBT

The City collects a 1% sales tax designated specifically for bond debt payments that will terminate in September 2031, with collections ending in November 2031. We currently have five bond debts: four with active payments (2012, 2013, 2014, 2015 notes) and the 2002 Bond, which has been deferred until 2031, with four annual payments. Even as other bonds are paid off, we will continue to collect and save the sales tax revenue to cover the 2002 Bond's large final payments scheduled between 2031 and 2034. The last column shows the running total of the difference between the sales tax collected and the bond payments made. This figure will change based on actual collections. If actual collections fall short, MPWA will subsidize with Utility Revenue. This clearly illustrates how we are building a reserve to cover the 2002 Bond.

The McAlester Public Works Authority

Summary of Existing Debt Payments vs. 1% Sales Tax (Terminates September 2031) Cash Flow

Annual Payments									
Year (thru February 1)	2002 Bonds	2012 Note Refund of 1999A Bonds (Taxable)**	2013 Street Note New Money Issue (Tax-Exempt)***	2014 Street Note New Money Issue (Tax-Exempt)****	2015 Note Refund of Portion of 2002 Bonds (Taxable)	Total Annual Payment	Actual/ Estimated 1% Sales Tax	Difference	Cumulative Excess Sales Tax & Utility Revenue Collections
Fund Balance									351,210.41
2026		2,564,835.00	529,235.75	365,850.00	1,366,708.00	4,826,428.75	4,759,496.19	(66,932.56)	284,277.85
2027			2,553,789.50	651,330.00	1,673,684.00	4,878,803.50	4,759,496.19	(119,307.31)	164,970.55
2028			1,584,804.75	921,765.00	1,685,264.00	4,191,833.75	4,759,496.19	567,662.44	732,632.99
2029				401,185.00		401,185.00	4,759,496.19	4,358,311.19	5,090,944.18
2030						0.00	4,759,496.19	4,759,496.19	9,850,440.37
2031	3,930,000.00					3,930,000.00	4,759,496.19	829,496.19	10,679,936.57
2032	3,930,000.00					3,930,000.00	3,966,246.83	36,246.83	10,716,183.39
2033	3,930,000.00					3,930,000.00	0.00	(3,930,000.00)	6,786,183.39
2034 *	5,770,000.00					5,770,000.00	0.00	(5,770,000.00)	1,016,183.39



Balloon/Deferred payments

* Reserve Fund intended to make last payment was liquidated and a Surety Bond substituted for the cash reserve

