McAlester City Council
NOTICE OF MEETING

Special Meeting Agenda
Tuesday, December 30, 2025 - 5:00 PM
28 E Washington Ave

Attending in Person

Justin Few	Mayor
Levi Gilmore	Ward One
Robin Woodley	Ward Two
Chris Stone	Ward Three
Randy Roden	Ward Four
Billy J. Boatright	Ward Five
Kevin Beaty-Vice Mayor	Ward Six
Ken Wimer	Interim City Manager
Cora M. Middleton	City Clerk
John T. Hammons	City Attorney

This agenda has been posted at the McAlester City Hall, distributed to the appropriate news media, and posted on the City website: www.cityofmcalester.com within the required time frame.

The Mayor and City Council request that all cell phones and pagers be turned off or set to vibrate. Members of the audience are requested to step outside the Council Chambers to respond to a page or to conduct a phone conversation.

The McAlester City Hall is wheelchair accessible. Sign interpretation or other special assistance for disabled attendees must be requested 48 hours in advance by contacting the City Clerk's Office at 918.423.9300, Extension 4956.

Official action can only be taken on items which appear on the agenda. The public body may adopt, approve, ratify, deny, defer, recommend, amend, strike, or continue any agenda item. When the public body desires more information on an item, the public body may refer the matter to City staff or back to a committee. Under certain circumstances, items may be deferred to a specific date or stricken from the agenda entirely.

CALL TO ORDER
Announce the presence of a Quorum.

INVOCATION, PLEDGE OF ALLEGIANCE & LAND ACKNOLEDGMENT
The Choctaw Nation Reservation is located within the original homelands of the Caddo and Wichita peoples. The Pawnee and Arikara have ancestral ties here. The Shawnee and Quapaw established settlements in this region during the 1700s and early 1800s, while the Osage and Kiowa visited the area. The Quapaw Tribe ceded this land by treaty to the United States, before it was later ceded to the Choctaw

Nation. Shortly after being the first to endure the Trail of Tears and Death, the Choctaw people arrived here, followed by the Chickasaw, who lived among them before moving farther west. Through this acknowledgment, we remember those who came before us, honor the sovereignty and traditions of the Native peoples who remain connected to this land, and commit ourselves to respect and partnership with Indigenous communities — past, present, and future.

ROLL CALL

SCHEDULED BUSINESS

Discussion and possible action accepting the annual City of McAlester Audited Financial Statements and Independent Auditor's Report for FYE June 30, *2025. (Sherri Swift, Chief Financial Officer, and Andy Cromer, CPA, Shareholder, HSPG & Associates)*

ADJOURNMENT

CERTIFICATION

I certify that this Notice of Meeting was posted on this _______ day of __________ 2025 at _________ a.m./p.m. as required by law in accordance with Section 303 of the Oklahoma Statutes and that the appropriate news media was contacted. As a courtesy, this agenda is also posted on the City of McAlester website: www.cityofmcalester.com.

Cora M. Middleton, City Clerk

McAlester City Council
AGENDA REPORT

Meeting Date:	Tuesday, December 30, 2025
Department:	Finance
Prepared By:	Elizabeth Neboyia, Chief Executive Assistant
Date Prepared:	12/23/2025

Account Code:
Budgeted Amount:

Subject:
Discussion and possible action accepting the annual City of McAlester Audited Financial Statements and Independent Auditor's Report for FYE June 30, *2025. (Sherri Swift, Chief Financial Officer, and Andy Cromer, CPA, Shareholder, HSPG & Associates)*

Recommendation:
A motion to accept the annual Audit for the Fiscal Year ending June 30, 2025.

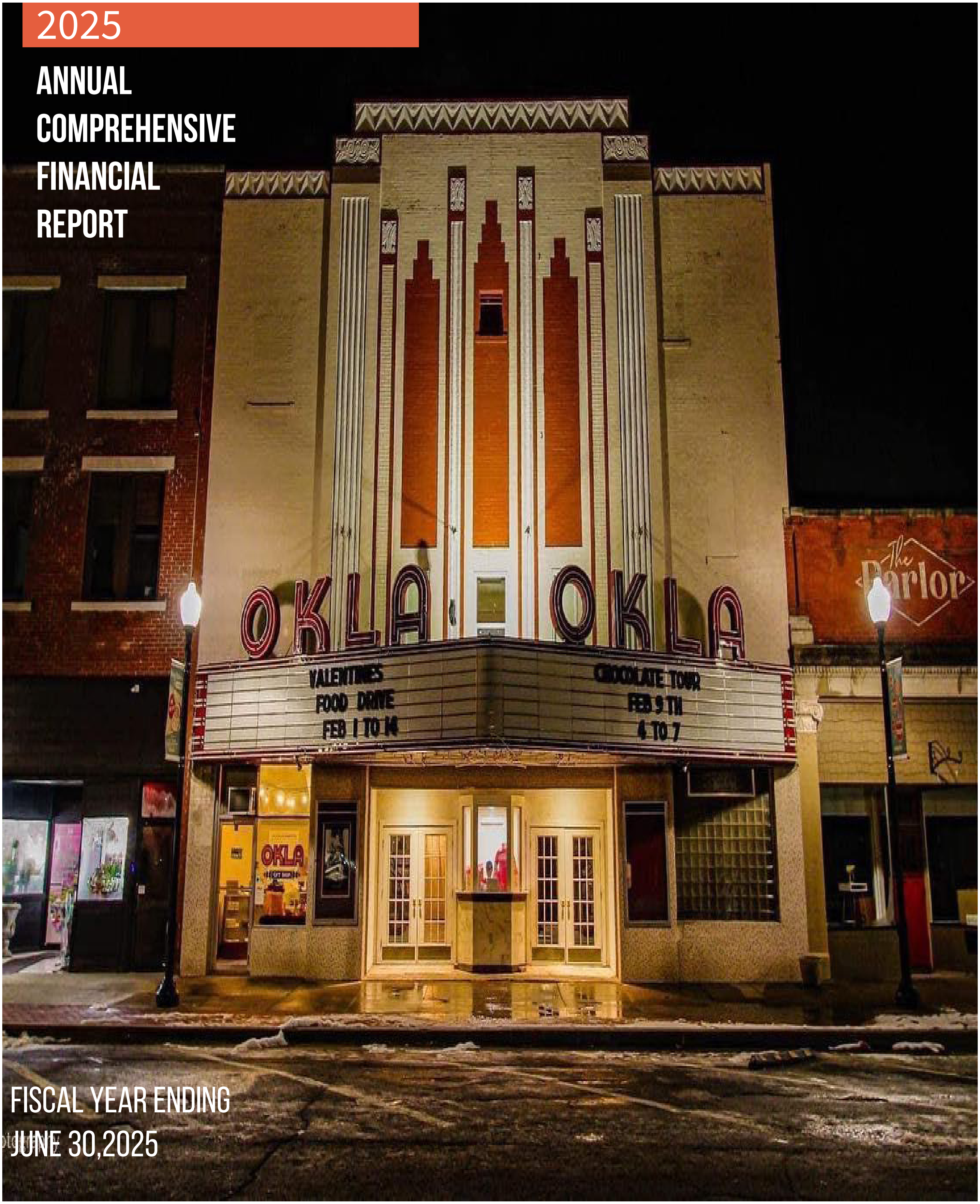
Discussion:
Discussion on the City of McAlester Audit Reports and Supplementary Schedules for FYE June 30, 2025.

Approved By:	Inital	Date
Department Head:	SSwift	12/23/2025
City Manager:	kjw	24 Dec 25

Exhibits:
1. McAlester 2025 - FINAL, 2. Single Audit Report 2025 - FINAL, 3. Required Communication Letter with Governance

2025

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FISCAL YEAR ENDING
JUNE 30,2025

THE CITY OF MCALESTER, OKLAHOMA

ANNUAL COMPREHENSIVE FINANCIAL REPORT AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Prepared By:
City of McAlester Department of Finance
Sherri Swift, Chief Financial Officer

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McALESTER OK
Small Town. Big Frontier.
PO Box 578 (1st & Washington) McAlester, Oklahoma 74502 · 918-423-9300 · FAX 918-421-4971 ·
www.cityofmcalester.com

December 22, 2025

Honorable Mayor, Members of the City Council, and the Citizens of the City of McAlester, Oklahoma:

The City's financial statements have been audited by HSPG & Associates, a firm of licensed certified public accountants. The independent audit was conducted to provide reasonable assurance that the financial statements of the City are free of material misstatements. The independent auditor has issued an unmodified opinion on the City's financial statements for the year ended June 30, 2025. The independent auditor's report is presented as the first component of the financial section of this report.

In addition to the independent audit of the financial statements, the City is required to undergo an annual single audit in conformity with the provisions of the Office of Management and Budget's (OMB) Uniform Guidance. This guidance is an authoritative set of rules and requirements for Federal Awards. It requires the auditor to report on the government's internal controls and compliance in the administration of major federal grant awards received by the city. This report is designed to meet the special needs of federal grantor agencies and is available in the City of McAlester's separately issued Single Audit Report.

Management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of McAlester for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the 11th consecutive year that the city has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate. The preparation for this award could not have been accomplished without the efficient and dedicated service of our highly qualified staff in the Finance Department.

The Finance Department of the City is responsible for the completeness and reliability of the information contained in this report. The City of McAlester's leadership is tasked with establishing and upholding an internal control framework. This framework is designed to safeguard the City's assets against loss, theft, or misuse. Its primary purpose is to guarantee the compilation of sufficient and accurate accounting data, facilitating the preparation of financial statements. We have confidence that the information presented is accurate in all significant aspects, and we have included all necessary disclosures to ensure a comprehensive understanding of the City's financial activities. The internal control framework is crafted to offer reasonable, though not absolute, assurance that the financial statements are free from material misstatement.

Profile of the City

The City of McAlester operates under the Council-Manager form of government. Policy-making and legislative authority are vested in a seven-member City Council composed of the Mayor, Vice-Mayor, and five council members elected to serve four-year staggered terms. Council members represent each of the City's six wards, while the Mayor is elected at-large. The City Manager serves as the Chief Executive Officer of the City, is responsible for the administration of all City services, budget preparation, and employee management.

The City provides a wide range of municipal services to more than 18,000 residents, including police and fire protection, planning and zoning, parks and recreation, street construction and maintenance, and other critical infrastructure. Utility services—including water, wastewater, stormwater, and solid waste—are provided through the McAlester Public Works Authority (MPWA).

The City's fiscal year begins on July 1 and ends on June 30. All funds with revenues and expenditures must adopt annual budgets. The City Manager submits a proposed budget by June 1, a public hearing is held before June 15, and the Council adopts the budget by ordinance no later than seven days prior to July 1. The adopted budget is filed with the Oklahoma State Auditor and Inspector. Budgetary control is maintained through an encumbrance accounting system and through supplemental appropriations, which require Council approval. The City Manager is authorized to transfer appropriations up to $25,000 between departments.

Local Economy

McAlester serves as the regional economic hub for southeast Oklahoma, drawing from a service area of more than 125,000 residents across eight counties. The City provides access to employment, retail, healthcare, recreation, and housing, and benefits from proximity to major metropolitan centers: Tulsa (91 miles), Oklahoma City (130 miles), and Dallas (170 miles).

Retail Growth

The Shops at McAlester continues to anchor the region's retail sector, averaging 128,000 monthly visits, with over 80% of shoppers traveling from outside a 30-mile radius. This equates to more than 1.5 million annual visits, supported by high traffic flows along U.S. Highway 69—one of the region's primary north-south corridors. The development has significantly strengthened sales tax performance and reinforced McAlester's regional influence.

Operational Resilience

Throughout FY 2024–25, City departments successfully navigated inflationary pressures and rising interest rates by implementing targeted cost-control measures and operational efficiencies. These efforts ensured the continuation of essential services, supported progress on key capital projects, and contributed to the City's strong fiscal position.

Aviation & Aerospace Expansion

McAlester continues to emerge as a regional leader in aviation and aerospace. In October 2025, the City opened a new state-of-the-art airport terminal—a $2.7 million modernization funded through the FAA, Oklahoma Aeronautics Commission, Choctaw Nation, and a nearly $1 million local contribution. The new facility doubles terminal capacity, incorporates energy-efficient systems, and includes pilot briefing areas, flight-planning space, and an aviation classroom supporting McAlester High School's STEM programs.

The City's decision to assume fixed-base operations has enhanced airport performance, now supporting roughly 9,000 annual aircraft operations. Previous economic impact studies estimated the airport's annual contribution at $11 million, a figure expected to increase substantially with expanded services and the new terminal.

Major Initiatives

Industrial development in McAlester continues to accelerate, driven by affordability, strategic location, and an emphasis on innovation. In FY 2024, the city successfully recruited Loren Cook Company, a national leader in fans, blowers, and ventilation systems. In FY 2025, Amazon announced the opening of a new delivery station at the Steven W. Taylor Industrial Park, further strengthening McAlester's position as a logistics hub.

Looking forward, the city is advancing several transformative projects. American Li-Ion has announced a $164 million investment to construct a lithium-ion battery recycling facility, scheduled for FY 2027. This project is expected to create significant employment opportunities. We have two new opportunities in the planning stages, which stand to generate an estimated $5 million annually in raw water sales, providing a major boost to the City's utility revenue.
Additionally, the city has launched a $48 million Tax Increment Financing (TIF) District that will support a dynamic mix of developments, including:

- Academy Outdoor Sporting Goods
- 128 new homes
- Multiple new retail establishments

Together, these initiatives represent hundreds of millions of dollars in capital investment and the creation of hundreds of jobs in the coming years. Despite national economic challenges, McAlester is establishing itself as a regional leader in advanced manufacturing, clean energy, and retail expansion.

The preparation of this Annual Comprehensive Financial Report (ACFR) reflects the dedicated efforts of the Finance Department and the professional support of Crawford & Associates, P.C. We wish to express our sincere appreciation to all staff whose commitment ensures the accuracy, transparency, and integrity of the City's financial reporting.

We also extend our appreciation to the Mayor, City Council, and the members of the Audit and Finance Committee for their continued leadership and support of strong fiscal management policies.

Thank you, residents of McAlester for taking an interest in your local government. As you review this report, we invite you to share any questions, concerns, or comments with us. You may contact the Finance Department at 918-423-9300 ext. 4929 and the City Manager's Office at 918-423-9300 ext. 4933 or contact us by email. Email addresses and further information are available on the city's website: www.cityofmcalester.com

Respectfully Submitted,

Kenneth J. Wimer, Jr.
Interim City Manager

Sherri Swift
Chief Financial Officer

CITY OF MCALESTER, OKLAHOMA

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2025

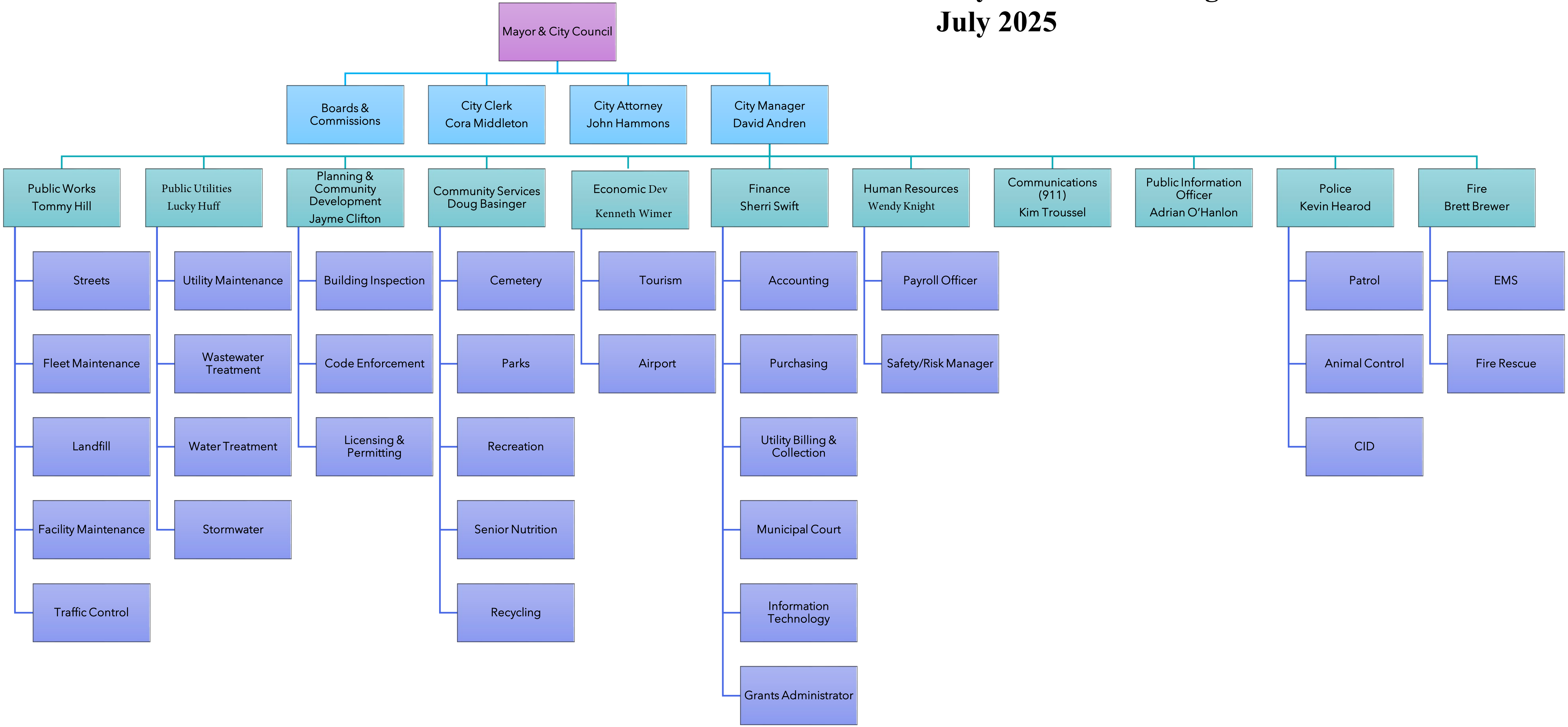
City Council

Justin Few, Mayor
Levi Gilmore, Member Ward 1
Robin Woodley, Member Ward 2
Chris Stone, Member Ward 3
Randy Roden, Member Ward 4
Billy Jack Boatright, Member Ward 5
Kevin Beaty, Member Ward 6

Administration

David Andren	City Manager
Cora Middleton	City Clerk
Unfilled	Assistant City Manager
Sherri Swift	Chief Financial Officer

City of McAlester Organizational Chart
July 2025



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of McAlester
Oklahoma

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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 McAlester, Oklahoma (the "City"), as of and for the year ended June 30, 2025, 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2025, 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 McAlester Regional Health Center Authority (the "Authority"), which represent 99.9 percent of the assets, net position, and revenues of the discretely presented component units as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, is based solely on the report 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 7 to the financial statements, the opening balances have been restated for the adoption of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, and to correct an error resulting from the miscalculation of the uncollectible portion of court receivables. 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.