** Cash Reserve Fund (\$2,602,295) will make last debt service payment; therefore, payment is not shown

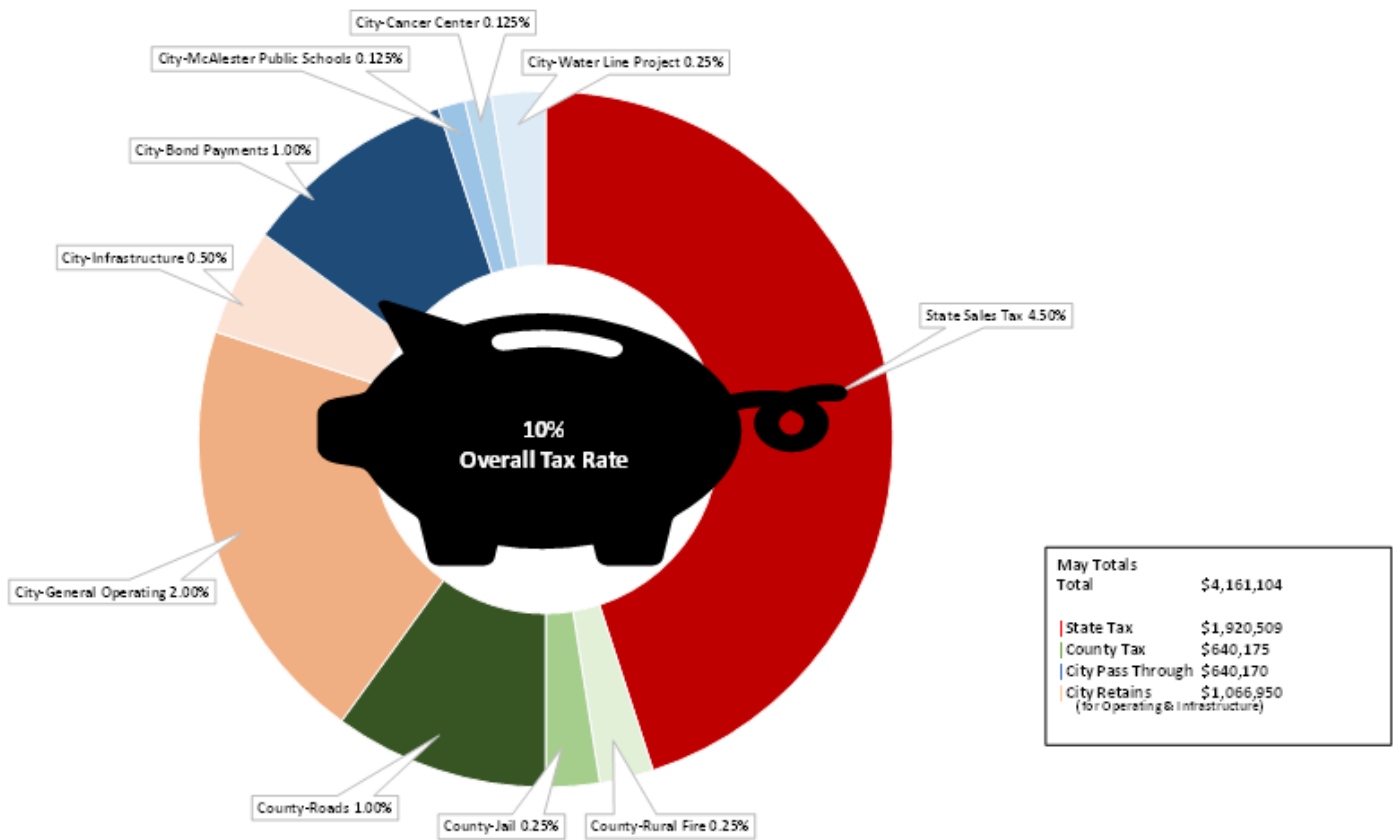
*** Cash Reserve Fund (\$889,000) will make a portion of last debt service payment; therefore, only part of payment is shown

**** Cash Reserve Fund (\$491,000) will make a portion of last debt service payment; therefore, only part of payment is shown

TOTAL SALES TAX BREAKDOWN

The City of McAlester is primarily funded through taxes. The overall tax rate is 10%, which includes:

- State of Oklahoma (4.5%): \$1.92M (represented in red)
- Pittsburg County (1.5%): Approximately \$640K (represented in green)
- City of McAlester (4%): This portion is best explained by splitting into two categories:
 - 2.5% (\$1.06M): Retained for general operations and infrastructure (represented in tan)
 - 1.5% (\$640K): Designated as a "pass-through" (represented in blue)



MCALESTER'S 4% SALES TAX

The May remittance is made up primarily of actual collections for the last half of March and estimated collections for the first half of April along with smaller amounts for corrections and reconciling amounts from prior estimates. May collections were below projections by \$19 thousand but above the same month prior year by \$128 thousand. Year-to-date is exceeding projections by \$98 thousand. The TIF is paid off and therefore nothing is deducted prior to allocating to the funds.

SALES TAX PERFORMANCE (vs Projection)			
May FY26	Projection	\$ Diff	% Change
1,707,119	1,726,394	(19,274)	-1.1%

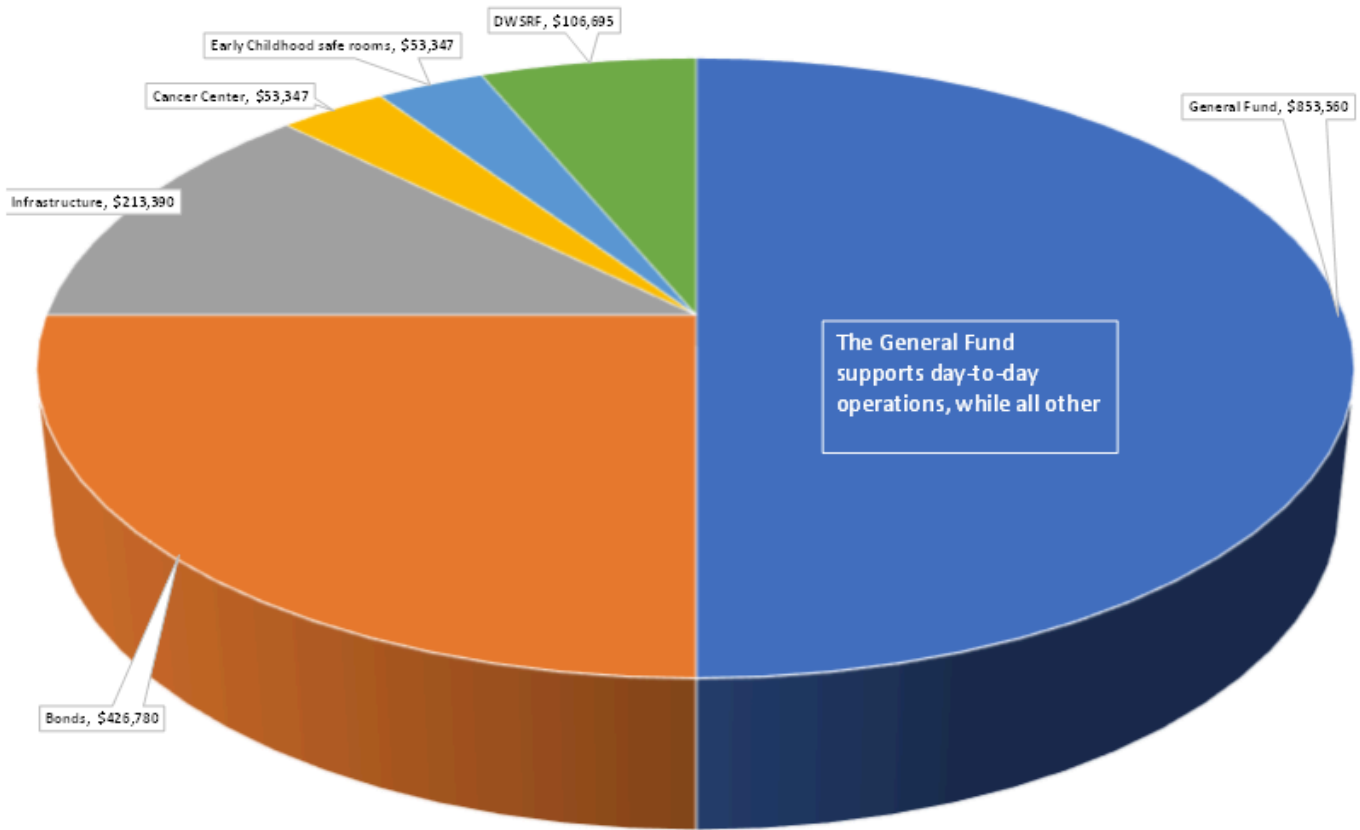
SALES TAX PERFORMANCE (vs Prior Year)			
May FY26	May FY25	\$ Diff	% Change
1,707,119	1,578,264	128,855	8.2%

YTD FY26	YTD Proj	\$ Diff	% Change
17,755,161	17,656,387	98,774	0.6%

YTD FY26	YTD FY25	\$ Diff	% Change
17,755,161	17,559,555	195,607	1.1%

Sales Tax Programs								
	General Fund	MPWA	Infrastructure	Cancer Center	Early Childhood Safe Room	Water Line Project	TIF District	Total Sales Tax
Current Month	853,560	426,780	213,390	53,347	53,347	106,695	0	1,707,119
Year-to-Date	8,423,306	4,211,653	2,105,827	526,457	526,457	1,052,913	908,548	17,755,161