HSPG & ASSOCIATES, PC

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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 information for the general fund and reserve fund, and the pension plan schedules, as listed in the table of contents, 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 budgetary comparison information for major debt service governmental funds and nonmajor governmental funds, combining and individual nonmajor fund financial statements, and state award information 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 by us and other auditors. In our opinion, based on our audit, the budgetary comparison information – capital project funds and combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025, 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.

HSPG & Associates, P.C.

December 22, 2025

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As management of the City of McAlester, we offer readers this narrative overview and analysis of the financial activities of the City of McAlester for the fiscal year ended June 30, 2025. We encourage readers to use this information in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's overall net position improved during the year ended June 30, 2025. Total net position increased by $12,955,203 with the City's total government-wide assets and deferred outflows continuing to exceed its total liabilities and deferred inflows at June 30, 2025, by $74,793,199 which represents its total government-wide net position.

- The City's governmental activities experienced a current year increase in net position of $6,082,065, while business-type activities experienced a current year increase in net position of $6,873,138.

- While the City has total government-wide net position amounting to $74,793,199, it is segregated by $54,307,440 in a net investment in capital assets and $20,209,135 of net position restricted for various purposes, thus leaving the City with $276,624 in a total unrestricted net position, with ($1,863,749) of the unrestricted net position (deficit) located in the City's governmental activities and $2,140,373 of the unrestricted net position located in the City's business-type activities.

- At June 30, 2025, the City's governmental funds reported combined ending total fund balances of $26,767,143. That net amount is the result of $20,209,135 of restricted fund balance, $6,415,760 of assigned fund balance, and $142,248 of unassigned fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the financial reporting entity of the City of McAlester (the "City"). The financial reporting entity consists of the following separate legal entities:

- The Primary Government
    - City of McAlester
    - McAlester Public Works Authority
    - McAlester Airport Authority
    - McAlester National Defense & Industrial Development Authority (no current activity)
    - McAlester Economic Development Authority (no current activity)

- Discretely Presented Component Units
    - McAlester Regional Health Center
    - McAlester Parking Authority

The entities included as part of the primary government are included in this report within the governmental-wide statements in either of two categories of activities – governmental and business-type. The discretely presented component units are reported in individual columns labeled Component Units. This management discussion and analysis focuses on the primary government as defined above.

The governmental-wide financial statements present the complete financial picture of the City's reporting entity from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined, with separate columns for the individual discretely-presented component units. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. These government-wide statements include all assets of the City (including infrastructure) and deferred outflows, as well as all liabilities (including long-term debt) and deferred inflows.

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

This discussion and analysis is intended to serve as an introduction to the City of McAlester's basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 22 & 23, respectively) report information about the City as a whole and about its activities in a way that helps answer questions. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues, expenses and deferrals are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in net position from the prior year. You can think of the City's net position – the 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 are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other non-financial factors, such as changes in the City's tax base, the condition of the City's roads and other infrastructure, and the quality of services to assess the overall health of the City.

The Statement of Net Position and the Statement of Activities are divided into three types 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's activities that charge a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, sewer, and solid waste collections utilities, along with its airport activities, are reported here.

- Discretely-presented component units -- These account for activities of the City's reporting entity that do not meet the criteria for blending, and include the Regional Health Center Authority and the Parking Authority.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. The City of McAlester, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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 McAlester can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds -- Most of the City's basic services are reported in governmental funds, which focus on near-term inflows and outflows of spendable resources, as well as spendable resources available at the end of the fiscal year. These funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". 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. Enterprise funds are one type of proprietary funds and are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for its water and sewer operations and solid waste collection, disposal services, and airport services. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds - When the City is responsible for assets that – because of a trust arrangement or other fiduciary requirement – can be used only for trust beneficiaries or other parties, such as the City's single employer Defined Benefit Retirement Plan and Trust Fund (closed to new entrants), the City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance operations.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

For the year ended June 30, 2025, net position for the governmental activities and business-type activities totaled $74,789,859, an increase of $12,951,863. The results indicate the City, as a whole, improved its financial position from the prior year.

The City of McAlester's Change in Net Position

	Governmental Activities	Business-type Activities	Total
Beginning net position, restated	$ 22,315,864	$ 39,522,132	$ 61,837,996
Increase in net position	6,082,065	3,873,138	9,955,203
Ending net position	**$ 28,397,929**	**$ 43,395,270**	**$ 71,793,199**

Following is a summary comparison of change in net position from last year for the City of McAlester.

The City of McAlester's Net Position

	Governmental Activities 2025	Governmental Activities * 2024		Business-type Activities 2025	Business-type Activities * 2024		Total 2025	Total * 2024	
Assets:									
Current and other assets	$ 33,159,552	$ 30,403,445	9%	$ 11,553,692	$ 11,068,161	4%	$ 44,713,244	$ 41,471,606	8%
Capital assets	38,525,769	38,962,510	-1%	65,382,912	54,738,366	19%	103,908,681	93,700,876	11%
Total assets	71,685,321	69,365,955	3%	76,936,604	65,806,527	17%	148,621,925	135,172,482	10%
Deferred Outflows of Resources:									
Deferred amounts related to pensions	4,499,729	4,874,496	-8%	177,218	394,596	-55%	4,676,947	5,269,092	-11%
Deferred amounts on refunding	191,298	285,379	-33%	-	-	N/A	191,298	285,379	-33%
Liabilities:									
Long-term liabilities	43,677,906	45,898,037	-5%	28,227,669	24,153,732	17%	71,905,575	70,051,769	3%
Other liabilities	2,884,172	2,629,581	10%	2,362,010	2,430,102	-3%	5,246,182	5,059,683	4%
Total liabilities	46,562,078	48,527,618	-4%	30,589,679	26,583,834	15%	77,151,757	75,111,452	3%
Deferred Inflows of Resources:									
Deferred amounts related to leases	250,236	442,185	-43%	-	-	N/A	250,236	442,185	-43%
Deferred amounts related to pensions	1,166,105	1,379,500	-15%	128,873	14,741	774%	1,294,978	1,394,241	-7%
Net position:									
Net investment in capital assets	10,052,543	6,948,770	45%	44,251,557	37,872,086	17%	54,304,100	44,820,856	21%
Restricted	20,209,135	17,249,006	17%	-	-	N/A	20,209,135	17,249,006	17%
Unrestricted (deficit)	(1,863,749)	(21,249)	8671%	2,143,713	1,730,462	24%	279,964	1,709,213	-84%
Total net position	**$ 28,397,929**	**$ 24,176,527**	17%	**$ 46,395,270**	**$ 39,602,548**	17%	**$ 74,793,199**	**$ 63,779,075**	17%

The decrease in deferred inflows related to leases was due to the selling of the Cingular Tower lease in FY25. The decrease in deferred outflows related to pensions and deferred inflows related to pensions in the governmental activities is the result of actuarial calculation changes. The decrease in deferred outflows related to pensions and the increase in deferred inflows related to pensions in business-type activities is also due to actuarial calculation changes.

The increase in the amount of other current and other assets of the governmental activities is mainly due to the increase in due from other governments related to grant revenue accruals in FY25.

The decrease in long-term liabilities in governmental activities was due to continued debt service on the revenue bonds. The increase in the amount long-term liabilities of the business-type activities is due primarily to drawdowns on the OWRB loan of $4.5 million in FY25.

The largest portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. This year the net investment in capital assets amounted to approximately $54.3 million. 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 $20.2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is generally considered to be available to be used to meet the government's ongoing obligations to citizens and creditors. For the current year, this unrestricted net position amounted to $276,624. The governmental activities unrestricted net position deficit balance of $1,863,749 is primarily the result of the net pension liabilities and their related deferred outflows and inflows that are reported as a component of the unrestricted net position (deficit).

The City of McAlester's Statement of Activities

	Governmental Activities			Business-type Activities			Total		
		*			*			*	
	2025	2024		2025	2024		2025	2024	
Revenues:									
Program revenues:									
Charges for Services	$ 5,504,659	$ 4,175,000	32%	$ 13,270,137	$ 12,881,331	3%	$ 18,774,796	$ 17,056,331	10%
Grants & Contributions	2,699,399	2,033,724	33%	-	44,427	-100%	2,699,399	2,078,151	30%
Capital Grants & Contributions	1,467,215	317,421	362%	4,606,703	1,397,611	230%	6,073,918	1,715,032	254%
General Revenues:									
Sales & Use Tax	19,830,847	20,631,821	-4%	-	-		19,830,847	20,631,821	-4%
Other Taxes	3,591,801	3,491,732	3%	-	-		3,591,801	3,491,732	3%
Other General Revenues	2,137,056	1,615,500	32%	561,151	439,256	28%	2,698,207	2,054,756	31%
Total Revenues	**35,230,977**	**32,265,198**	9%	**18,437,991**	**14,762,625**		**53,668,968**	**47,027,823**	14%
Program Expenses:									
Legislature	441,959	451,562	-2%	-	-		441,959	451,562	-2%
Administration	5,554,317	5,205,105	7%	-	-		5,554,317	5,205,105	7%
Public safety	12,375,005	10,426,894	19%	-	-		12,375,005	10,426,894	19%
Community services	2,692,383	2,792,422	-4%	-	-		2,692,383	2,792,422	-4%
Administration services	1,174,760	1,031,322	14%	-	-		1,174,760	1,031,322	14%
Health and welfare	293,431	273,225	7%	-	-		293,431	273,225	7%
Public works	3,861,011	3,786,362	2%	-	-		3,861,011	3,786,362	2%
Economic development	398,656	322,221	24%	-	-		398,656	322,221	24%
Stormwater	5,482	63,747	-91%	-	-		5,482	63,747	-91%
Payment to component unit-Hospital	563,580	577,850	-2%	-	-		563,580	577,850	-2%
Interest on long-term debt	1,449,514	1,556,911	-7%	-	-		1,449,514	1,556,911	-7%
Water	-	-		4,711,054	5,958,886	-21%	4,711,054	5,958,886	-21%
Sewer	-	-		3,441,260	3,338,640	3%	3,441,260	3,338,640	3%
Sanitation	-	-		2,776,831	2,682,661	4%	2,776,831	2,682,661	4%
Airport	-	-		974,522	976,821	0%	974,522	976,821	0%
Total Expenses	**28,810,098**	**26,487,621**	9%	**11,903,667**	**12,957,008**	-8%	**40,713,765**	**39,444,629**	3%
Revenues over (under) expenses	6,420,879	5,777,577	11%	6,534,324	1,805,617	262%	12,955,203	7,583,194	71%
Net Transfers	(338,814)	(836,343)	-59%	338,814	836,343	-59%	-	-	
Increase in Net Position	**$ 6,082,065**	**$ 4,941,234**	23%	**$ 6,873,138**	**$ 2,641,960**	160%	**$ 12,955,203**	**$ 7,583,194**	71%
Net Position - beginning, restated	22,315,864	19,235,293	16%	39,522,132	36,960,588	7%	61,837,996	56,195,881	10%
Net Position - Ending	**28,397,929**	**24,176,527**	17%	**46,395,270**	**39,602,548**	17%	**74,793,199**	**63,779,075**	17%

* Prior year was not restated for the impact of the implementation of GASB 101 or error corrections

For the year ended June 30, 2025, on a government-wide basis, the City experienced an improvement in its financial condition resulting in an increase in total net position of $12,955,203. The increase in the size from the prior year change in net position can be attributable to an increase in grants and contributions related mainly to the receipt of airport grants, an ARPA OWRB grant, and Oklahoma Department of Commerce PREP grants in current year. Other general revenues increased from the prior year related mainly to the increase in investment income and gains on sales of leases and assets.

The City's current year governmental activities increase in net position of $6,082,065 represents an increase in net position of compared to the prior year. This year's increase in the change in net position from the prior year change can be attributable in large part to an increase in grants and contributions related to on-behalf payments and completed Oklahoma Department of Transportation projects reported as contributed capital revenue.

The business-type activities experienced a current year increase in net position of $6,873,138, which represents an increase in net position compared to the prior year. This year's decrease in the change in net position from the prior year change can be attributable in large part to an increase in capital grants and contributions related to water grants.

In reviewing the activity net (expense)/revenue, all business-type functions were sufficient to cover all related expenses.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2025 fiscal year, the governmental funds reported a combined fund balance of $26,767,143. However, that amount is the result of $20,209,135 of restricted fund balance, $6,415,760 of assigned fund balance, and $142,248 of unassigned fund balance.

For the reasons discussed previously regarding business-type activities, the enterprise funds reported combined net position of approximately $46.4 million.

The General Fund's total fund balance decreased by $108,744, or 6.7%, which is a decrease from the increase in total fund balance of $180,578 reported in the prior year. This is due to both a small decrease in revenues and a small increase in expenditures in the current year.

The Reserve Fund's total fund balance increased by $76,682, or 4.1% due to investment earnings in the current year.

The Dedicated Sales Tax-MPWA Fund's total fund balance decreased by $36,403 or 2.6% due to a decrease in sales tax revenues in the current year and transfers out increasing slightly from the prior year.

The Bond Trustee Fund's total fund balance increased by $31,517 or 0.5% due to an increase in the transfers in from the Dedicated Sales Tax-MPWA Fund for ongoing debt service payments.

The McAlester Public Works Authority enterprise fund reported an increase in net position, after transfers and capital contributions of $6,118,861 for the year due primarily to completed ODOT projects and related contributed capital from the state.

The McAlester Airport Authority enterprise fund reported an increase in net position, after transfers and capital contributions of $754,277 due primarily to completed projects and related contributed capital from governmental funds.

General Fund Budgetary Highlights

For the year ended June 30, 2025, the General Fund reported actual budgetary basis amounts available for appropriations below final estimates by $1,013,664 or a 4.7% negative variance. The majority of this variance was due to the collection of less tax revenues than budgeted and collection of less oil royalties than budgeted. General Fund actual expenditures were under final appropriations by $1,428,730 or an 6.8% positive variance. The majority of this variance was due to spending less than the amount budgeted in the Interdepartmental budget, Patrol budget, Information Services budget, Parks budget, Planning & Community Development budget, and Transfers to other funds by approximately $144,000, $107,000, $229,000, $146,000, $130,000, and $202,000 respectively.

CAPITAL AND SUBSCRIPTION ASSETS & DEBT ADMINISTRATION

Capital and Subscription Assets

At June 30, 2025, the City had approximately $103.9 million invested in capital assets including land, buildings, machinery and equipment, park facilities, water, sewer and stormwater systems, roads and bridges and subscription assets. After the effect of accumulated depreciation, this represents a net increase of $10,207,805 from last year.

Below are details regarding the City's capital assets for the years ended June 30, 2025 and 2024.[1]

The City of McAlester's Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	$ 1,769,637	$ 1,769,637	$ 212,571	$ 212,571	$ 1,982,208	$ 1,982,208
Buildings and Improvements	24,908,532	21,955,246	14,449,162	13,967,079	39,357,694	35,922,325
Machinery and Equipment	16,345,310	15,340,283	6,621,107	6,094,461	22,966,417	21,434,744
Infrastructure	82,114,629	82,114,629	-	-	82,114,629	82,114,629
Utility Property	-	-	79,869,539	61,922,997	79,869,539	61,922,997
Water rights contracts	-	-	719,075	719,075	719,075	719,075
Subscription Assets	178,440	178,440	226,801	-	405,241	178,440
Construction-in-progress	930,027	1,639,356	16,146,276	22,130,169	17,076,303	23,769,525
Totals	126,246,575	122,997,591	118,244,531	105,046,352	244,491,106	228,043,943
Less Depreciation & Amortization	(87,720,806)	(84,035,081)	(52,861,619)	(50,307,986)	(140,582,425)	(134,343,067)
Totals, Net	***$ 38,525,769***	***$ 38,962,510***	***$ 65,382,912***	***$ 54,738,366***	***$ 103,908,681***	***$ 93,700,876***

This year's more significant capital asset additions include $4,378,569 for DWSRF Project 1, $3,492,880 for DWSRF Project 2, $1,584,840 for DWSRF Project 3, $1,175,270 for DWSRF Project 4, $586,699 for DWSRF Project 5, $2,005,038 for DWSRF Project 6, $1,150,542 for DWSRF Project 8, $1,115,063 for DWSRF Project 11, $1,396,545 for DWSRF Project 12, $778,568 for Strong Avenue Sidewalk Project, $448,253 for Mullen Park Splash Pad Phase 1, $373,183 for Parker Trail Phase 1, $877,385 for Traffic Signals, $250,173 for West Wastewater Plant Generator, $535,700 for Valve Replacement Project, and $211,028 for Airport Parking Lot.

[1] For more detailed information on capital asset activity please refer to page 47-48, Note 5. Capital Assets and Depreciation

Debt Administration

At year-end, the City had $60.1 million in long-term debt outstanding, which represents a $1,093,669 increase from the prior year. [2]

The City of McAlester’s Long-term Debt

	Governmental Activities		Business-type Activities		Totals	
	2025	* 2024	2025	* 2024	2025	* 2024
Claims liability	$ 405,673	$ 985,363	$ -	$ -	$ 405,673	$ 985,363
Accrued compensation	3,348,917	2,542,943	382,376	284,129	3,731,293	2,827,072
Notes Payable	128,498	312,158	20,919,674	16,866,280	21,048,172	17,178,438
Revenue Bonds Payable	28,474,609	31,866,085	-	-	28,474,609	31,866,085
Landfill Closure and Post-Closure	-	-	5,632,052	5,501,951	5,632,052	5,501,951
SBITA Obligation Payable	61,417	120,876	208,341	-	269,758	120,876
Deposits subject to refund	-	-	590,979	579,082	590,979	579,082
Totals	**$ 32,419,114**	**$ 35,827,425**	**$ 27,733,422**	**$ 23,231,442**	**$ 60,152,536**	**$ 59,058,867**

* Prior year was not restated for the impact of the implementation of GASB 101 or error corrections.

The 2002 Revenue Bonds contain $746,818, $704,610, $664,799, and $920,949 (par value) of capital appreciation bonds. The accreted value of the first three bonds is $3,930,000 each, and will require three separate $3,930,000 payments maturing February 1, 2031, February 1, 2032 and February 1, 2033. The fourth bond will mature on February 1, 2034 and require a payment of $5,770,000. No payments are required to be made on these bonds until maturity.