2025-2026 Sales Tax Revenue-May

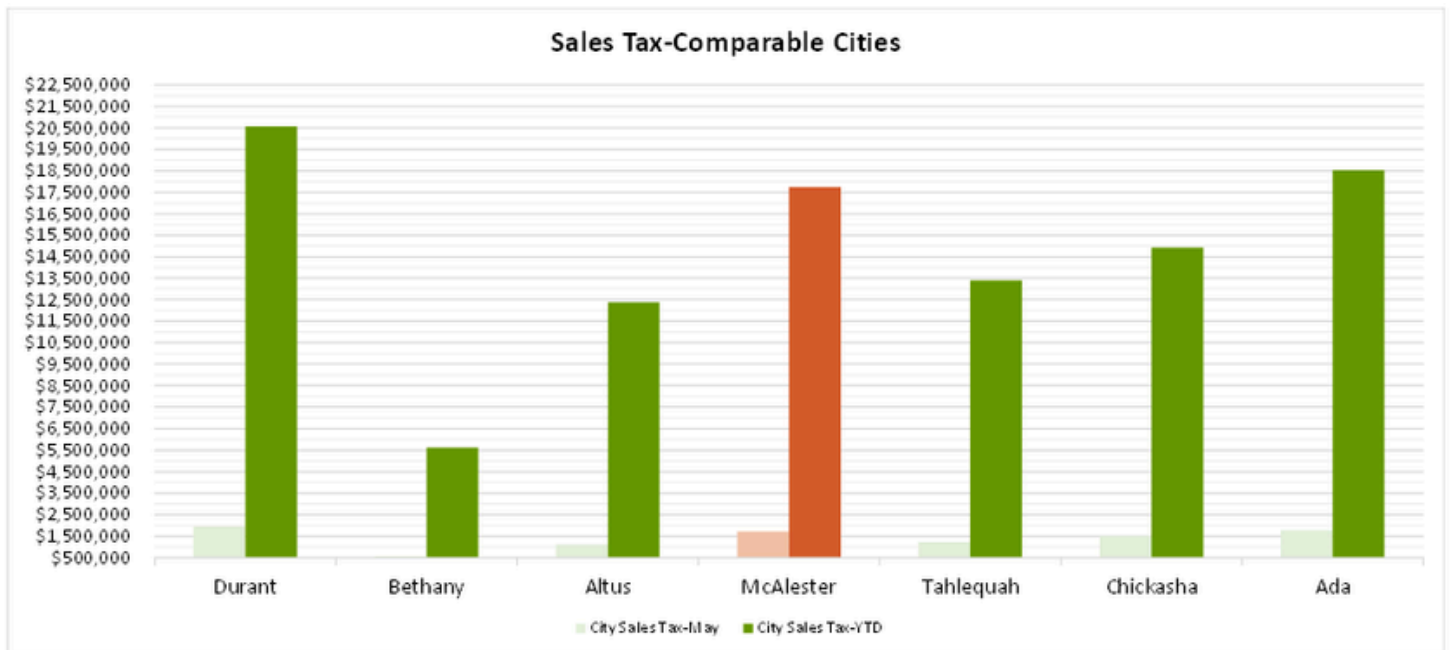


SALES TAX-COMPARABLE CITIES

McAlester ranks 30th in population among Oklahoma cities and ranks 20th in tax collections. McAlester continues to have a higher tax collection ranking than the two cities directly above and below it in population. Durant (ranked 23rd in population) and Ada (ranked 33rd in population), which we consider sister cities, rank above McAlester in taxes. Out of these cities, McAlester ranks the highest in tax rate when City and County rates are combined.