ECONOMIC OUTLOOK

The City of McAlester serves as the principal economic center of Pittsburg County and the broader southeast Oklahoma region. The estimated 2024 population is 18,108, with an additional 45,000 residents located within a 35-mile trade radius. McAlester’s economy is diversified across government, healthcare, manufacturing, retail trade, tourism, and industrial sectors and continues to function as the region’s primary provider of employment, medical services, and retail activity. McAlester maintains a cost of living approximately 12.2% below the national average, which supports both residential affordability and business operating advantages. Our long-term focus remains centered on economic vitality, with initiatives aimed at attracting and retaining businesses, building regional partnerships, and expanding the local sales tax base.

Local employment is supported by several major institutions, including the McAlester Army Ammunition Plant (MCAAP), McAlester Regional Health Center, Oklahoma State Penitentiary, The Choctaw Nation, and various national retailers operating within the city. According to recent employer data, MCAAP remains the largest regional employer with approximately 1,663 employees. MCAAP plays a vital role in the local economy, contributing significantly to the community's sales tax base. The plant's mission includes receiving, storing, shipping, producing, and renovating munitions for the U.S. Army, ensuring its continued impact on regional growth. The City continues to see incremental expansion in the retail sector, supported by ongoing development at The Shops at McAlester and by new commercial additions including McAlister’s Deli & Jersey Mike’s.

[2] For more detailed information on long-term debt activity please refer to page 49-55, Note 6. Long-Term Debt and Debt Service Requirements

Industrial and infrastructure development also advanced during the year. Significant projects include the construction of a new terminal at the McAlester Regional Airport, continued improvements within the Steven Taylor Industrial Park, and additional industrial interest driven by enhanced rail access and the region's transportation network. The establishment of Tax Increment Financing District No. 2 (Mid-McAlester TIF) supports long-term reinvestment and redevelopment initiatives, as well as new projects for mixed-use and residential developments. The recently opened Amazon Last-Mile Logistics Facility is expected to generate additional employment and strengthen distribution-related economic activity upon completion.

Overall, McAlester's economic position remains steady, supported by consistent employment levels, a diversified economic base, and ongoing investment in commercial, industrial, and public infrastructure.
receiving, storing, shipping, producing, and renovating munitions for the U.S. Army, ensuring its continued impact on regional growth.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at 1st and Washington, McAlester, Oklahoma or phone at (918) 423-9300.

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BASIC FINANCIAL STATEMENTS

Government-Wide Statement of Net Position– June 30, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	McAlester Regional Health Center Authority	McAlester Parking Authority
ASSETS					
Cash and cash equivalents	$ 23,857,217	$ 7,040,693	$ 30,897,910	$ 11,182,679	$ 49,481
Investments	1,097,430	90,087	1,187,517	5,465,366	-
Accounts receivable, net of allowance	1,421,554	1,909,045	3,330,599	12,578,843	-
Franchise tax receivable	56,571	-	56,571	-	-
Ambulance receivable, net of allowance	63,855	-	63,855	-	-
Court fines receivable, net of allowance	756,641	-	756,641	-	-
Due from other governments	5,614,438	53,142	5,667,580	-	-
Prepaid items	-	-	-	1,408,405	-
Other receivables	155,027	-	155,027	243,886	-
Internal balances	(67,700)	67,700	-	-	-
Inventory	-	-	-	2,575,155	-
Investment in joint venture	-	2,393,025	2,393,025	5,562,330	-
Lease receivable	204,519	-	204,519	-	-
Assets held for sale	-	-	-	4,580	-
Capital assets:					
Land, improvements, and construction in progress	2,699,664	17,077,922	19,777,586	1,852,551	-
Other capital assets, net of depreciation	35,826,105	48,304,990	84,131,095	33,775,848	-
Total assets	71,685,321	76,936,604	148,621,925	74,649,643	49,481
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred amounts related to pensions	4,499,729	177,218	4,676,947	-	-
Deferred amount on refunding	191,298	-	191,298	-	-
Total deferred outflows of resources	4,691,027	177,218	4,868,245	-	-
LIABILITIES:					
Accounts payable	1,828,133	2,086,457	3,914,590	16,813,319	427
Accrued payroll liabilities	404,254	70,855	475,109	5,751,792	-
Accrued interest payable	529,078	109,279	638,357	-	-
Estimated amounts due to third-party payers	-	-	-	782,804	-
Due to other governments	-	168	168	-	-
Due to bondholders	15,133	-	15,133	-	-
Unearned revenue	107,574	95,251	202,825	-	60
Liabilities held for sale	-	-	-	2,486,101	-
Long-term liabilities:					
Due within one year	4,802,509	2,044,752	6,847,261	7,096,543	-
Due in more than one year	38,875,397	26,182,917	65,058,314	2,747,708	-
Total liabilities	46,562,078	30,589,679	77,151,757	35,678,267	487
DEFERRED INFLOWS OF RESOURCES:					
Deferred amounts related to leases	250,236	-	250,236	105,081	-
Deferred amounts related to pensions	1,166,105	128,873	1,294,978	-	-
Total deferred inflows of resources	1,416,341	128,873	1,545,214	105,081	-
NET POSITION:					
Net investment in capital assets	10,052,543	44,254,897	54,307,440	29,550,777	-
Restricted for emergencies	1,882,145	-	1,882,145	-	-
Restricted for economic development-bonds	800,000	-	800,000	-	-
Restricted for economic development	103,472	-	103,472	-	-
Restricted for E911	284,592	-	284,592	-	-
Restricted for debt service	8,342,022	-	8,342,022	-	-
Restricted for stormwater	3,968,350	-	3,968,350	-	-
Restricted for other	4,828,554	-	4,828,554	3,766,629	-
Unrestricted (deficit)	(1,863,749)	2,140,373	276,624	5,548,889	48,994
Total net position	$ 28,397,929	$ 46,395,270	$ 74,793,199	$ 38,866,295	$ 48,994

See accompanying notes to the basic financial statements.

Government-Wide Statement of Activities –Year Ended June 30, 2025

					Net (Expense) Revenue and Changes in Net Position				
		Program Revenue			Primary Government			Component Units	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**McAlester Regional Health Center Authority**	**McAlester Parking Authority**
Primary government									
Governmental Activities									
Legislature	$ 441,959	$ -	$ -	$ -	$ (441,959)	$ -	$ (441,959)	$ -	$ -
Administration	5,554,317	255,330	33,713	108,198	(5,157,076)	-	(5,157,076)	-	-
Public safety	12,375,005	3,640,695	1,508,703	20,993	(7,204,614)	-	(7,204,614)	-	-
Community services	2,692,383	155,142	53,936	536,299	(1,947,006)	-	(1,947,006)	-	-
Administration services	1,174,760	219,646	-	-	(955,114)	-	(955,114)	-	-
Health and welfare	293,431	-	52,434	-	(240,997)	-	(240,997)	-	-
Public Works	3,861,011	8,542	285,964	719,177	(2,847,328)	-	(2,847,328)	-	-
Economic development	398,656	-	221,806	82,548	(94,302)	-	(94,302)	-	-
Stormwater	5,482	1,225,304	542,843	-	1,762,665	-	1,762,665	-	-
Hospital (payment to component unit)	563,580	-	-	-	(563,580)	-	(563,580)	-	-
Interest on long-term debt	1,449,514	-	-	-	(1,449,514)	-	(1,449,514)	-	-
Total governmental activities	28,810,098	5,504,659	2,699,399	1,467,215	(19,138,825)	-	(19,138,825)	-	-
Business-type activities:									
Water	4,711,054	6,156,854	-	3,059,895	-	4,505,695	4,505,695	-	-
Sewer	3,441,260	2,741,684	-	832,164	-	132,588	132,588	-	-
Sanitation	2,776,831	3,787,792	-	-	-	1,010,961	1,010,961	-	-
Airport	974,522	583,807	-	714,644	-	323,929	323,929	-	-
Total business-type activities	11,903,667	13,270,137	-	4,606,703	-	5,973,173	5,973,173	-	-
Total primary government	40,713,765	18,774,796	2,699,399	6,073,918	(19,138,825)	5,973,173	(13,165,652)	-	-
Component Units:									
Parking	$ 11,549	$ 2,120	-	-					$ (9,429)
Hospital	109,095,997	96,015,116	728,570	-				$ (12,352,311)	
Total component units	$ 109,107,546	$96,017,236	$ 728,570	$ -				$ (12,352,311)	$ (9,429)
General revenues:									
Taxes:									
Sales and use taxes					$ 19,830,847	$ -	$ 19,830,847	$ -	$ -
Franchise and public service taxes					666,121	-	666,121	-	-
Hotel/motel taxes					746,547	-	746,547	-	-
E-911 taxes					652,568	-	652,568	-	-
Sales tax increment					1,526,565	-	1,526,565	-	-
Intergovernmental revenue not restricted to specific programs					435,944	-	435,944	-	-
Investment income					855,671	252,012	1,107,683	982,450	-
Miscellaneous					845,441	309,139	1,154,580	2,702,994	-
Payments from primary government					-	-	-	563,580	-
Transfers - internal activity					(338,814)	338,814	-	-	-
Total general revenues and transfers					25,220,890	899,965	26,120,855	4,249,024	-
Change in net position					6,082,065	6,873,138	12,955,203	(8,103,287)	(9,429)
Net position - beginning, as previously reported					24,176,527	39,602,548	63,779,075	46,969,582	58,423
Restatement (See Note 7.)					(1,860,663)	(80,416)	(1,941,079)	-	-
Net position - beginning, as restated					22,315,864	39,522,132	61,837,996	46,969,582	58,423
Net position - ending					$ 28,397,929	$46,395,270	$ 74,793,199	$ 38,866,295	$ 48,994

See accompanying notes to the basic financial statements.

Governmental Funds Balance Sheet - June 30, 2025

		Special Revenue	Debt Service			
	General Fund	Reserve Fund	Dedicated Sales Tax - MPWA	Bond Trustee Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 1,545,760	$ 1,958,827	$ 767,284	$ 6,153,193	$ 13,321,055	$ 23,746,119
Investments	90,087	-	-	-	1,007,343	1,097,430
Receivables:						
Accounts receivable, net of allowance	-	-	-	-	254,875	254,875
Due from other funds	4,840	-	-	-	800,000	804,840
Due from other governments	1,601,435	-	575,825	-	3,437,178	5,614,438
Franchise tax receivable	56,571	-	-	-	-	56,571
Court fines receivable, net of allowance	756,641	-	-	-	-	756,641
Ambulance receivable, net of allowance	63,855	-	-	-	-	63,855
Other receivables	14,612	-	-	-	1,307,094	1,321,706
Lease receivable	-	-	-	-	204,519	204,519
Total assets	$ 4,133,801	$ 1,958,827	$ 1,343,109	$ 6,153,193	$ 20,332,064	$ 33,920,994
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 216,348	$ -	$ 1,500	$ -	$ 1,608,653	$ 1,826,501
Accrued payroll liabilities	369,888	-	-	-	22,473	392,361
Due to other funds	1,230,935	-	-	-	4,840	1,235,775
Unearned revenue	4,102	-	-	-	103,472	107,574
Due to bondholders	15,133	-	-	-	-	15,133
Total liabilities	1,836,406	-	1,500	-	1,739,438	3,577,344
Deferred Inflows of Resources:						
Deferred Inflows-Leases	-	-	-	-	250,236	250,236
Unavailable revenue	777,415	-	-	-	2,548,856	3,326,271
Total deferred inflows of resources	777,415	-	-	-	2,799,092	3,576,507
Fund balances:						
Restricted	-	1,882,145	1,341,609	6,153,193	10,832,188	20,209,135
Assigned	695,515	76,682	-	-	5,643,563	6,415,760
Unassigned	824,465	-	-	-	(682,217)	142,248
Total fund balances	1,519,980	1,958,827	1,341,609	6,153,193	15,793,534	26,767,143
Total liabilities, deferred inflows and fund balances	$ 4,133,801	$ 1,958,827	$ 1,343,109	$ 6,153,193	$ 20,332,064	$ 33,920,994

See accompanying notes to the basic financial statements.

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	$	26,767,143
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds, net of accumulated depreciation/amortization of $87,720,806		38,525,769
Certain other long-term assets and deferred outflows are not available to pay current period expenditures and therefore are deferred or not reported in the funds:		
Grants receivable		1,281,409
Court fines receivable, net of allowance for doubtful accounts $2,269,921		725,886
Ambulance receivable, net of allowance for doubtful accounts $636,409		14,837
Accounts receivable, net of allowance for doubtful accounts $447,132		137,460
Pension related deferred outflows		4,499,729
Deferred outflow on refunding		191,298
Opioid receivable		1,166,679
		8,017,298
Certain long-term liabilities and related accounts, are not due and payable from current financial resources and therefore, they, along with deferred inflows, are not reported in the funds:		
Accrued interest payable		(529,078)
Notes payable		(128,498)
Revenue bonds payable		(28,474,609)
SBITA obligation payable		(61,417)
Accrued compensated absences		(3,293,782)
Net pension liability		(11,258,792)
Pension related deferred inflows		(1,166,105)
		(44,912,281)
Net Position of Governmental Activities in the Statement of Net Position	$	28,397,929

See accompanying notes to the basic financial statements.

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2025

		Special Revenue	Debt Service			
	General Fund	Reserve Fund	Dedicated Sales Tax - MPWA	Bond Trustee Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 13,079,064	$ -	$4,472,235	$ -	$ 5,871,349	$ 23,422,648
Intergovernmental	2,127,285	-	-	-	4,218,603	6,345,888
Charges for services	1,859,259	-	-	-	1,615,745	3,475,004
Fines and forfeitures	458,201	-	-	-	-	458,201
Licenses and permits	146,263	-	-	-	-	146,263
Investment earnings	321,389	76,682	30,474	231,080	196,046	855,671
Miscellaneous	161,142	-	-	-	1,262,571	1,423,713
Total revenues	18,152,603	76,682	4,502,709	231,080	13,164,314	36,127,388
EXPENDITURES						
Current:						
Legislature	441,920	-	-	-	-	441,920
Administration	5,414,991	-	5,000	-	38,143	5,458,134
Public safety	9,334,598	-	-	-	864,998	10,199,596
Community services	1,656,663	-	-	-	563,580	2,220,243
Administrative services	759,884	-	-	-	425,678	1,185,562
Health and welfare	300,195	-	-	-	-	300,195
Public works	1,220,073	-	-	-	-	1,220,073
Economic development	-	-	-	-	399,552	399,552
Payment to MRHC-Cancer Center	-	-	-	-	563,580	563,580
Capital Outlay	164,686	-	-	-	9,500,812	9,665,498
Debt Service:						
Principal	59,459	-	-	4,040,000	183,660	4,283,119
Interest and other charges	3,980	-	-	746,017	2,759	752,756
Total expenditures	19,356,449	-	5,000	4,786,017	12,542,762	36,690,228
Excess (deficiency) of revenues over (under) expenditures	(1,203,846)	76,682	4,497,709	(4,554,937)	621,552	(562,840)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,986,997	-	52,342	4,586,454	3,051,166	9,676,959
Transfers out	(891,895)	-	(4,586,454)	-	(1,802,788)	(7,281,137)
Gain on sale of lease	-	-	-	-	236,586	236,586
Total other financing sources and uses	1,095,102	-	(4,534,112)	4,586,454	1,484,964	2,632,408
Net change in fund balances	(108,744)	76,682	(36,403)	31,517	2,106,516	2,069,568
Fund balances - beginning	1,628,724	1,882,145	1,378,012	6,121,676	13,687,018	24,697,575
Fund balances - ending	$ 1,519,980	$ 1,958,827	$1,341,609	$ 6,153,193	$ 15,793,534	$ 26,767,143

See accompanying notes to the basic financial statements.

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Net change in fund balances - total governmental funds:	$	2,069,568
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized		9,361,145
Gain on disposals of assets		56,647
Capital assets purchased for business-type activities		(6,649,936)
Capital assets contributed		738,177
Depreciation expense		(3,942,774)
		(436,741)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Change in unavailable revenue		2,227,522
		2,227,522
In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures.		(1,555,158)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:		
Revenue bond principal payments		4,040,000
Accretion of capital appreciation revenue bonds		(648,524)
SBITA obligations payable principal payments		59,459
Notes payable principal payments		183,660
		3,634,595
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in accrued interest expense		45,847
Amortization of deferred outflow on refunding		(94,081)
Change in accrued compensated absences expenses		190,513
		142,279
Change in net position of governmental activities	$	6,082,065

See accompanying notes to the basic financial statements.

Proprietary Funds Statement of Net Position - June 30, 2025

	Enterprise Funds			
	McAlester Public Works Authority	McAlester Airport Authority	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	$ 5,616,988	$ 832,726	$ 6,449,714	$ 111,098
Restricted cash and cash equivalents	590,979	-	590,979	-
Investments	90,087	-	90,087	-
Due from other funds	67,700	-	67,700	430,935
Accounts receivable, net	1,897,540	11,505	1,909,045	-
Due from other governments	-	53,142	53,142	-
Total current assets	8,263,294	897,373	9,160,667	542,033
Noncurrent assets:				
Investment in joint venture	2,393,025	-	2,393,025	-
Capital assets:				
Land and other non-depreciable assets	14,369,147	2,708,775	17,077,922	-
Other capital assets, net of depreciation	42,220,189	6,084,801	48,304,990	-
Total noncurrent assets	58,982,361	8,793,576	67,775,937	-
Total assets	67,245,655	9,690,949	76,936,604	542,033
DEFERRED OUTFLOW OF RESOURCES				
Deferred amounts related to pensions	168,892	8,326	177,218	-
LIABILITIES				
Current liabilities:				
Accounts payable	2,013,790	72,667	2,086,457	6,179
Accrued payroll liabilities	65,661	5,194	70,855	7,346
Due to other funds	-	-	-	67,700
Due to other governments	168	-	168	-
Interest payable	109,279	-	109,279	-
Unearned revenue	95,251	-	95,251	-
Claims liability	-	-	-	40,567
Due to depositors	118,196	-	118,196	-
Notes payable	1,174,297	701,839	1,876,136	-
SBITA obligation	12,183	-	12,183	-
Accrued compensated absences	37,107	1,130	38,237	5,514
Total current liabilities	3,625,932	780,830	4,406,762	127,306
Noncurrent liabilities:				
Claims liability	-	-	-	365,106
Landfill closure and postclosure liability	5,632,052	-	5,632,052	-
Due to depositors	472,783	-	472,783	-
Notes payable	19,043,538	-	19,043,538	-
SBITA obligation	196,158	-	196,158	-
Accrued compensated absences	333,965	10,174	344,139	49,621
Net pension liability	471,026	23,221	494,247	-
Total non-current liabilities	26,149,522	33,395	26,182,917	414,727
Total liabilities	29,775,454	814,225	30,589,679	542,033
DEFERRED INFLOW OF RESOURCES				
Deferred amounts related to pensions	122,818	6,055	128,873	-
NET POSITION				
Net investment in capital assets	36,163,160	8,091,737	44,254,897	-
Unrestricted	1,353,115	787,258	2,140,373	-
Total net position	$ 37,516,275	$ 8,878,995	$ 46,395,270	$ -

See accompanying notes to the basic financial statements.

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2025

	Enterprise Funds			
	McAlester Public Works Authority	McAlester Airport Authority	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services:				
Water	$ 3,653,590	$ -	$ 3,653,590	$ -
Sewer	2,594,672	-	2,594,672	-
Sanitation	3,385,733	-	3,385,733	-
Water taps	14,520	-	14,520	-
Sewer taps	6,500	-	6,500	-
Water districts	2,290,888	-	2,290,888	-
Landfill	2,385	-	2,385	-
Penalties	300,286	-	300,286	-
Recycle fees	38,082	-	38,082	-
Subtitle "D" fees	399,674	-	399,674	-
Airport rents and fees	-	97,581	97,581	-
Aviation fuel sales	-	486,226	486,226	-
Self insurance charges	-	-	-	846,434
Miscellaneous	-	-	-	13,643
Total operating revenues	12,686,330	583,807	13,270,137	860,077
OPERATING EXPENSES				
Utility office	562,728	-	562,728	-
Interdepartmental	793,678	-	793,678	-
Sanitation	2,516,735	-	2,516,735	-
Engineering	272,961	-	272,961	-
Sewer	1,065,072	-	1,065,072	-
Water	1,291,872	-	1,291,872	-
Utility maintenance	1,367,729	-	1,367,729	-
Landfill	395,560	-	395,560	-
Airport	-	650,932	650,932	-
Fleet maintenance	-	-	-	689,967
Claims expense	-	-	-	158,509
Depreciation and amortization expense	2,247,139	306,493	2,553,632	-
Total operating expenses	10,513,474	957,425	11,470,899	848,476
Operating income (loss)	2,172,856	(373,618)	1,799,238	11,601
NON-OPERATING REVENUES (EXPENSES)				
Investment income	252,012	-	252,012	-
Interest expense and fiscal charges	(368,915)	(17,097)	(386,012)	-
Miscellaneous revenue	308,299	840	309,139	-
Gain on joint venture	139,503	-	139,503	-
Total non-operating revenue (expenses)	330,899	(16,257)	314,642	-
Income (loss) before contributions and transfers	2,503,755	(389,875)	2,113,880	11,601
Capital contributions	6,414,166	740,914	7,155,080	-
Transfers in	1,565,076	403,238	1,968,314	-
Transfers out	(4,364,136)	-	(4,364,136)	-
Change in net position	6,118,861	754,277	6,873,138	11,601
Total net position - beginning, as previously reported	31,475,337	8,127,211	39,602,548	-
Restatement (see Note 7)	(77,923)	(2,493)	(80,416)	(11,601)
Total net position - beginning, restated	31,397,414	8,124,718	39,522,132	(11,601)
Total net position - ending	$ 37,516,275	$ 8,878,995	$ 46,395,270	$ -

See accompanying notes to the basic financial statements.

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2025

	Enterprise Funds			
	McAlester Public Works Authority	McAlester Airport Authority	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$12,641,261	$ 581,549	$ 13,222,810	$ -
Payments to suppliers	(5,149,894)	(520,528)	(5,670,422)	(1,045,903)
Payments to employees	(3,038,446)	(246,536)	(3,284,982)	(349,964)
Receipts of customer meter deposits	98,201	-	98,201	-
Refunds of customer meter deposits	(86,304)	-	(86,304)	-
Other receipts (payments)	315,343	-	315,343	1,439,767
Net Cash Provided by (Used in) Operating Activities	4,780,161	(185,515)	4,594,646	43,900
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	1,565,076	403,238	1,968,314	-
Transfers to other funds	(4,364,136)	-	(4,364,136)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	(2,799,060)	403,238	(2,395,822)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(5,574,954)	(973,288)	(6,548,242)	-
Proceeds from capital grant	-	505,144	505,144	-
Proceeds from issuance of debt	4,794,008	725,000	5,519,008	-
Principal paid on capital debt	(1,234,112)	(23,161)	(1,257,273)	-
Interest paid on capital debt	(349,425)	(17,097)	(366,522)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(2,364,483)	216,598	(2,147,885)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (Purchase) of investments	77,699	-	77,699	-
Interest and dividends	252,012	-	252,012	-
Net Cash Provided by Investing Activities	329,711	-	329,711	-
Net Increase (Decrease) in Cash and Cash Equivalents	(53,671)	434,321	380,650	43,900
Balances - beginning of the year	6,261,638	398,405	6,660,043	67,198
Balances - end of the year	$ 6,207,967	$ 832,726	$ 7,040,693	$ 111,098
Reconciliation to Statement of Net Assets:				
Cash and cash equivalents	$ 5,616,988	$ 832,726	$ 6,449,714	$ 111,098
Restricted cash and cash equivalents	590,979	-	590,979	-
Noncurrent restricted cash and cash equivalents	-	-	-	-
	$ 6,207,967	$ 832,726	$ 7,040,693	$ 111,098
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 2,172,856	$ (373,618)	$ 1,799,238	$ 11,601
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation and amortization expense	2,247,139	306,493	2,553,632	-
Other non-operating revenues (expenses)	447,802	840	448,642	-
Change in assets, liabilities and deferrals:				
Receivables, net	(44,040)	(3,098)	(47,138)	-
Unearned revenue	(1,029)	-	(1,029)	-
Due from other funds	(132,459)	-	(132,459)	579,690
Due from other governments	-	137,520	137,520	
Investment in joint venture	(140,503)	-	(140,503)	-
Accounts payables	169,573	(248,624)	(79,051)	1,125
Customer meter deposits payable	11,897	-	11,897	-
Payable to other governments	(4,565)	-	(4,565)	-
Deferred amounts related to pensions	317,138	14,372	331,510	-
Landfill closure liability	130,101	-	130,101	-
Claims liability	-	-	-	(579,690)
Net pension liability	(407,933)	(20,110)	(428,043)	-
Accrued payroll liabilities	(3,413)	476	(2,937)	(245)
Accrued compensated absences	17,597	234	17,831	31,419
Net Cash Provided by (Used in) Operating Activities	$ 4,780,161	$ (185,515)	$ 4,594,646	$ 43,900
Noncash activities:				
Capital assets contributed from governmental funds	$ 6,414,166	$ 235,770	$ 6,649,936	$ -

See accompanying notes to the basic financial statements.

Statement of Fiduciary Net Position – Pension Trust Fund - June 30, 2025

	Defined Benefit Retirement Plan and Trust Fund
ASSETS	
Cash and cash equivalents	$ 528,438
Investments:	
Corporate bonds	589,852
Exchange-traded closed-end funds	1,541,025
Mortgage and asset backed securities	399,349
Government treasury securities	362,325
Mutual funds	11,134,768
Interest receivable	12,054
Total assets	14,567,811
LIABILITIES	
Accounts payable	2,226
NET POSITION	
Net position restricted for pensions	$ 14,565,585

Statement of Changes in Fiduciary Net Position – Pension Trust Fund - Year Ended June 30, 2025

	Defined Benefit Retirement Plan and Trust Fund
ADDITIONS	
Contributions:	
Employer	$ 496,627
Total contributions	496,627
Investment income:	
Interest income	962,178
Realized and unrealized net gain on investments	590,426
Investment expenses	(89,397)
Net investment income	1,463,207
Total additions	1,959,834
DEDUCTIONS	
Benefits paid to participants or beneficiaries	1,243,876
Total deductions	1,243,876
Change in net position restricted for pensions	715,958
Net position - beginning	13,849,627
Net position - ending	$ 14,565,585

See accompanying notes to the basic financial statements.

Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of McAlester), four blended component units, and two discretely presented component units as noted below.

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

The City of McAlester – operates the public safety, health and welfare, streets and highways, parks and recreation, stormwater and administrative activities.

The City of McAlester is an incorporated municipality with a population of approximately 18,110 located in southeast Oklahoma. The City operates under the Council-Manager form of government and operates under a charter that provides for three branches of government:

- Legislative – the City Council is a seven-member governing body. Mayor is elected by the citizens at large and other six members are elected by ward.
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Manager, confirmed by the City Council.

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

Component Units:

Because the component units are financially accountable to the City, the City's governing body serves as the trustees for these public trusts, and they are all managed by the same management team of the City, when active, the following component units are blended into the City's primary government presentation as funds of the primary government for reporting purposes:

The McAlester Public Works Authority – operates the water, wastewater, and sanitation/landfill activities of the City, with the McAlester City Council serving as trustees of the Authority.

The McAlester Airport Authority – develops and operates the airport with the McAlester City Council serving as trustees of the Authority.

The McAlester National Defense & Industrial Development Authority – promotes the development of industry and culture and industrial, manufacturing, cultural and education activities, with the McAlester City Council serving as trustees of the Authority. This trust would be reported as a blended component unit, but currently has no financial activity.

The McAlester Economic Development Authority – an inactive trust that promotes economic development and growth, with the McAlester City Council serving as trustees of the Authority. This trust would be reported as a blended component unit, but currently has no financial activity.

Component units that are discretely presented in the City's report in a separate column are presented below:

The McAlester Regional Health Center Authority – operates to finance and develop the health center facilities of the City. The MRHCA governing body is appointed by the current City Council. This city has both a financial benefit/burden relationship and is able to impose its will on the Authority, and the Authority does not meet any of the criteria for blending. Separate audited component unit financial statements are issued by the Regional Health Center Authority and may be obtained at their administrative offices.

The McAlester Parking Authority (MPA) – operates to furnish and supply public off-street parking services and facilities. The MPA governing body is appointed by the current City Council. This city has both a financial benefit/burden relationship and is able to impose its will on the Authority, and the Authority does not meet any of the criteria for blending. The MPA does not issue separate audited component unit financial statements.

All 6 of the above 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. In accordance with state law, all debt obligations incurred by public trusts require 2/3 approval by the City Council. In addition, the City may have also leased certain existing assets at the creation of the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

Joint Venture:

Association for Landfill Financial Assurance (ALFA) – A non-profit Oklahoma corporation organized for the exclusive benefit of cities, towns, counties, solid waste districts and public trusts within the State of Oklahoma that own and/or operate municipal solid waste landfills within the jurisdiction of the State of Oklahoma, including the making and management of investments on behalf of such public entities in order to provide the financial assurances as required by Subtitle D of the Resource Conservation and Recovery Act of 1976.

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statements of net position and activities are reported on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used. In accordance with the economic resources measurement focus, all assets and liabilities, both current and noncurrent are reported, along with any related deferred outflows and deferred inflows.

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

- Administration – oil and gas leases, rent, hotel/motel charges for services, and capital and operating grants and contributions
- Public safety – Fire and Police – fines and forfeitures, fire run charges, ambulance revenue, and capital and operating grants and contributions
- Community services – cemetery openings and closings, swimming pool revenues, complex concessions and rentals, and capital and operating grants and contributions
- Administration services – abatements and licenses and permits
- Health and welfare – nutrition operating grant
- Public works – gas excise and vehicle tax shared by the State, street cuts and capital grants and contributions
- Economic development – capital and operating grants and contributions
- Stormwater – stormwater fees

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

Governmental Funds:

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

Major Funds:

- General Fund – accounts for general operations of the City including: public safety, parks, public facilities, and street maintenance.

- Reserve Fund – special revenue fund that maintains 10% of the total operating budget including capital improvements to be used for emergencies as determined by council.

- Dedicated Sales Tax MPWA – debt service fund that accounts for revenue received from a sales tax (one-cent) approved by the voters to be used for financing debt related to capital improvements.

- Bond Trustee Fund – debt service fund that accounts for transfers received from other funds to be used for financing non-business-type activity revenue bond debt.

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

Special Revenue Funds:

- Juvenile Fine Fund – accounts for revenues from fines restricted by state for juvenile programs.
- Tourism Fund – accounts for revenues of a hotel/motel tax levy and rentals/concessions to be expended for promotion of tourism.
- E-911 Fund – accounts for E-911 revenues legally restricted for E-911 services.

- Gifts & Contributions Fund – accounts for revenues and expenditures of donor restricted monies.
- Stormwater Fund – accounts for revenues of a stormwater fee to be expended solely for stormwater projects.
- Economic Development Fund – accounts for revenue received from a sales tax (1/4 of one-cent) approved by the voters, rental income, and grants to be used for financing debt related to economic development and for future economic development projects. The 1/4 of one-cent sales tax ended July 1, 2018.
- MRHC-Cancer Center Fund – accounts for revenue received from a sales tax (1/8 of one-cent) approved by the voters to be used for constructing a cancer treatment center.
- Child Abuse Response Fund – accounts for revenues from fines restricted for child abuse programs.

Capital Project Funds:

- Police Grant Fund – accounts for revenues and capital expenditures related to Local Law Enforcement Block Grants.
- State Forfeiture Fund – accounts for revenues received from state drug forfeitures restricted for equipment purchases.
- Cemetery Perpetual Care – accounts for 12.5% of all cemetery revenues which are legally restricted for cemetery capital outlay.
- CDBG Grants Fund – accounts for revenues and capital expenditures related to CDBG grants.
- Federal Forfeiture Fund – Accounts for revenues received from federal drug forfeitures restricted for equipment purchases.
- Fire Improvement Grant Fund – accounts for revenues and capital expenditures related to fire grants.
- Capital Improvement Plan Fund – capital project fund that accounts for monies initially set aside by City Council for repayment of previously determined unsupportable bond activity.
- Technology Fund – accounts for revenues received from a technology fee, one-half of which is restricted for technology capital purchases and upgrades.
- Infrastructure Fund – accounts for revenues received from a sales tax (1/2 of one-cent) approved by the voters and a technology fee, one-half of which is restricted for funding repairs, maintenance, construction and improvements to City infrastructure, including but not limited to capital improvements to water and sewer infrastructure, streets, roadways, and other public facilities.
- American Rescue Plan Fund – capital project fund that accounts for revenues and capital expenditures related to ARPA grants.
- Police Equipment Fund – accounts for revenues received for court fees restricted for police capital expenditures.

Debt Service Funds:

- Sales Tax Schools Fund – accounts for revenue received from sales tax (1/4 of one-cent through 7-1-18, 1/8 of one-cent effective 10-1-18) approved by the voters to be used for acquisition and financing of a new early childhood center & safe rooms at the school.
- Sinking Fund – accounts for revenue received from property tax to be used for payment of judgments added to the tax rolls.

- OWRB Debt Service Fund – accounts for revenue received from sales tax (1/4 of one-cent effective 4-1-22) approved by the voters to be used for financing of a waterline improvement project through OWRB.

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

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

Proprietary Funds:

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-type activities provided within the government. Proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability.

The City's enterprise funds include the following major funds:

- McAlester Public Works Authority Fund - that accounts for the activities of the McAlester Public Works Authority public trust in providing water, sewer, and sanitation services to the public.

- McAlester Airport Authority Fund - that currently accounts for airport fees and grants used in providing airport services.

The City's internal service funds include the following:

- Worker's Compensation Fund – that accounts for the activities of providing worker's compensation to the employees of the City.
- FLEET Maintenance Fund – that accounts for the activities of providing FLEET maintenance to the City.

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

Fiduciary Fund:

The City has one fiduciary fund - the City of McAlester Defined Benefit Retirement Plan and Trust Fund. The pension trust fund accounts for retirement contributions and investment income for the direct benefit of employees other than those employees covered by the statewide fire and police cost-sharing pension plans, or those covered by the City's defined contribution agent multi-employer OMRF pension plan. The pension trust fund is reported on the accrual basis of accounting and economic resources measurement focus.

C. 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, certificates of deposit, and short-term investments with an original maturity of three-months or less, and money market investments. Investments consist of long-term time deposits, and U.S. agency bonds and notes. Certificates of deposit are reported at cost while investments in the U.S. agency bonds and notes and other marketable investments are reported at fair value.

D. Inventories

Inventories of goods and supplies on hand at year end are not material for the primary government. Therefore, purchases of inventory type items are recorded as expenditures or expenses at the time purchased, and no balances for such inventories on hand are reported.

For the Regional Health Center Authority component unit reported inventories are reported on the lower of cost (first-in, first-out) or market.

E. Capital Assets and Depreciation

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund type or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. In the government-wide and proprietary fund financial statements, property, plant and equipment are accounted for as capital assets, net of accumulated depreciation where applicable. In the governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures and not reported as capital assets.

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. A capitalization threshold of $2,500 is used for additions, other than land, to report capital assets. Capital assets are reported at actual or estimated historical cost. Prior to July 1, 2001, governmental activities' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost. Donated assets are recorded at their acquisition value at the date of donation.
Depreciable capital assets are depreciated on a straight-line basis over useful lives. The range of estimated useful lives by type of asset is as follows:

• Buildings	20 – 100 years
• Improvements other than buildings	20 - 100 years
• Equipment and vehicles	3 - 25 years
• Infrastructure	15 - 50 years

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

F. Long-Term Debt

Accounting treatment of long-term debt varies depending upon the source of repayment and the measurement focus applied and whether the debt is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental activities, business-type activities, proprietary fund and component unit resources are reported as liabilities as incurred. The long-term debt consists primarily of accrued compensated absences, capital leases payable, and revenue bonds payable. This long-term debt is reported net of unamortized premiums and discounts.

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

G. Compensated Absences

Under terms of union contracts and City personnel policies, City employees are granted comp time, vacation, sick and holiday leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation, comp time, holiday and sick leave at a 1:3 rate. The estimated liabilities for vested benefits also include salary-related payments such as employment taxes. Compensated absences are reported as accrued in the government-wide, proprietary, fiduciary and component unit financial statements. Governmental funds report only the matured compensated absences payable to currently terminating or retiring employees.

H. Deferred Outflow/Inflows of Resources:

In addition to assets, the statement of net 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 assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditure) until then. The government only has two items that qualify for reporting in this category. The City reports deferred outflows related to pensions and debt refunding.

In addition to liabilities, the financial statements 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 assets that applies to a future period(s) and will not be recognized as in inflow of resources (revenues) until that time. The governmental funds report unavailable revenues from court fines, technology and infrastructure fees, ambulance, and grants, and also reports deferred amount related to leases receivable. For all of these except leases, these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government-wide Statement of Net Position reports only deferred inflows for pension and leases.

Lease-related amounts are recognized at the inception of leases in which the city and the MPWA is the lessor and are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Leases

The City is a party as lessor for various non-cancellable long-term leases of land, buildings and infrastructure. The corresponding lease receivables are recorded in an amount equal to the present value of the expected future minimum lease payments received, discounted by an applicable interest rate.