Sales Tax-Comparable Cities								
City	Population Rank	City Sales Tax Rate	City Tax Collection Rank	County Sales Tax Rate	Total Tax Rate	*City Sales Tax Growth Rate	City Sales Tax-May	City Sales Tax-YTD
Durant	23	4.37%	17	0.500%	9.37%	2.98%	\$ 1,954,832	\$ 20,567,177
Bethany	28	4.00%	61	0.000%	8.50%	-0.37%	\$ 568,737	\$ 5,624,347
Altus	29	4.13%	33	1.125%	9.75%	0.16%	\$ 1,114,411	\$ 12,374,769
McAlester	30	4.00%	20	1.500%	10.00%	1.11%	\$ 1,707,119	\$ 17,755,159
Tahlequah	31	3.25%	30	1.750%	9.50%	5.28%	\$ 1,220,302	\$ 13,397,551
Chickasha	32	4.25%	27	0.750%	9.50%	2.61%	\$ 1,500,238	\$ 14,929,164
Ada	33	4.00%	18	0.875%	9.38%	0.95%	\$ 1,776,296	\$ 18,520,005

*compared to same month last year



GENERAL FUND SALES TAX

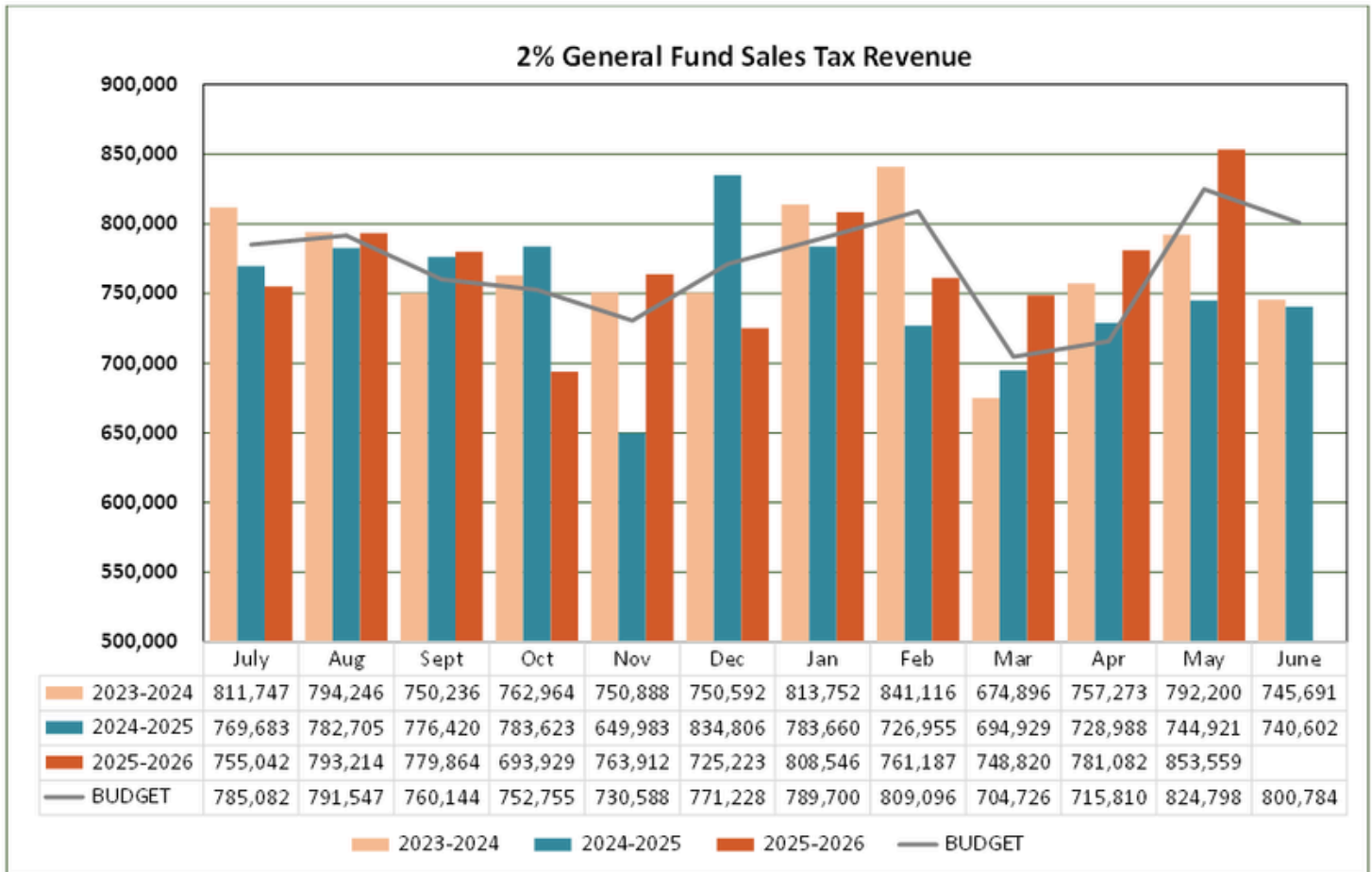
The General Fund receives 2% of the total city sales tax, which is 4%. For May, General Fund collections were above projections by almost \$29 thousand and above the same month last year by \$108 thousand. Year-to-date collections are above projections by almost \$29 thousand. With the TIF being paid off nothing is deducted before allocating to the funds.