I. Fund Balances and Net Position

Net Position:

Net position reported in the government-wide, proprietary fund and fiduciary fund financial statements are displayed in three components:

a. *Net investment in capital assets* - Consists of capital assets including capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”
It is the City’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Statements:

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

a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

b. Restricted – consists of fund balance with constraints place on the use of resources either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city's highest level of decision-making authority. The City's highest level of decision-making authority is made by ordinance. The City currently reports no committed fund balance.

d. Assigned – includes amounts that are constrained by the city's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Currently, the city council has delegated that authority to the city manager. Assignments for transfers and interest income for governmental funds are made through the budgetary process.

e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City's policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The only exception to this policy is for assigned interest income in governmental funds other than the General Fund. In those funds, interest income is used first before other revenues. Proprietary fund and fiduciary fund equity are classified the same as in the government-wide statements.

J. Interfund Activities and Balances

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

K. Use of Estimates

Certain estimates are made in the preparation of the financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management's best judgments and may vary from actual results.

L. New Accounting Pronouncements

The City implemented GASB Statement 101, *Compensated Absences*. The Statement updates the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. As a result of implementing this standard, the City recognized a prior period adjustment that decreased net position as explained in Note 7.

The City also implemented GASB Statement 102, *Certain Risk Disclosures*. This Statement provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. There was no effect on the financial statements from the implementation of this standard.

2. Deposits and Investments

Primary Government Deposits and Investments:

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

At June 30, 2025, the primary government held the following deposits and investments:

Type of Deposits and Investments - Primary Government	S&P Credit Rating	Fair Value Categories	Carrying Value	Maturities in Years: On Demand	Less Than One	1 - 5	6 - 10	More Than 10
Deposits:								
Petty Cash			$ 4,110	$ 4,110	$ -	$ -	$ -	$ -
Demand deposits			24,740,607	24,740,607	-	-	-	-
Demand deposits - pension trust funds			528,438	528,438	-	-	-	-
Time deposits			1,187,517	-	1,187,517	-	-	-
			26,460,672	25,273,155	1,187,517	-	-	-
Investments:								
Bond Trustee Accounts:								
Federated Treasury Obligations Adm Money Market Fund	AAAm	N/A	1,132,575	-	1,132,575	-	-	-
Federated Government Obligations Tax Managed Svc	AAAm	N/A	1,276,347	-	1,276,347	-	-	-
Goldman Sachs Financial Square Federal Fund Admin Shares #521	AAAm	N/A	3,744,271	-	3,744,271	-	-	-
Pension Trust Fund:								
Federated Hermes Gov Obl AVR (GOVXX) - Money Market	N/A	N/A	240,340	-	240,340	-	-	-
Western Asset Smash: Series C (LMLCX) - Money Market	N/A	N/A	263,347	-	263,347	-	-	-
Western Asset Smash: Series M (LMSMX) - Money Market	N/A	N/A	348,545	-	348,545	-	-	-
WA Smash SRS CR PLS Completion (LMECX) - Money Market	N/A	N/A	738,768	-	738,768	-	-	-
AB Large-Cap Grw Adv (APGYX) -Money Market	N/A	N/A	1,335,031	-	1,335,031	-	-	-
Clearbridge Large Cap Gwth I (SBLYX) -Money Market	N/A	N/A	1,285,920	-	1,285,920	-	-	-
Columbia Dividend Income Inst (GSFTX) -Money Market	N/A	N/A	2,046,504	-	2,046,504	-	-	-
First Eagle Overseas I (SGOIX) -Money Market	N/A	N/A	783,624	-	783,624	-	-	-
John Hancock Displnd Val Inst (JVLIX) -Money Market	N/A	N/A	2,034,536	-	2,034,536	-	-	-
JP Morgan Growth Advantage I (JGASX) -Money Market	N/A	N/A	1,322,924	-	1,322,924	-	-	-
MFS Intl Growth I (MQGIX) - Money Market	N/A	N/A	735,228	-	735,228	-	-	-
Corporate Bonds	AA	Level II	41,720	-	-	-	41,720	-
Corporate Bonds	A+	Level II	80,922	-	41,521	-	39,401	-
Corporate Bonds	A	Level II	54,742	-	-	-	-	54,742
Corporate Bonds	A-	Level II	162,050	-	-	39,928	82,800	39,322
Corporate Bonds	BBB+	Level II	165,596	-	-	-	165,596	-
Corporate Bonds	BBB	Level II	84,823	-	-	43,797	41,026	-
Vanguard Short Term Bond	N/A	N/A	1,541,025	-	1,541,025	-	-	-
United States Treasury Bonds/Notes	AA+	Level I	362,325	-	-	127,390	27,670	207,265
Mortgage and asset backed securities	N/A	Level II	399,349	-	-	-	26,006	373,343
			20,180,512	-	18,870,506	211,115	424,219	674,672
Total Deposits and Investments			$46,641,184	$25,273,155	$20,058,023	$ 211,115	$424,219	$ 674,672
Reconciliation to Statement of Net Position:								
Cash and cash equivalents			$30,897,910					
Investments			1,187,517					
Add: Fiduciary Fund cash and cash equivalents			528,438					
Add: Fiduciary Fund investments			14,027,319					
			$46,641,184					

Deposit and Investment Risks

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized 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 does not have a formal investment policy as it relates to custodial credit risk. Acceptable collateral is limited to U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the State of Oklahoma. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2025, the City was not exposed to custodial credit risk as defined above.

Investment Credit Risk – State law limits the investments available to the City and is described below.

a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.

b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.

d. 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.

e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.

f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., d., and e.

Investment credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end in the schedule above. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Retirement Plan Investments:

The Plan's investment policies provide for investment in a diversified portfolio, consisting primarily of common stocks, mutual funds, bonds, cash equivalents, and other investments. General asset allocation guidelines for the Plan are as follows:

Class	Maximum Percent	Minimum Percent	Target Percent
Domestic Equities	44.00	30.00	55.00
International Equities	16.00	0.00	15.00
Fixed Income	70.00	40.00	25.00
Cash	30.00	0.00	5.00

However, Morgan Stanley, the portfolio manager, has discretion in the actual allocation of assets within the retirement plan portfolio.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy to manage exposure to fair value losses arising from increasing interest rates. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments in the schedule above.

Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City's investment policy requires diversification of investments and indicates that, with the exception of U.S. Treasury securities and authorized pools, there was no single issuer investment with more than 5% of total investments.

Restricted Cash and Investments – The amounts reported as restricted assets on the statement of net position are comprised of the following:

	Current Cash and cash Equivalents
Utility Deposits	$ 590,979
Total Restricted Assets	$ 590,979

Component Units Deposits and Investments:

McAlester Regional Health Center Authority

Deposits

At June 30, 2025, approximately $645,515 of the Authority's bank balances of approximately $10,747,579 were exposed to custodial credit risk as uninsured and uncollateralized. The above amounts exclude deposits held by the Authority's blended component units with bank balances of approximately $674,463 and carrying values of approximately $674,844 at June 30, 2025.

As nongovernmental entities, the blended component units are not subject to collateralization requirements. At June 30, 2025, the blended component units' cash accounts exceeded federally insured limits by approximately $645,515.

Type of Deposits and Investments - MRHC Component Unit	Fair Value Hierarchy	Fair Value	Maturities in Years: Less Than One	1 - 5	6 - 10
Money market mutual funds	Level 1	$ 1,303,276	$ 1,303,276	$ -	$ -
Mutual funds	Level 1	3,936,279	3,936,279		
Common stock - domestic	Level 1	1,178,813	1,178,813	-	-
		6,418,368	6,418,368	-	-

The carrying value of deposits and investments shown above are included in the accompanying balance sheet as follows:

Carrying value	
Deposits	$ 10,229,677
Investments	6,418,368
	16,648,045
Included in the following balance sheet captions	
Cash and cash equivalents	$ 11,182,679
Investments	5,465,366
	16,648,045

3. Investment in Joint Venture

As discussed in Note 1A, the City participates (with equity interest) in the Association for Landfill Financial Assurance (ALFA). ALFA has been approved by the ODEQ as an allowable financial assurance mechanism under existing federal and state laws and regulations. As a member of ALFA, the City is required to deposit certain amounts on an annual basis into an escrow fund to be pooled with other ALFA members. The annual amount due from each member is based on the members' total estimated current cost of closure and post-closure care of the landfill, including adjustments due to inflation or resulting from any changes in the closure or the required 30 year post-closure care plan, plus any additional amount for contingencies as determined by ALFA. For the year ended June 30, 2025, the "Investment in joint venture" balance changed as follows:

Beginning Investment in Joint Venture	$ 2,252,522
Current Year Contributions	1,000
Gain (Loss) from Joint Venture	139,503
Ending Investment in Joint Venture	$ 2,393,025

Separate annual financial statements are issued by ALFA and may be obtained from their administrative offices at 3414 East 85th Place, Tulsa, Oklahoma, 74137.

4. Receivables

Primary Government Accounts Receivables:

Accounts receivable of the business-type activities consists of customers utilities, airport rental accounts receivable, and airport grant receivable. Accounts receivable of the governmental activities consists of stormwater fees, technology fees, police fines, and ambulance receivables. Receivables detail at June 30, 2025, is as follows:

	General Fund						
	Ambulance	Court	Stormwater Fund	Technology Fund	Infrastructure Fund	MPWA	Airport
Accounts receivable	$ 700,264	$ 3,026,562	$ 163,052	$ 158,321	$ 158,320	$ 4,757,200	$ 16,228
Allowance for doubtful accounts	(636,409)	(2,269,921)	(66,498)	(79,160)	(79,160)	(2,859,660)	(4,723)
Accounts receivable, net	$ 63,855	$ 756,641	$ 96,554	$ 79,161	$ 79,160	$ 1,897,540	$ 11,505

Primary Government Lease Receivables:

The City as a lessor, has entered into lease agreements involving a building, infrastructure and land. The total amount of inflows of resources, including lease revenue and interest revenue recognized during the fiscal year was $4,090. Lease receivable balances at June 30, 2025, were as follows:

Krebs Brewing	$12,783
Mullin Tower	191,736
Total Lease Receivable-Governmental	$204,519

Component Units:

McAlester Regional Health Center Authority
Patient receivable balances at June 30, 2025 were as follows:

	MRHCA
Gross patient accounts receivable	$ 64,251,612
Allowance for doubtful accounts	(27,616,756)
Allowance for contractual adjustments	(24,056,013)
Accounts receivable, net	$ 12,578,843

5. Capital Assets and Depreciation

For the year ended June 30, 2025, capital assets balances changed as follows:

	Balance at June 30, 2024	Additions	Disposals and Transfers	Balance at June 30, 2025
Governmental activities:				
Non-depreciable:				
Land	$ 1,769,637	$ -	$ -	$ 1,769,637
Construction-in-progress	1,639,356	1,779,452	(2,488,781)	930,027
Total non-depreciable assets at historical cost	3,408,993	1,779,452	(2,488,781)	2,699,664
Depreciable capital assets:				
Buildings	12,565,264	-	-	12,565,264
Other improvements	9,389,982	2,953,286	-	12,343,268
Machinery and equipment	15,340,283	1,321,320	(316,293)	16,345,310
Infrastructure	82,114,629	-	-	82,114,629
Total depreciable assets at historical cost	119,410,158	4,274,606	(316,293)	123,368,471
Less accumulated depreciation				
Buildings	(5,841,554)	(263,164)	-	(6,104,718)
Other improvements	(4,468,915)	(593,167)	-	(5,062,082)
Machinery and equipment	(11,719,299)	(801,010)	311,954	(12,208,355)
Infrastructure	(61,950,408)	(2,285,433)	-	(64,235,841)
Total accumulated depreciation	(83,980,176)	(3,942,774)	311,954	(87,610,996)
Other assets:				
Subscription assets	178,440	-	-	178,440
Total other assets being amortized	178,440	-	-	178,440
Less accumulated amortization				
Subscription assets	(54,905)	(54,905)	-	(109,810)
Total accumulated amortization	(54,905)	(54,905)	-	(109,810)
Net depreciable and amortizable assets	35,553,517	276,927	(4,339)	35,826,105
Governmental activities assets, net	$ 38,962,510	$ 2,056,379	$ (2,493,120)	$ 38,525,769

	Balance at June 30, 2024	Additions	Disposals and Transfers	Balance at June 30, 2025
Business-type activities				
Non-depreciable:				
Land	$ 212,571	$ -	$ -	$ 212,571
Water rights contracts	719,075	-	-	719,075
Construction-in-progress	22,130,169	12,596,768	(18,580,661)	16,146,276
Total non-depreciable assets at historical cost	23,061,815	12,596,768	(18,580,661)	17,077,922
Depreciable:				
Buildings	2,773,061	-	-	2,773,061
Other improvements	11,194,018	482,083	-	11,676,101
Machinery and equipment	6,094,461	526,646	-	6,621,107
Utility property	61,922,997	17,946,542	-	79,869,539
Total depreciable assets at historical cost	81,984,537	18,955,271	-	100,939,808
Less accumulated depreciation				
Buildings	(2,152,637)	(41,873)	-	(2,194,510)
Other improvements	(5,913,408)	(488,810)	-	(6,402,218)
Machinery and equipment	(4,515,241)	(238,790)	-	(4,754,031)
Utility property	(37,726,700)	(1,769,040)	-	(39,495,740)
Total accumulated depreciation	(50,307,986)	(2,538,513)	-	(52,846,499)
Other assets:				
Subscription assets	-	226,801	-	226,801
Total other assets being amortized	-	226,801	-	226,801
Less accumulated amortization				
Subscription assets	-	(15,120)	-	(15,120)
Total accumulated amortization	-	(15,120)	-	(15,120)
Net depreciable assets	31,676,551	16,628,439	-	48,304,990
Business-type capital assets, net	$ 54,738,366	$ 29,225,207	$ (18,580,661)	$ 65,382,912

	Balance at June 30, 2024	Additions	Disposals	Balance at June 30, 2025
Component Unit (MRHCA):				
Non-depreciable:				
Land	$ 1,182,789	$ 78,000	$ (78,000)	$ 1,182,789
Construction-in-progress	1,573,570	1,422,857	(2,326,665)	669,762
Total non-depreciable assets at historical cost	2,756,359	1,500,857	(2,404,665)	1,852,551
Depreciable:				
Land improvements	2,153,360	532,000	(532,000)	2,153,360
Buildings and improvements	59,157,484	4,120,012	(2,525,000)	60,752,496
Machinery and equipment	62,023,102	951,022	(397,296)	62,576,828
Total depreciable assets at historical cost	123,333,946	5,603,034	(3,454,296)	125,482,684
Less accumulated depreciation				
Land improvements	(1,687,270)	(65,053)	-	(1,752,323)
Buildings and improvements	(37,861,478)	(2,152,978)	858,024	(39,156,432)
Machinery and equipment	(51,693,560)	(2,660,622)	-	(54,354,182)
Total accumulated depreciation	(91,242,308)	(4,878,653)	858,024	(95,262,937)
Other Assets:				
Intangible leased buildings	1,997,396	-	(648,057)	1,349,339
Intangible leased major moveable equipment	6,062,812	1,276,064	-	7,338,876
Subscription assets	2,607,549	2,322	-	2,609,871
Total other assets	10,667,757	1,278,386	(648,057)	11,298,086
Less accumulated amortization:				
Intangible leased buildings	(809,831)	(405,534)	236,688	(978,677)
Intangible leased major moveable equipment	(3,473,035)	(1,046,108)	-	(4,519,143)
Subscription assets	(1,620,553)	(623,612)	-	(2,244,165)
Total accumulated depreciation	(5,903,419)	(2,075,254)	236,688	(7,741,985)
Total depreciable assets at historical cost	$ 36,855,976	$ (72,487)	$ (3,007,641)	$ 33,775,848

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

Depreciation expense charged to governmental activities:	
Administration	$ 389,729
Public safety	447,969
Community services	523,160
Public works	2,636,821
Total governmental activities depreciation/amortization expense	$ 3,997,679
Depreciation expense charged to business-type activities:	
Water	$ 1,272,867
Sewer	929,414
Sanitation	44,859
Airport	306,493
Total business-type activities depreciation/amortization expense	$ 2,553,633

6. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2025, the reporting entity's long-term debt changed as follows:

	(Restated) Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025	Amounts Due Within One Year
Governmental Activities:					
Notes Payable-direct borrowing	$ 312,158	$ -	$ 183,660	$ 128,498	$ 120,633
Revenue Bonds Payable-direct placement	21,155,000	-	4,040,000	17,115,000	4,245,000
Revenue Bonds Payable	10,711,085	648,524	-	11,359,609	-
SBITA Obligations Payable	120,876	-	59,459	61,417	61,417
Accrued Compensated Absences	3,496,410	203,468	350,961	3,348,917	334,892
Claims Liability	985,363	738,199	1,317,889	405,673	40,567
Total Governmental Long-Term Debt	$ 36,780,892	$ 1,590,191	$ 5,951,969	$ 32,419,114	$ 4,802,509
			Net pension liability	11,258,792	
				$ 43,677,906	
Business-type Activities:					
Landfill Closure and Post-closure Liability	$ 5,501,951	$ 130,101	$ -	$ 5,632,052	$ -
Due to Depositors	579,082	98,201	86,304	590,979	118,196
Notes Payable-direct borrowing	16,866,280	5,292,207	1,238,813	20,919,674	1,876,136
SBITA Obligations Payable	-	226,801	18,460	208,341	12,183
Accrued Compensated Absences	391,371	12,910	21,905	382,376	38,237
Total Business-type Long-Term Debt	$ 23,338,684	$ 5,760,220	$ 1,365,482	$ 27,733,422	$ 2,044,752
			Net pension liability	494,247	
				$ 28,227,669	

Note: The General Fund, Tax and Tourism Fund, E-911 Fund, and Economic Development Fund have typically been used to liquidate governmental liability for compensated absences in prior years.

Governmental activities long-term debt:

Unless otherwise indicated, the governmental activities long-term debt obligations are generally paid from the General Fund.