GEN FUND SALES TAX PERFORMANCE (vs Projection)			
May FY26	Projection	\$ Diff	% Change
853,560	824,798	28,762	3.5%

YTD FY26	YTD Proj	\$ Diff	% Change
8,464,382	8,435,474	28,907	0.3%

GEN FUND SALES TAX PERFORMANCE (vs Prior Year)			
May FY26	May FY25	\$ Diff	% Change
853,560	744,921	108,639	14.6%

YTD FY26	YTD FY25	\$ Diff	% Change
8,464,382	8,276,675	187,707	2.3%

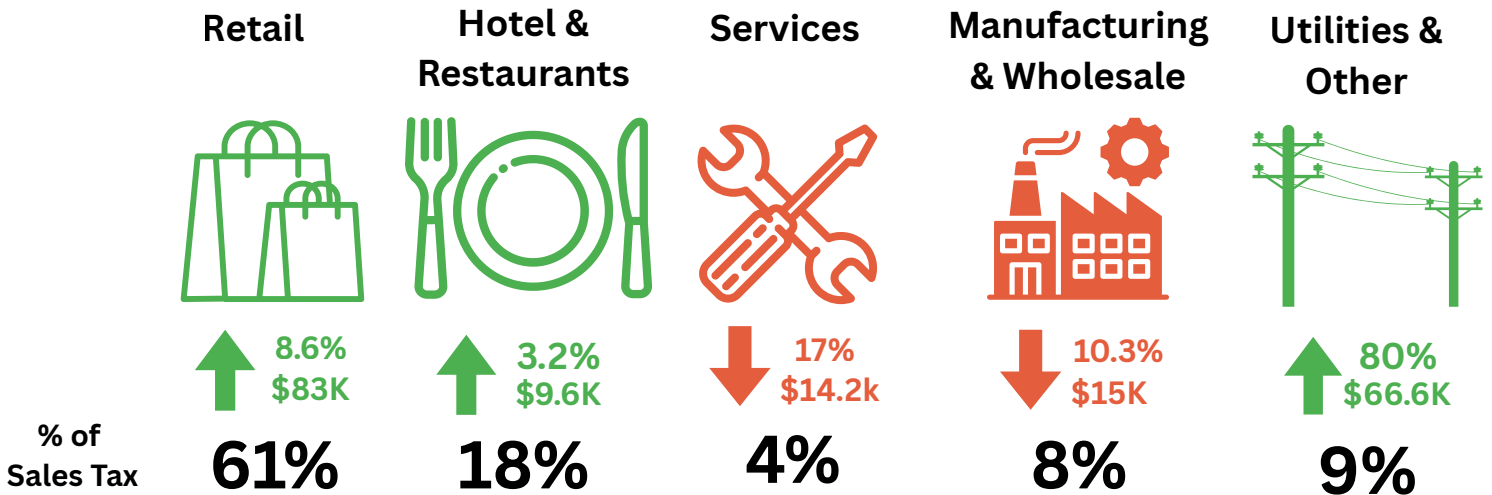


SALES TAX NAICS PERFORMANCE

Retail comprises the largest percentage of sales tax collections at around 61%. The largest year-over-year category changes for May were in Utilities & Other (up 80% or roughly \$66,000, primarily from a power supply company) and Services (down 17% or \$14,000, mostly derived from a cell phone provider and auto body shop).

Total Collected
\$1,707,119

Vs. Prior Year
 **8.2%**
\$129K



NAICS SALES TAX PERFORMANCE (vs Prior Year)

NAICS Category	May FY26	May FY25	\$ Diff	% Change
Retail	1,049,851	966,620	83,231	8.6%
Wholesale & Mfg.	130,578	145,589	(15,011)	-10.3%
Utilities & Other	149,862	83,231	66,631	80.1%
Hotels & Restaurants	313,820	304,157	9,663	3.2%
Services	69,449	83,739	(14,290)	-17.1%
Sub Total	1,713,560	1,583,336	130,224	8.2%

Totals may differ from General Fund Tax Performance since NAICS detail includes interest, penalty, retention, and reallocation amounts.

NAICS CATEGORIES PERFORMANCE

The North American Industry Classification System (NAICS) is the U.S. standard for categorizing types of businesses when analyzing economic information. The City groups all NAICS codes into several general categories when analyzing sales and use tax trends. More information can be found on the U.S. Census Bureau website at [Census.gov/NAICS](https://www.census.gov/naics).

TAX REPORT

USE TAX

The Use Tax rate aligns with the Sales Tax rate at 4%, with all proceeds allocated to the General Fund. May collections were above projections by \$47 thousand and above the same month last year by \$27 thousand. Year-to-date totals are above projections by over \$132 thousand.

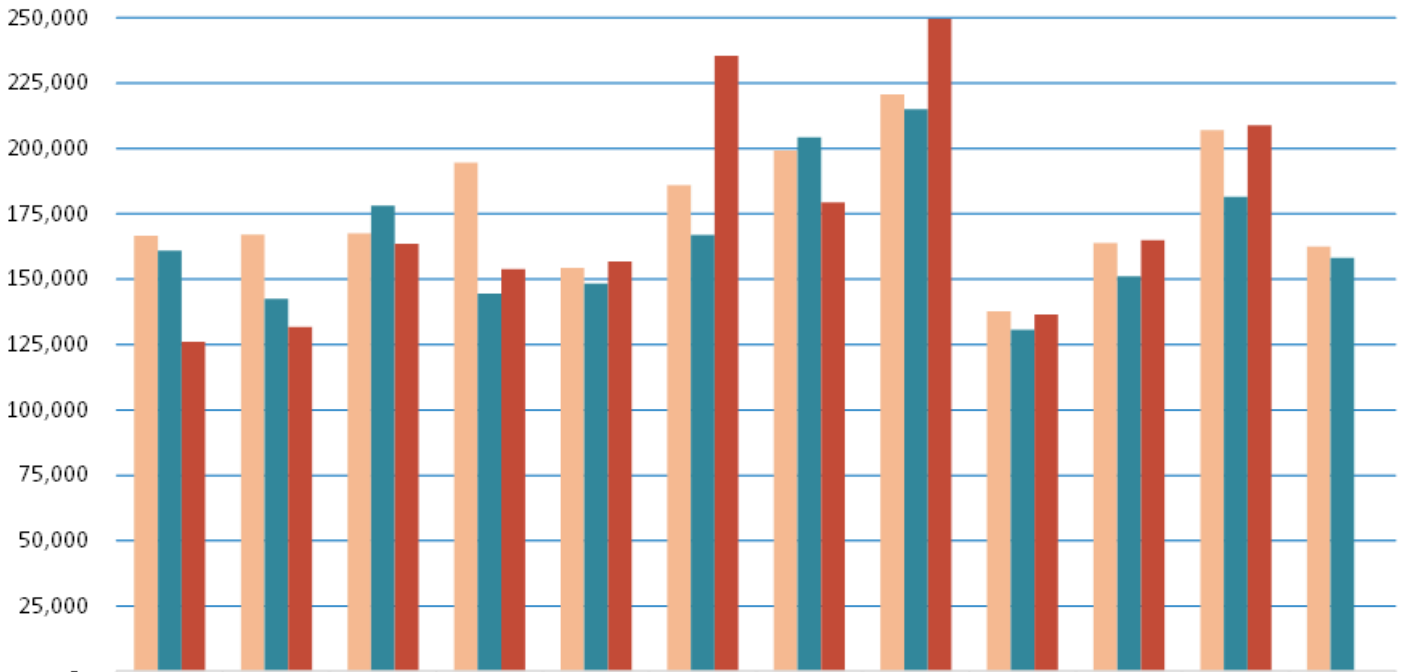
USE TAX PERFORMANCE (vs Projection)			
May FY26	Projection	\$ Diff	% Change
208,903	161,442	47,462	29.4%