Notes Payable - Direct Borrowings:

$763,736 notes payable with Bancfirst for city vehicles, payable in monthly interest installments and one balloon principal payment due February 2026, with interest at 0.51%, paid from the Capital Improvement Plan Fund	$90,069
$145,722 notes payable with First National Bank for freightliner, payable in monthly installments of $2,603, final payment due September 20, 2026, with interest at 2.77%, paid from the Capital Improvement Plan Fund	38,429
	$ 128,498

Notes Payable – Direct Borrowings:	
Current portion	$ 120,633
Noncurrent portion	7,865
Total Notes Payable – Direct Borrowings	$ 128,498

Revenue Bonds Payable:

2002 Series Utility System Revenue Bonds:

Capital appreciation bonds in the face amount of $3,037,176 dated July 1, 2003, issued by McAlester Public Works Authority and used for streets, secured by utility revenue and pledged sales tax, principal maturing at the accreted value of $17,560,000, interest rate at 5.90%, final maturity February 1, 2034. Interest is accreted (or added to the principal balance) until maturity, at which time, the entire principal balance of $17,560,000 will be due and payable.	$17,560,000
Less: Unaccreted portion	(6,200,391)
Principal outstanding at year end	$11,359,609

Revenue Bonds Payable (Direct Placements):

2012 Taxable Series Utility System & Sales Tax Revenue Refunding Notes: Serial Bonds in the amount of $26,120,000 dated December 28, 2012, issued by McAlester Public Works Authority and used for streets, secured by utility revenues and pledged sales tax, principal maturing semi-annually ranging from $85,000 to $1,275,000, interest rate at 3.8%, final maturity February 1, 2027, paid from Bond Trustee Fund. In the event of default, the lender may: 1) accelerate maturity; 2) gain control of operations through temporary trustees; 3) file suit for specific performance of covenants; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement.	$4,930,000
2013 Series Utility System & Sales Tax Revenue Notes: Serial Bonds in the amount of $8,890,000 dated June 1, 2013, issued by McAlester Public Works Authority and used for streets, secured by utility revenues and pledged sales tax, principal maturing semi-annually ranging from $125,000 to $1,205,000, interest rate at 3.53%, final maturity February 1, 2028, paid from Bond Trustee Fund. In the event of default, the lender may: 1) accelerate maturity; 2) gain control of operations through temporary trustees; 3) file suit for specific performance of covenants; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement.	5,165,000
2014 Series Utility System & Sales Tax Revenue Notes: Serial Bonds in the amount of $4,910,000 dated May 20, 2014, issued by McAlester Public Works Authority and used for streets, secured by utility revenues and pledged sales tax, principal maturing semi-annually ranging from $95,000 to $435,000, interest rate at 3.40%, final maturity February 1, 2029, paid from Bond Trustee Fund. In the event of default, the lender may: 1) accelerate maturity; 2) gain control of operations through temporary trustees; 3) file suit for specific performance of covenants; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement.	2,595,000
2015 Taxable Series Sales Tax Revenue Refunding Notes: Serial Bonds in the amount of $12,615,000 dated September 3, 2015, issued by McAlester Public Works Authority and used for streets, secured by pledged sales tax, principal maturing semi-annually ranging from $200,000 to $820,000, interest rate at 3.68%, final maturity February 1, 2028, paid from Bond Trustee Fund. In the event of default, the lender may: 1) accelerate maturity; 2) gain control of operations through temporary trustees; 3) file suit for specific performance of covenants; 4) file suit to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement; 5) require sales tax to be deposited directly with trustee bank.	4,425,000
Total Revenue Bonds Payable (Direct Placements)	$ 17,115,000

Current portion	$ 4,245,000
Noncurrent portion	12,870,000
Total Revenue Bonds Payable (Direct Placements)	$ 17,115,000

Subscription (SBITA) Obligations Payable:

Current portion	$ 61,417
Noncurrent portion	-0-
Total Subscription Obligations Payable	$ 61,417

Accrued Compensated Absences:

Current portion	$ 334,892
Noncurrent portion	3,014,025
Total Accrued Compensated Absences	$ 3,348,917

Claims Liability:

Current portion	$ 40,567
Non-current portion	365,106
Total Claims Liability	$ 405,673

Business-type activities long-term debt:

Notes Payable (Direct Borrowings):

2006 CDBG-ED Promissory Note with Oklahoma Department of Commerce dated October 1, 2006, original amount of $125,000, reduced to $67,800, with an annual interest rate of 0.00%, due in monthly installments of $282.50, final installment October 1, 2026. Secured by economic development revenues. In the event of default, the lender may: 1) accelerate maturity; 2) increase interest rate 6% from date of default until date of payment; 3) cease extending credit to borrower; 4) exercise any and all rights and remedies possessed by lendor.	$5,650
MPWA Note Payable with First National Bank and used for clear well liner project, dated March 4, 2021, original line of credit amount of $641,160, with an annual interest rate of 2.73%, due in 12 monthly interest payments followed by monthly installments of $6,704, final installment March 4, 2031. Drawdowns to date $594,524. Secured by equipment purchased. In the event of default, the lender may: 1) accelerate maturity; 2) assemble and sell collateral; 3) appoint receiver; 4) collect revenues, apply accounts; 5) obtain deficiency (judgment).	363,422
MAA Note Payable with First National Bank and used for airport terminal match, dated January 29, 2025, original amount of $725,000, with an annual interest rate of 6%, due in monthly installments of $8,039, final installment January 21, 2026, secured by CD at bank. In the event of default, lender would take possession of CD.	701,839
MPWA Note Payable with Arvest Bank and used for 2018 Gradall, dated March 29, 2021, original amount of $337,500, with an annual interest rate of 2.98%, due in monthly installments of $4,456, final installment April 15, 2028. Secured by equipment. In the event of default, the lender may: 1) accelerate maturity; 2) repossess and sell collateral; 3) charge all fees associated with repossession; 4) set off amounts owed with deposits; 5) charge interest on monies due at a rate of 18% per annum or the highest rate permitted by law until paid.	145,901

MPWA Drinking Water OWRB Note Payable used for a waterline improvement project, dated December 21, 2021, original amount of $32,500,000, with an annual interest rate and administrative fee totaling 1.9%, payable in semi-annual principal installments of 523,333 beginning September 15, 2022. Principal forgiveness of $1,100,000 was approved in FY 21-22. Total drawdowns through 6-30-25 totaled $23,952,862. Secured by pledged revenues and restricted sales tax. In the event of default: 1) suit for specific performance of any or all covenants of the Authority contained in the Note Indentures or the notes; 2) acceleration of the payment of principal and interest; 3) gain control of operations through temporary trustees; or 4) file suit to enforce or enjoin action or inaction of parties under provisions of the agreement.	19,702,862
Total Notes Payable (Direct Borrowings)	$ 20,919,674

Current portion	$ 1,876,136
Non-current portion	19,043,538
Total Notes Payable (Direct Borrowings)	$ 20,919,674

Landfill Closure and Post-Closure Liability:

A $5,632,052 accrued liability has been recognized in the McAlester Public Works Authority to represent the total estimated amount owed by the Authority for closure and post-closure requirements dictated by the U.S. Environmental Protection Agency and the Oklahoma Department of Environmental Quality regulations and represented the cumulative amount of such costs reported to date based on the use of approximately 72.56% of the estimated capacity of the landfill. It is estimated that an additional $2,376,670 will be recognized as closure and post-closure expense between the current statement of net position date and the date the landfill is expected to be filled to capacity. However, the actual cost of closure and post-closure may be higher due to inflation, changes in technology, or changes in landfill laws and regulation. The restricted use of the landfill has extended its life. The estimated remaining landfill life is now 54 years.

Current portion	$ -
Noncurrent portion	5,632,052
Total Landfill Closure and Postclosure Liability	$ 5,632,052

Subscription (SBITA) Obligations Payable:	
Current portion	$ 12,183
Noncurrent portion	196,158
Total Subscription Obligations Payable	$ 208,341

Accrued Compensated Absences:	
Current portion	$ 38,237
Noncurrent portion	344,139
Total Accrued Compensated Absences	$ 382,376

Deposits Subject to Refund:	
Current portion	$ 118,196
Noncurrent portion	472,783
Total Deposits Subject to Refund	$ 590,979

Debt Service Requirements to Maturity

Long-term debt service requirements to maturity of the primary government are as follows:

	Governmental Activity Debt							
	Direct Borrowing Notes Payable		Revenue Bonds Payable		Direct Placement Revenue Bonds Payable		SBITA Obligations Payable	
Year Ended June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	$120,633	$ 830	$ -	$ -	$ 4,245,000	$ 584,530	$ 61,417	$2,022
2027	7,865	36	-	-	7,080,000	403,538	-	-
2028	-	-	-	-	4,920,000	162,021	-	-
2029	-	-	-	-	870,000	22,343	-	-
2030	-	-	-	-	-	-	-	-
2031-2034	-	-	17,560,000	-	-	-	-	-
Total	$128,498	$ 866	17,560,000	-	17,115,000	1,172,432	61,417	2,022
Less: Unaccreted Portion of Debt			(6,200,391)	6,200,391	-	-	-	-
			$11,359,609	$6,200,391	$17,115,000	$1,172,432	$ 61,417	$2,022

	Business-Type Activity Debt			
	Direct Borrwing Notes Payable		SBITA Obligations Payable	
Year Ended June 30,	Principal	Interest	Principal	Interest
2026	$ 1,876,136	$ 408,045	$ 12,183	$ 6,277
2027	1,176,625	360,359	12,550	5,910
2028	1,169,719	336,785	12,928	5,532
2029	1,127,104	314,084	13,317	5,143
2030	1,117,228	291,922	13,719	4,741
2031-2035	5,250,000	1,153,140	75,048	17,252
2036-2040	5,250,000	652,412	68,596	5,244
2041-2044	3,952,862	158,755	-	-
Total	$ 20,919,674	$ 3,675,502	$ 208,341	$ 50,099

Component Units have the following long-term debt at June 30, 2025:

	Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025	Amounts Due Within One Year
Component Unit Activities (MRHCA):					
Lease Liabilities	$ 3,964,729	$ 1,398,500	$ (2,614,907)	$ 2,748,322	$ 1,228,908
Notes Payable to Banks	14,709,539	-	(5,416,337)	9,293,202	5,652,643
Subscription Liabilities	939,102	-	(650,116)	288,986	214,992
Total Component Unit Debt	$ 19,613,370	$ 1,398,500	$ (8,681,360)	$ 12,330,510	$ 7,096,543

Notes Payable to Banks (MRHCA):

Included in notes payable are the Series 2016 Hospital Revenue Note (the 2016 Note) and the Series 2017 Hospital Revenue Note (the 2017 Note). The 2016 Note was issued in the original amount of $8,600,000 dated May 1, 2016, which bears interest monthly at 2.55%. The 2017 Note was issued in the original amount of $3,200,000 dated December 1, 2017, which bears interest monthly at 3.54%. The 2016 Note and the 2017 Note are secured by the gross revenues of the Authority. The 2017 Note was paid off during the year.These notes require the Authority to comply with certain restrictive covenants, including maintaining a debt service coverage ratio of 1.20 to 1.00 and days cash on hand of 75 days, as defined. The indenture agreements for each note contain provisions that, in an event of default, allow the lender to accelerate payments of the entire principal amount to be immediately due and payable. At June 30, 2025, the Authority did not meet the debt service coverage ratio and a waiver was not obtained. As a result, the 2016 Note is reflected as current in the accompanying balance sheets at June 30, 2025.

The amount of interest cost incurred in 2025 was $4,720,931 which was charged to operations.

The following is a schedule by year of payments under long-term debt as of June 30, 2025.

	Discretely Presented Component Unit Notes Payable to Banks	
Year Ended June 30,	Principal	Interest
2026	$ 1,443,900	$ 180,294
2027	788,270	156,735
2028	812,216	132,790
2029	645,606	109,288
2030	527,848	93,379
2031-2035	2,686,294	245,085
2036-2040	2,389,068	8,951
Total	$ 9,293,202	$ 926,522

Lease Liabilities (MRHCA):

The Authority leases equipment and clinic space, the terms of which expire in various years through 2035. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance.

The following is a schedule by year of payments under the leases as of June 30, 2025:

	Discretely Presented Component Unit Lease Liabilities	
Year Ended June 30,	Principal	Interest
2026	$ 1,228,908	$ 122,203
2027	697,747	54,750
2028	344,578	28,103
2029	165,777	16,583
2030	99,843	11,157
2031-2035	211,469	7,114
Total	$ 2,748,322	$ 239,910

Subscription Liabilities:

The Authority has various SBITAs, the terms of which expire in various years through 2027.

	Discretely Presented Component Unit Subscription Liabilities	
Year Ended June 30,	Principal	Interest
2026	$ 214,992	$ 10,666
2027	73,994	1,212
Total	$ 288,986	$ 11,878

7. Fund Balances

The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet:

	General Fund	Reserve Fund	Dedicated Sales Tax - MPWA	Bond Trustee Fund	Other Governmental Funds	Total
Fund Balance:						
Restricted For:						
Grant purposes	$ -	$ -	$ -	$ -	$ 121,123	$ 121,123
E911	-	-	-	-	284,592	284,592
Economic development	-	-	-	-	103,472	103,472
Tourism	-	-	-	-	910,386	910,386
Other	-	-	-	-	558,924	558,924
Stormwater	-	-	-	-	3,968,350	3,968,350
Health - cancer center	-	-	-	-	71,978	71,978
Police capital outlay	-	-	-	-	90,799	90,799
Cemetery	-	-	-	-	326,263	326,263
Technology improvements	-	-	-	-	12,112	12,112
Infrastructure improvements	-	-	-	-	2,736,969	2,736,969
Emergencies	-	1,882,145	-	-	-	1,882,145
Capital improvements:						
Economic development-bond repayment	-	-	-	-	800,000	800,000
Debt Service	-	-	1,341,609	6,153,193	847,220	8,342,022
Sub-total Restricted	-	1,882,145	1,341,609	6,153,193	10,832,188	20,209,135
Assigned to:						
Tourism	-	-	-	-	588,829	588,829
Economic development	-	-	-	-	1,990,526	1,990,526
Other	-	-	-	-	39,412	39,412
Police capital outlay	-	-	-	-	4,058	4,058
Technology improvements	-	-	-	-	9,465	9,465
Infrastructure improvements	-	-	-	-	1,540,829	1,540,829
Capital improvements	-	-	-	-	1,470,444	1,470,444
Emergencies	-	76,682	-	-	-	76,682
Nutrition services	195,515	-	-	-	-	195,515
Budget balancing purposes	500,000	-	-	-	-	500,000
Sub-total Assigned	695,515	76,682	-	-	5,643,563	6,415,760
Unassigned (deficit)	824,465	-	-	-	(682,217)	142,248
Total Fund Balance	$ 1,519,980	$ 1,958,827	$ 1,341,609	$ 6,153,193	$ 15,793,534	$ 26,767,143

Restricted Net Position – Governmental Activities

The following table shows the net position restricted for other purposes as shown on the Statement of Net Position:

Fund	Restricted By	Amount
State Forfeiture Fund	State statutes and/or debt indentures	$ 11,991
Cemetery Perpetual Care Fund	State statutes and/or debt indentures	326,263
Federal Forfeiture Fund	State statutes and/or debt indentures	450
Capital Improvement Plan Fund	State statutes and/or debt indentures	800,000
Child Abuse Response Fund	State statutes and/or debt indentures	40
OWRB Debt Fund	State statutes and/or debt indentures	774,815
Sinking Fund	State statutes and/or debt indentures	157
		$ 1,913,716
Dedicated Sales Tax - MPWA	External parties (voters)	$ 1,341,609
E911 Fund	External parties (voters)	284,592
Reserve Fund	External parties (voters)	1,882,145
Bond Trustee Fund	External parties (voters)	6,153,193
Economic Development Fund	External parties (voters)	103,472
Gifts & Contributions Fund	External parties (donors)	525,052
Stormwater Fund	External parties (voters)	3,968,350
MRHC-Cancer Center Fund	External parties (voters)	71,978
Infrastructure Fund	External parties (voters)	2,736,969
Sales Tax - Schools Fund	External parties (voters)	72,248
Fire Improvement Grant Fund	External parties (grantors)	260
Police Grant Fund	External parties (grantors)	19,370
Police Equipment Fund	External parties (grantors)	90,799
CDBG Fund	External parties (grantors)	101,493
Capital Improvement Plan Fund	External parties (grantors)	21,391
Technology Fund	External parties (voters)	12,112
Tourism Fund	External parties (voters)	910,386
		$ 18,295,419

Restatements of Net Position

	Fund Level-Enterprise Funds			Government-Wide	
	McAlester Public Works Authority	McAlester Airport Authority	Internal Service Funds	Governmental Activities	Business-Type Activities
Beginning net position, as previously reported	$ 31,475,337	$ 8,127,211	$ -	$ 24,176,527	$ 39,602,548
Implementation of GASB Statement 101:					
Accrued Compensated Absence Payable-Governmental	-	-	-	(941,866)	-
Accrued Compensated Absence Payable-MPWA	(77,923)	-	-	-	(2,493)
Accrued Compensated Absence Payable-MAA	-	(2,493)	-	-	(77,923)
Accrued Compensated Absence Payable-Fleet Maintenance Fund	-	-	(11,601)	(11,601)	-
Correction of error related to Court Receivable Allowance and Deferral	-	-	-	(907,196)	-
Beginning net position, restated	$ 31,397,414	$ 8,124,718	$ (11,601)	$ 22,315,864	$ 39,522,132

Deficit Fund Balance

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund of the City (excluding public trusts). At June 30, 2025, due to grant expenses and timing of grant reimbursements, the City reported a deficit in the American Rescue Plan Fund.

8. Dedicated Tax Revenues and Pledges of Future Revenues

Sales and Use Tax

Sales and use tax revenue represent a 4.00 cent tax on each dollar of taxable sales which is recorded as revenue within the respective funds. Upon receipt, the sales tax is recorded as follows:

- 2 cents recorded in the General Fund.
- 1 cent recorded in the Dedicated Sales Tax Fund MPWA and then transferred to the McAlester Public Works Authority Fund for the payment of debt service restricted by voter approval.
- 1/2 cent recorded in Infrastructure Fund for infrastructure repairs, maintenance, construction and improvements (effective July 1, 2018 – expiring July 1, 2033)
- 1/8 cent recorded in the Sales Tax Schools Fund for the construction of a new early childhood center and safe rooms at the schools (effective October 1, 2018 – expiring July 1, 2033)
- 1/8 cent recorded in the MRHC Cancer Center Fund for the construction of a cancer treatment center (effective October 1, 2018 – expiring July 1, 2033)
- 1/4 cent recorded in OWRB Debt Service Fund for debt service on waterline improvements (effective April 1, 2022)

Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge - The City has pledged two cents (or 50%) of future sales tax revenues to repay $28,474,609 of Series 2002, 2012, 2013, 2014 and 2015 Sales Tax and Utility System Bonds and $19,702,862 of Series 2021 OWRB DW SRF Note Payable. Proceeds from the bonds and notes provided financing for capital assets. The 2015 bonds are payable solely from pledged sales tax revenues. The 2002, 2012, 2013 and 2014 bonds, and the 2021 OWRB note are payable from pledged sales tax revenues and further secured by net water, wastewater, and sanitation revenues. The bonds are payable anywhere from 2027 through 2052. The total principal and interest payable for the remainder of the life of these bonds is $59,168,469, which includes $17,560,000 of accreted bonds. Pledged sales taxes in the current year were $9,017,277 and the net utility revenues were $4,401,535. Debt service payments of $6,817,207, excluding accreted interest, for the current fiscal year were 75.6% of the pledged sales taxes and 50.8% of both pledged sales taxes and net utility revenues.

9. Internal and Interfund Balances and Transfers

Transfers:
Internal transfers between funds and activities for the year ended June 30, 2025, were as follows:

Transfer From	Transfer To	Amount	Nature of Transfer
General Fund	E-911 Fund	$ 260,388	Transfer for operations
General Fund	Economic Development Fund	225,000	Transfer for operations
General Fund	Juvenile Fine Fund	3,269	Transfer for operations
General Fund	McAlester Airport Authority	200,000	Operating subsidy - city match
General Fund	McAlester Airport Authority	203,238	Transfer for operations
ARPA Fund	Infrastructure Fund	715	Transfer for sale of capital assets
Capital Improvement Plan Fund	General Fund	236,997	Proceeds from sale of lease
Capital Improvement Plan Fund	MPWA	179,020	Debt service payments
Dedicated Sales Tax Fund	Bond Trustee Fund	4,586,454	Debt payments to trustee bank
Economic Development Fund	MPWA	3,390	Debt service payments
OWRB Debt Service Fund	MPWA	1,382,666	Debt service payments
MPWA	General Fund	1,750,000	Transfer for operations
MPWA	CDBG Fund	287,434	Operating subsidy - city match
MPWA	Capital Improvement Plan Fund	294,059	Transfer of service charges & penalties
MPWA	Economic Development Fund	1,211,517	To cover negative share of pooled cash
MPWA	ARPA Fund	504,550	To cover negative share of pooled cash
MPWA	Dedicated Sales Tax Fund	52,342	Debt service payments
MPWA	OWRB Debt Service Fund	264,234	Debt service payments
		$ 11,645,273	

	Transfers In	Transfers Out	Net Transfers/ Internal Activity
Reconciliation to Fund			
Financial Statements:			
Governmental Funds	$ 9,676,959	$ (7,281,137)	$ 2,395,822
Enterprise Funds	1,968,314	(4,364,136)	(2,395,822)
Total Transfers	$ 11,645,273	$ (11,645,273)	$ -

Reconciliation to statement of activities:	Governmental	Business-Type
Net transfers	$ 2,395,822	$ (2,395,822)
Reclassification of capital asset purchases and expense between activities	(2,734,636)	2,734,636
Total Transfers - Internal Activity	$ (338,814)	$ 338,814

Balances:

Interfund receivables and payables at June 30, 2025, were as follows:

Due From	Due To	Amount	Nature of Interfund Balance
General Fund	Capital Improvement Plan Fund	$ 800,000	Bond related issues
General Fund	Workers Compensation Fund	430,935	GF share of claims liability
E-911 Fund	General Fund	4,840	Deposit error to wrong fund
Workers Compensation Fund	MPWA	67,700	MPWA share of claims liability
		$ 1,303,475	

	Due From Other Fund	Due To Other Funds	Internal Service Funds Reconciliation	Net Activity/ Internal Balances
Reconciliation to Fund				
Financial Statements:				
Governmental Funds	$ 804,840	$ (1,235,775)	$ 363,235	$ (67,700)
Enterprise Funds	67,700	-	-	67,700
Internal Service Funds	430,935	(67,700)	(363,235)	-
Total Interfund Balances	$ 1,303,475	$ (1,303,475)	$ -	$ -

The City continues to report an interfund receivable/payable in the original amount of $3,291,826 between the General Fund and the Capital Improvement Plan Fund (MPWA). This interfund receivable/payable is the result of questions raised in a forensic audit dealing with questioned transfers made in prior years from the MPWA to the General Fund. At the current time, the City has not developed a schedule of annual reimbursements to be made by the General Fund to the Capital Improvement Plan Fund (MPWA) until the interfund payable is deemed to be satisfied. The current balance of this interfund receivable/payable is $800,000.

10. Risk Management

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

- General Liability and Physical Property – Purchased commercial insurance with no risk of loss retained.
- Workers' Compensation – Self- insured up to $250,000 per occurrence. Additional coverage is maintained with a reinsurance policy up to a $5,000,000 limit. The reinsurance policy also covers aggregate losses exceeding $1,000,000 with a limit of $1,000,000 during the two-year policy period.
- Dental Insurance – Self- insured.
- Employee's Group Medical – Covered through purchased commercial insurance with no risk of loss retained.

Management believes the insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City. There were no significant changes in coverage in the current year and settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

Claims Liability Analysis

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirements of Statement of Financial Accounting Standard No. 5, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. For workers' compensation, changes in the claims liability for the City from July 1, 2022 to June 30, 2025 are as follows:

	Total Claims Liability
Claims liability, June 30, 2022	$ 157,695
Claims incurred	1,290,412
Claims paid	(368,701)
Claims liability, June 30, 2023	1,079,406
Claims incurred	421,452
Claims paid	(515,495)
Claims liability, June 30, 2024	985,363
Claims incurred	738,199
Claims paid	(1,317,889)
Claims liability, June 30, 2025	$ 405,673

11. Contingencies

Litigation:

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

Federal and State Award Programs:

The City of McAlester participates in various federal or state grant/loan programs from year to year. In 2025, the City's involvement in federal and state award programs was significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

ODEQ Consent Orders:

Water Treatment

Case 09-241 was closed out on Dec 7, 2023, by DEQ and replaced with Case 22-0045 - which continues to state that the discharge from the water plant backwash lagoons, specifically exceedance of Total Suspended Solids, Manganese, and Aluminum. DEQ added that the City will need to update the Water Treatment Plant Discharge Permit to reflect the correct amounts and limits so that the City will comply with the lagoon's backwash limits. DEQ has accepted and issued the new Water Treatment Discharge Permit submitted by the City. DEQ contacted the City about needing more information on how much all of the upgrades to the residual management system cost the City on October 8, 2024. The City has responded with requested information. DEQ closed out this consent order on 11/22/24.

April 20, 2021- Case 20-235 - TTHM MCL, HAA5 MCL, regarding the high levels of TTHM MCL and HAA5 MCL found in the city water was out of compliance with DEQ standard levels. The City has been completing the set tasks outlined in the consent order and will continue to follow the flushing procedures that were approved by DEQ and monitor the TTHM and HAA5 levels. The City has completed all task of the consent order and has remained in compliance with permitted limits of TTHM MCL, HAA5 MCL, through the flushing program. DEQ closed out this consent order on 2/14/25.

February 27, 2025- Consent Order 24-245 - OPDES Permit Compliance Schedule. This consent order requires the WTP to perform certain tasks to eliminate OPDES Permit violations from it WTP. This includes the engineering report for the plant and the rehabilitation of the Clearwell for the WTP.

Waste Water Treatment

July 25, 2022 - Case 21-168 - Discharges without a Permit, regarding the number of sanitary sewer overflows in the city. The City is currently working with Engineers to resolve this issue, by reporting sewer I&I's, updating the wastewater treatment plants, and the replacement of the 9 MIL pond liner at the East Wastewater Treatment plant. The Deadline was extended to April 2024. The City is waiting on a response from DEQ about closing out this consent order since all conditions of the consent order were met by the City in 2022. The City sent an updated letter to DEQ expressing that the tasks had been completed. DEQ closed out this consent order on 6/26/25 and re-issued the consent order under Case 25-111.

June 26, 2025 - Consent Order Case 25-111 - Discharges without a permit, regarding the number of sanitary sewer overflows in the city. ODEQ reissued consent order due to new approved action plans for the City Wastewater Treatment plants and the I&I issues. This includes the Peachtree Sewer line project and the West and East WWTP facility plans.

February 27, 2025-Consent Order Case 24-222 - Permit Violations for Ammonia exceeding the permitted limits, at the West Wastewater Treatment Plant. These are monitored and report through the monthly eDMRs. The consent order established tasks and a schedule to bring the WWTP into compliance with the Oklahoma statutes and regulations as well as the Authority's OPDES Permit. This includes an engineering report for the West WWTP and a comprehensive evaluation on the Krebs Brewing Company contribution to the amount of ammonia that it is sending to the plant.

Asset Retirement Obligation:

The City has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonably estimated as of June 30, 2025, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs, if any, and obtaining an estimate of those costs in the near future.

Tax Increment Financing Districts:

TIF #1 - Shops At McAlester

McAlester's first tax increment finance (TIF) District, the McAlester Southside Area Reinvestment Development Project Plan, later known as The Shops at McAlester, was created and passed by ordinance on July 24th, 2018. This project sought to reduce and eliminate blight conditions, reverse economic stagnation, create new employment opportunities and growth, and create new businesses by creating a TIF district for funding economic development. The City and Pittsburg County elected to jointly fund an economic incentive for the development of the Shops at McAlester TIF, in an amount up to, but not to exceed five million, five hundred thousand dollars ($5,500,000) or 60 calendar months, whichever comes first. The project was funded through sales tax revenue generated by the project development, for a period to begin with the first retail sale, which occurred in March 2022. The TIF is designed to provide the developer reimbursement payments equal to 90% of all City and county sales taxes collected in the project area.

TIF #2 - "Mid-McAlester" Project

Increment District Number Two, also known as the Mid-McAlester Development Project, was formed by Ordinance dated March 25, 2025, pursuit to the provisions of the Local Development Act, with a project plan dated February 1st, 2025. The City and Pittsburg County elected to jointly fund an economic incentive for the development of the Mid-McAlester TIF, pursuit to the Project Plan, in an amount up to, but not to exceed, ten million dollars ($10,000,000) funded in part, but not limited to, the sales tax revenue generated by the project development, for a period to begin on the Effective Date of the District, as it is defined in the Project Plan, and end no later than June 30, 2034 the ("Apportionment Period"). The City and County shall collect their current, and subsequent, authorized sales taxes on all taxable retail sales within the TIF, in compliance with Oklahoma law. Both entities have hereby elected to apportion 90% of such sales tax revenue for the payment of "Project Costs" as defined under Section 853 of the Act, pursuant to the Project Plan, for the duration of the Apportionment Period.

12. Pension Plan Participation

The City of McAlester participates in four pension or retirement plans:

1. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
2. Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
3. City of McAlester Employee's Retirement System – a single-employer defined benefit plan
4. City of McAlester Employee's Retirement System – a single-employer defined contribution plan

	Governmental Activities	Business-Type Activities	Total Primary Government
Net Pension Liability:			
Police Pension System	$ 1,765,606	$ -	$ 1,765,606
Firefighter's Pension System	8,602,382	-	8,602,382
City Pension	890,804	494,247	1,385,051
Total Net Pension Liability	$ 11,258,792	$ 494,247	$ 11,753,039
Deferred Outflows of Resources:			
Police Pension System	$ 2,101,540	$ -	$ 2,101,540
Firefighter's Pension System	2,078,780	-	2,078,780
City Pension	319,409	177,218	496,627
Total Deferred Outflows of Resources	$ 4,499,729	$ 177,218	$ 4,676,947
Deferred Inflows of Resources:			
Police Pension System	$ 341,616	$ -	$ 341,616
Firefighter's Pension System	592,216	-	592,216
City Pension	232,273	128,873	361,146
Total Deferred Inflows of Resources	$ 1,166,105	$ 128,873	$ 1,294,978
Pension Expense (Benefit):			
Police Pension System	$ 2,507,334	$ -	$ 2,507,334
Firefighter's Pension System	1,274,947	-	1,274,947
City Pension	99,287	55,087	154,374
Total Pension Expense	$ 3,881,568	$ 55,087	$ 3,936,655

***City of McAlester Employee's Retirement System Defined Benefit Plan*:**

The City contributes to the City of McAlester Employees' Retirement System (the "System"), which is a single employer defined benefit pension plan administered by the City of McAlester City Council. All non-union full-time City employees that were employed prior to July 1, 2013 participate in the System. The City's retirement ordinance requires that actuarial valuations be performed annually to determine if the City's fixed contribution rate is adequate to fund the actuarially determined contribution requirement. The System does not issue separate annual financial statements. On June 30, 2013 the Defined Benefit Pension Plan was frozen for all non-uniform active participants.

The following is a summary of funding policies, contribution methods, and benefit provisions:

Year established and governing authority		1995 by City Council Ordinance
Determination of Contribution requirements		Actuarially determined
Employer		7.12% of Payroll ($420,953 annual required contribution)
Plan members		None required
Funding of administrative costs		Investment earnings
Period required to vest		10 years
Eligibility for distribution		Age 55 with ten years credited service. Annual rate of retirement starts at 5% at age 56.
Provisions for:		
Disability benefits		Yes
Death benefits		Yes

A. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting - Disclosures of the System's financial condition are prepared using the accrual basis of accounting. Employer contributions are recognized as System revenues in the period in which employee services are performed.

B. Employees Covered by Benefit Terms

Active Employees	23
Terminated Vested Employees	17
Retirees or Retiree Beneficiaries	113
Total	153

C. Actuarial Assumptions and Methods

The pension liability was determined based on the use of Entry Age Normal actuarial cost method. Other than those prescribed, the assumptions below represent an estimate of future experience for the plan. Demographic assumptions are based on the participant experience study completed in March 2009:

Mortality

Healthy Lives	The IRS 2025 Combined Static Mortality Table

Disabled Lives	1965 Railroad Retirement Board Disabled Life Mortality Table (ultimate rates)
Investment Return	7.2% compounded annually, net of expenses
Salary Increases	N/A – plan accruals are now frozen

D. Investment Policy and Long-Term Expected Rate of Return

The plan's policy regarding the allocation of invested assets is established by the City Council. The current asset allocation policy is 64% equity investments, 28% fixed income investments, and 8% cash. The long-term expected rate of return on pension 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 asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rate of return by the target asset allocation percentage and by adding expected inflation.

E. Discount Rate

The discount rate used to measure the total pension liability was 7.2%, which is the same as the long-term expected rate of return on pension plan investments applied to all periods of projected benefit payments.

F. Changes in Net Pension Liability

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2024, which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2024, and the City's report ending date of June 30, 2025, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

	Schedule of Changes in Net Pension Liability		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2023	$ 15,446,172	$ 12,861,593	$ 2,584,579
Changes for the Year:			
Interest	1,065,897	-	1,065,897
Difference between expected and actual experience	(2,653)	-	(2,653)
Benefit payments, including refunds	(1,274,738)	(1,274,738)	-
Net investment income	-	1,766,145	(1,766,145)
City contributions	-	496,627	(496,627)
Plan administrative expenses		-	-
Net Changes	(211,494)	988,034	(1,199,528)
Balances at 6/30/24	$ 15,234,678	$ 13,849,627	$ 1,385,051

The City reported $154,374 in pension expense for the year ended June 30, 2025. At June 30, 2025, 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	$ -	$ 241
Net difference between projected and actual earnings on pension plan investments	-	360,904
Changes in proportion and differences between City contributions and change in proportion share of contributions	-	-
City contributions subsequent to the measurement date	496,627	-
Total	$ 496,627	$ 361,145

The $496,627 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, 2026. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	(189,011)
2027	346,286
2028	(326,985)
2029	(191,435)
	$ (361,145)

GASB 67 Pension Disclosures

Since the System does not issue separate financial statements, note disclosures required to be presented in accordance with GASB 67 are being reported in the City's notes to the financial statements. Additional disclosures required by GASB 67 follow.

Additional Accounting Policies, Actuarial Assumptions and Methods (GASB 67)

For GASB Statement 67 purposes, the method used to value investments is the market value (fair value).

GASB Statement 67 also requires the use of the Entry Age Normal actuarial cost method. Since this plan has been frozen, the method used for funding shown on page 59 (Projected Unit Credit) generates the same pension liability as the Entry Age Normal method.

The plan's policy in regard to the allocation of invested assets is established by the City Council. The current asset allocation policy is 70% equity investments, 25% fixed income investments, and 5% cash. 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 estimate of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2025 are summarized in the following table:

Asset Class	**Long-Term Expected Real Rate of Return**
Domestic equity	4.9%
International equity	1.2%
Fixed income	1.0%
Cash	0.1%
Total	7.2%

The discount rate used to measure the total pension liability was 7.20%. The City has, on average, made contributions that exceed the ADEC over the past five years. If the City continues to contribute in this fashion, the plan will always be sufficiently funded to pay benefits due. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability. The annual money-weighted rate of return, net of expenses paid from the trust, was 13.97%.

The following presents the net pension liability calculated using the discount rate of 7.20 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.20 percent) or 1% point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's Net Pension Liability			
City's Net Pension Liability - 2023	$ 4,181,482	$ 2,584,579	$ 1,209,469
City's Net Pension Liability (Asset) - 2024	$ 3,203,621	$ 1,385,051	$ (183,829)
City's Net Pension Liability (Asset) - 2025	$ 1,045,335	$ 187,471	$ (1,253,451)

The components of the net pension liability of the City as of June 30, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024 and 2025, were as follows:

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Pension Liability	$16,956,873	$17,143,757	$17,238,457	$17,381,764	$17,130,694	$17,084,908	$15,880,914	$15,446,172	$15,234,678	$14,753,056
Plan Fiduciary Net Position	12,547,080	13,612,583	13,808,534	13,533,739	12,908,022	15,425,676	12,210,880	12,861,593	13,849,627	14,565,585
Net Pension Liability	$ 4,409,793	$ 3,531,174	$ 3,429,923	$ 3,848,025	$ 4,222,672	$ 1,659,232	$ 3,670,034	$ 2,584,579	$ 1,385,051	$ 187,471
Plan Fiduciary Net Position as a percentage of the total pension liability	74.0%	79.4%	80.1%	77.9%	75.4%	90.3%	76.9%	83.3%	90.9%	98.7%

***Firefighter Pension System*:**

Plan Summary Information. The City of McAlester, as the employer, participates in a statewide cost-sharing multiple-employer defined benefit pension plan through the Oklahoma Firefighter's Pension and Retirement System (OFPRS). The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ fulltime or volunteer firefighters.
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:

- Hired Prior to November 1, 2013
  Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is $150.60 per month.

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

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

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

Contributions **-** The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were $355,999. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of $932,187 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of $918,133. These on-behalf payments did not meet the criteria of a special funding situation.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 6601 Broadway Ext. #100, Oklahoma City, OK 73116.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2025, the City reported a net pension liability of $8,602,382 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. 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, 2024. Based upon this information, the City's proportion was 0.653126 percent.

For the year ended June 30, 2025, the City recognized pension expense of $1,274,947. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,260,372	$ -
Changes of assumptions	310,993	-
Net difference between projected and actual earnings on pension plan investments	-	66,072
Changes in proportion	150,513	520,873
City contributions during measurement date	903	5,271
City contributions subsequent to the measurement date	355,999	-
Total	$ 2,078,780	$ 592,216

The $355,999 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, 2026. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	142,529
2027	937,415
2028	20,888
2029	29,733
	$ 1,130,565

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2024, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 14% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the following:

- *Active members* – Pub-2010 Public Safety Table with generational mortality improvements using MP-2021
- *Retired members* – Pub-2010 Public Safety Below Median Table with generational mortality improvement using Scale MP-2021.
- *Disabled members* – Pub-2010 Public Safety Disabled Table set forward 2 years.