USE TAX PERFORMANCE (vs Prior Year)			
May FY26	May FY25	\$ Diff	% Change
208,903	181,635	27,268	15.0%

YTD FY26	YTD Proj	\$ Diff	% Change
1,908,708	1,775,858	132,849	7.5%

YTD FY26	YTD FY25	\$ Diff	% Change
1,908,708	1,823,962	84,746	4.6%

Use Tax Revenue



	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
2023-2024	166,643	167,033	167,554	194,586	154,416	185,931	199,264	220,703	137,787	163,877	207,109	162,515
2024-2025	160,927	142,510	178,147	144,569	148,322	166,997	204,200	214,990	130,644	151,017	181,635	158,083
2025-2026	126,156	131,780	163,518	153,908	156,754	235,452	179,404	251,313	136,501	165,016	208,903	

2023-2024 2024-2025 2025-2026

USE TAX NAICS PERFORMANCE

Retail also comprises the largest percentage of use tax collections at 59%. The largest year-over-year category change for May was in Utilities & Other (up 56%, with a restaurant supply company and a food delivery service making up the majority of the increase) and Services (down 42% with a social media platform and a heavy equipment provider making up most of the decline).

Total Collected

\$208,903

Vs. Prior Year

↑ 15%
\$27K

Retail



↑ 21%
\$21.4K

59%

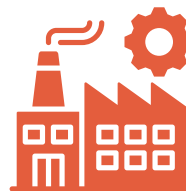
Services



↓ 42%
\$4.8K

3%

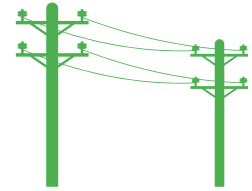
Manufacturing
& Wholesale



↓ 1.7%
\$0.8K

22%

Utilities &
Other



↑ 56.3%
\$11.6K

16%

% of
Use Tax

NAICS USE TAX PERFORMANCE (vs Prior Year)				
NAICS Category	May FY26	May FY25	\$ Diff	% Change
Wholesale & Mfg.	46,707	47,500	(793)	-1.7%
Retail	123,134	101,733	21,401	21.0%
Utilities & Other	32,215	20,616	11,599	56.3%
Services	6,748	11,634	(4,886)	-42.0%
Total	208,804	181,483	27,321	15.1%

Totals may differ from Use Tax Performance since NAICS detail includes interest, penalty, retention, and reallocation amounts.

NAICS CATEGORIES PERFORMANCE

The North American Industry Classification System (NAICS) is the U.S. standard for categorizing types of businesses when analyzing economic information. The City groups all NAICS codes into several general categories when analyzing sales and use tax trends. More information can be found on the U.S. Census Bureau website at [Census.gov/NAICS](https://www.census.gov/NAICS).

HOTEL TAX

A 6% excise tax is applied to overnight stays that are subject to sales tax. In May, collections were above projections by over \$17,000. There were two hotels that were delinquent that are now current. However, there are 2 different hotels that are delinquent that we are now monitoring. Year-to-date collections continue to exceed projections by more \$192,000.