The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2018, to June 30, 2023.

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, 2024, are summarized in the following table:

Asset	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	5.86%
Domestic equity	42%	8.78%
International equity	20%	10.68%
Real estate	10%	9.68%
Other assets	8%	6.44%

Discount Rate- The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 37.8% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	$ 11,449,207	$ 8,602,382	$ 6,230,205

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.

Police Pension System*:*

Plan Summary Information. Pursuant to the requirements of Title 11, section 22-102, the City of McAlester participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Police Pension and Retirement System (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 $338,693. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of $347,322 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of $368,578. These on-behalf payments did not meet the criteria of a special funding situation.

The OPPRS issues a publicly available report that includes financial statements, which can be obtained from the Oklahoma Police Pension and Retirement System, 1001 N.W. 63rd Street, Oklahoma City, OK, 73116-7335.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2025, the City reported a liability of $1,765,606 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. 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, 2024. Based upon this information, the City's proportion was 0.6741 percent.

For the year ended June 30, 2025, the City recognized pension expense of $2,507,334. At June 30, 2025, 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	$ 737,254	$ 14,400
Changes of assumptions	-	299,067
Net difference between projected and actual earnings on pension plan investments	945,376	-
Changes in proportion	65,526	23,755
City contributions during measurement date	14,691	4,394
City contributions subsequent to the measurement date	338,693	-
Total	$ 2,101,540	$ 341,616

$338,693 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, 2026. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
	2026	105,472
	2027	898,152
	2028	286,040
	2029	98,099
	2030	33,468
		$ 1,421,231

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2024, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.5% to 12% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Mortality rates:	Active employees (pre-retirement) PubS-2010 Employee (below median) Mortality Table with rates set forward two years and projected generationally using SOA Scale MP-2021. Healthy retirees (below medial) Mortality table with rates set forward two years and projected generaltionally using SOA Scale MP-2021. Beneficiary mortality rates were based on the PubS-2010 Contingent survivor (below median) Mortality Table with rates set forward two years and projected generationally using SOA Scale MP-2021. Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA. Disabled pensioners: PubS-2010 Disabled Retiree Mortality Table with rates projected to 2023 using SOA Scale MP-2021.
Cost-of-living Adjustment:	Police officers eligible to receive increased benefits according to repealed Section 50-150 of Title 11 of the Oklahoma Statutes pursuant to a court order receive and adjustment of 1/3 to ½ 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).

The actuarial assumptions used in the July 1, 2024, 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, 2024, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	5.65%
Domestic equity	8.63%
International equity	10.68%
Real estate	9.55%
Private equity/debt	11.46%

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

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	$ 4,294,071	$1,765,606	$(372,245)

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.

Summary of Contributions:

Oklahoma Firefighter's Pension and Retirement System			Oklahoma Police Pension and Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2023	341,276	100%	2023	350,870	100%
2024	353,691	100%	2024	354,627	100%
2025	355,999	100%	2025	338,693	100%

OMRF Defined Contribution Plan:

Effective July 1, 2013, the City has also provided a defined contribution plan and trust known as the City of McAlester Plan and Trust (the "Plan") in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OMRF). OMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The plan is administered by JPMorgan Chase Bank. The defined contribution plan is available to all full-time employees except those participating in state fire or police programs. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon employment. By City ordinance, the City, as employer, shall contribute to the Fund an amount equal to 50% of the Participant's contributions under the City's Deferred Compensation Plan 457. The Employer match shall be limited to 6.00% of these Participant's earnings effective July 1, 2013. The City's contributions for each employee (and interest allocated to the employee's account) are vested at a rate of 100% after 5 years of service. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting shall reduce the Employer contribution. The authority to establish and amend the provisions of the plan rests with the City Council.

For the year ended June 30, 2025, the City contributed $233,734 to the plan.

OMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 1001 N.W. 63rd, Suite 260, Oklahoma City, Oklahoma, 73116.

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2025

GENERAL FUND (BUDGETARY BASIS)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	$ 712,864	$ 1,059,212	$ 1,671,856	$ 612,644
Resources (Inflows):				
TAXES:				
Sales tax	9,644,128	9,644,128	9,017,277	(626,851)
Use tax	2,167,835	2,167,835	1,982,045	(185,790)
Franchise tax	677,779	677,779	665,791	(11,988)
Sales tax increment	-	1,089,464	1,089,464	-
TIF-Pittsburg county	-	422,102	422,102	-
Total Taxes	12,489,742	14,001,308	13,176,679	(824,629)
INTERGOVERNMENTAL:				
Alcoholic beverage tax	249,800	249,800	250,000	200
Tobacco/cigarette tax	122,000	122,000	111,888	(10,112)
Gas excise tax	36,849	36,849	31,912	(4,937)
Vehicle tax	125,000	125,000	128,475	3,475
Grant revenue	58,732	138,986	137,684	(1,302)
Healthcare reimbursement by state	125,000	125,000	107,578	(17,422)
BCBS Wellness Credit	50,000	50,000	-	(50,000)
Total Intergovernmental	767,381	847,635	767,537	(80,098)
CHARGES FOR SERVICES:				
Court costs	260,000	260,000	216,347	(43,653)
Cemetery opening/closing	20,000	20,000	24,303	4,303
Incarceration fee	10,000	10,000	4,344	(5,656)
Cemetery fees	5,000	5,000	6,700	1,700
Swimming pool revenue	11,000	38,654	38,254	(400)
Ambulance revenue	1,075,000	1,257,706	1,257,620	(86)
Street cuts	9,000	9,000	8,542	(458)
Recreation fees	2,500	2,500	1,310	(1,190)
Oil and gas leases	523,000	523,000	154,161	(368,839)
Abatements	115,000	115,000	53,982	(61,018)
Rental rooms	3,800	3,800	3,726	(74)
Burgular alarms	12,000	12,000	16,505	4,505
Complex concessions	25,000	46,560	46,560	-
Complex rental	13,500	13,500	9,139	(4,361)
Total Charges for Services	2,084,800	2,316,720	1,841,493	(475,227)
FINES AND FORFEITURES	655,250	655,293	483,532	(171,761)
LICENSES AND PERMITS	130,485	132,985	146,263	13,278
INVESTMENT INCOME	177,937	321,388	321,389	1
MISCELLANEOUS:				
Auctions	20,000	20,000	2,819	(17,181)
Hay sales	1,000	1,000	-	(1,000)
Interlocal agreements	5,915	5,915	-	(5,915)
Cemetery lots	8,000	16,582	16,954	372
Demolitions	1,500	19,615	19,765	150
OTC intercept collection fee	500	500	661	161
Court admin fee	4,300	4,300	3,394	(906)
Miscellaneous	8,000	258,949	260,894	1,945
Credit card payment fees	-	10,000	10,860	860
P-card cash back	650	650	376	(274)
US Marshal-OT	-	-	3,009	3,009
Judgment repayments	-	-	398	398
Reimbursements	148,500	148,500	79,009	(69,491)
Total Miscellaneous	198,365	486,011	398,139	(87,872)
OTHER FINANCING SOURCES:				
Transfers from other funds	1,750,000	1,750,000	1,750,000	-
Total Other Financing Sources	1,750,000	1,750,000	1,750,000	-
Amounts available for appropriation	18,966,824	21,570,552	20,556,888	(1,013,664)

(Continued)

(Continued)

	GENERAL FUND (BUDGETARY BASIS)			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Charges to Appropriations (Outflows):				
LEGISLATURE	461,229	476,934	465,606	11,328
ADMINISTRATION:				
City Manager	404,663	422,748	412,973	9,775
Finance	479,353	528,277	524,735	3,542
City Clerk	152,496	156,736	153,098	3,638
City Attorney	137,980	152,980	134,126	18,854
Court	282,881	270,434	235,667	34,767
Interdepartmental	1,904,294	2,944,096	2,799,903	144,193
Information Services	671,158	671,158	564,025	107,133
CID	580,369	705,599	688,499	17,100
TOTAL ADMINISTRATION	4,613,194	5,852,028	5,513,026	339,002
PUBLIC SAFETY:				
Patrol	3,861,004	4,254,581	4,025,355	229,226
Animal Control	58,481	61,826	60,095	1,731
Fire	3,880,207	4,089,359	4,034,755	54,604
EMS	202,350	203,350	189,950	13,400
TOTAL PUBLIC SAFETY	8,002,042	8,609,116	8,310,155	298,961
COMMUNITY SERVICES:				
Parks	1,151,621	1,154,149	1,008,137	146,012
Swimming Pools	175,906	175,911	109,004	66,907
Recreation	223,436	159,282	113,098	46,184
Cemetery	261,928	262,139	229,578	32,561
Facility Maintenance	316,378	318,354	305,212	13,142
Carl Albert Building	113,100	113,100	78,565	34,535
TOTAL COMMUNITY SERVICES	2,242,369	2,182,935	1,843,594	339,341
ADMINISTRATIVE SERVICES:				
Planning & Community Development	593,992	685,696	555,846	129,850
Human Resources/Risk Management	293,305	312,819	261,192	51,627
TOTAL ADMINISTRATIVE SERVICES	887,297	998,515	817,038	181,477
PUBLIC WORKS:				
Traffic Control	107,352	114,403	102,800	11,603
Streets	1,273,107	1,171,013	1,125,921	45,092
TOTAL PUBLIC WORKS	1,380,459	1,285,416	1,228,721	56,695
OTHER FINANCING USES:				
Transfers to other funds	1,380,234	1,380,235	1,178,309	201,926
Total Charges to Appropriations	18,966,824	20,785,179	19,356,449	1,428,730
Ending Budgetary Fund Balance	$ -	$ 785,373	$ 1,200,439	$ 415,066

Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2025, (Continued)

SPECIAL REVENUE - RESERVE FUND (Budgetary Basis)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance	$ -	$ -	$ 1,882,145	$ 1,882,145
Resources (Inflows):				
Investment income	-	76,681	76,682	1
Amounts available for appropriation	-	76,681	1,958,827	1,882,146
Charges to appropriations (outflows):				
Transfers out	-	-	-	-
Total Charges to Appropriations	-	-	-	-
Ending Budgetary Fund Balance	$ -	$ 76,681	$ 1,958,827	$ 1,882,146

See accompanying notes to budgetary comparison schedules

Footnotes to Budgetary Comparison Schedules:

1. The City prepares its budgets for all funds on the cash basis of accounting for all revenues except for on-behalf payments made, and those that are billed by the City (i.e., misc receivables). The modified accrual basis of accounting is used for budgeting of expenditures with the exception of on-behalf payments made, the net effect of certain year-end payroll accruals, and outstanding encumbrances related to capital items. The City utilizes encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. Encumbrances outstanding and their related appropriations are lapsed at year end and are re-appropriated and re-encumbered in the subsequent fiscal year.

2. The legal level of appropriation control is the department level within a fund set by a Resolution that adopts the annual budget. Transfers of appropriation between departments within a fund require the approval of the City Manager, subject to a dollar limitation of $25,000. However, by practice, the city has brought all budget amendments over $25,000 to City Council for their informational purposes. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.

3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

	General Fund
Sources/Inflows of resources	
Actual amounts (budgetary basis) “available appropriation” from the budgetary comparison schedule	$20,556,888
Differences – budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(1,671,856)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(1,750,000)

The City reports on-behalf payments made by state in the General Fund in the fund financial statements, but are not budgeted.	1,279,509
The City reports the Nutrition Account as part of the General Fund in the fund financial statements, but are not included in the budget to actual.	52,434
The City budgets for revenues on the modified cash basis of accounting, rather than on the modified accrual basis.	(314,372)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	$18,152,603
Uses/Outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$19,356,449
Differences – budget to GAAP:	
The City budgets for payroll and miscellaneous accrued liabilities on the modified cash basis, rather than on the modified accrual basis.	(401,395)
The City reports on-behalf payments made by state in the General Fund in the fund financial statements, but are not budgeted.	1,279,509
The City reports the Nutrition Account as part of the General Fund in the fund financial statements, but are not included in the budget to actual.	300,195
Transfers to other funds and component units are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(1,178,309)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	$19,356,449

	Reserve Fund
Sources/Inflows of resources	
Actual amounts (budgetary basis) "available appropriation" from the budgetary comparison schedule	$1,958,827
Differences – budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(1,882,145)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	$76,682
Uses/Outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$-0-
Differences – budget to GAAP:	
Transfers to other funds and component units are outflows of budgetary resources but are not expenditures for financial reporting purposes.	-0-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance – governmental funds	$ -0-

4. For the year ended June 30, 2025, the City complied, in all material respects, with the applicable budget laws.

Required Supplementary Information
City of McAlester Employee's Retirement System

Schedule of Changes in Net Pension Liability and Related Ratios — **Last 10 Fiscal Years**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total pension liability										
Service cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest	1,170,468	1,178,194	1,190,824	1,195,454	1,202,785	1,181,301	1,168,486	1,097,236	1,065,897	1,049,716
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	25,240	103,095	68,272	161,251	(200,112)	152,269	(1,028,990)	(247,847)	(2,653)	(287,462)
Changes of assumptions	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(1,024,826)	(1,094,405)	(1,164,396)	(1,213,398)	(1,253,743)	(1,379,356)	(1,343,490)	(1,284,131)	(1,274,738)	(1,243,876)
Net change in total pension liability	170,882	186,884	94,700	143,307	(251,070)	(45,786)	(1,203,994)	(434,742)	(211,494)	(481,622)
Total pension liability - beginning	16,785,991	16,956,873	17,143,757	17,238,457	17,381,764	17,130,694	17,084,908	15,880,914	15,446,172	15,234,678
Total pension liability - ending (a)	$ 16,956,873	$ 17,143,757	$ 17,238,457	$ 17,381,764	$ 17,130,694	$ 17,084,908	$ 15,880,914	$ 15,446,172	$ 15,234,678	$ 14,753,056
Plan fiduciary net position										
Contributions - employer	$ 618,056	$ 600,552	$ 450,504	$ 427,843	$ 453,602	$ 453,602	$ 518,088	$ 496,627	$ 496,627	$ 496,627
Contributions - member	-	-	-	-	-	-	-	-	-	-
Net investment income	(240,387)	1,691,613	1,039,420	629,480	291,619	3,566,897	(2,289,038)	1,525,464	1,852,084	1,463,207
Benefit payments, including refunds of member contributions	(1,024,826)	(1,094,405)	(1,164,396)	(1,213,398)	(1,253,743)	(1,379,356)	(1,343,490)	(1,284,131)	(1,274,738)	(1,243,876)
Administrative expense	(124,062)	(132,257)	(129,577)	(118,720)	(117,195)	(123,489)	(100,356)	(87,247)	(85,939)	-
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(771,219)	1,065,503	195,951	(274,795)	(625,717)	2,517,654	(3,214,796)	650,713	988,034	715,958
Plan fiduciary net position - beginning	13,318,299	12,547,080	13,612,583	13,808,534	13,533,739	12,908,022	15,425,676	12,210,880	12,861,593	13,849,627
Plan fiduciary net position - ending (b)	$ 12,547,080	$ 13,612,583	$ 13,808,534	$ 13,533,739	$ 12,908,022	$ 15,425,676	$ 12,210,880	$ 12,861,593	$ 13,849,627	$ 14,565,585
Net pension liability - ending (a) - (b)	$ 4,409,793	$ 3,531,174	$ 3,429,923	$ 3,848,025	$ 4,222,672	$ 1,659,232	$ 3,670,034	$ 2,584,579	$ 1,385,051	$ 187,471
Plan fiduciary net position as a percentage of the total pension liability	74.0%	79.4%	80.1%	77.9%	75.4%	90.3%	76.9%	83.3%	90.9%	98.7%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

The plan was frozen on July 1, 2013.

Since the plan's benefits were frozen as of July 1, 2013, payroll information is no longer being collected because it is no longer needed to perform the actuarial evaluation

Required Supplementary Information
City of McAlester Employee's Retirement System

Schedule of Employer Contributions — **Last 10 Fiscal Years**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially determined contribution	$ 458,246	$ 478,557	$ 427,842	$ 453,602	$ 503,352	$ 518,091	$ 496,627	$ 427,675	$ 420,953	$ 413,953
Contributions in relation to the actuarially determined contribution	593,512	600,552	450,504	427,843	453,602	453,602	518,088	496,627	496,627	496,627
Contribution deficiency (excess)	$ (135,266)	$ (121,995)	$ (22,662)	$ 25,759	$ 49,750	$ 64,489	$ (21,461)	$ (68,952)	$ (75,674)	$ (82,674)
Covered payroll	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)
Contributions as a percentage of covered payroll	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)	N/A (Note 4)

Notes to Schedule:

1. Plan frozen on July 1, 2013.

2. Latest Valuation Date: July 1, 2024

3. Methods and assumptions used to determine contribution rates:
   - Actuarial cost method - Projected Unit Credit
   - Amortization method - Level dollar, post 2009 liabilities open, pre 2009 liabilities closed
   - Remaining amortization period - Closed part = 3 years
   - Asset valuation method - Actuarial:
     - Smoothing period - 5 years
   - Salary increases - Frozen at this time
   - Investment rate of return - 7.2%, net of pension plan investment expense

4. Since the plan's benefits were frozen as of July 1, 2013, payroll information is no longer being collected because it is no longer needed to perform the actuarial valuation.

Required Supplementary Information

Schedule of Investment Returns — **Last Ten Fiscal Years**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual money-weighted rate of return, net of investment expense	0.24%	-2.57%	12.81%	7.00%	4.00%	1.47%	27.45%	-15.53%	12.04%	13.97%

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City's proportion of the net pension liability	0.747576%	0.761806%	0.750071%	0.724812%	0.732668%	0.748001%	0.692638%	0.735140%	0.651681%	0.653126%
City's proportionate share of the net pension liability	$ 7,934,836	$ 9,307,102	$ 9,433,823	$ 8,158,806	$ 7,741,853	$ 9,214,722	$ 4,561,482	$ 9,613,685	$ 8,408,323	$ 8,602,382
City's covered payroll	$ 2,042,764	2,128,125	2,134,671	2,145,115	2,263,201	2,394,465	2,256,630	2,426,732	2,437,683	2,522,312
City's proportionate share of the net pension liability as a percentage of its covered payroll	388%	437%	442%	380%	342%	385%	202%	396%	345%	341%
Plan fiduciary net position as a percentage of the total pension liability	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%	69.49%	70.90%	71.90%

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

Notes to Schedule:

Current year measurement date is June 30, 2024

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Statutorially required contribution	$ 297,937	$ 298,853	$ 300,317	$ 316,849	$ 335,651	$ 315,929	$ 339,743	$ 341,276	$ 353,691	$ 355,999
Contributions in relation to the statutorially required contribution	297,937	298,853	300,317	316,849	335,651	315,929	339,743	341,276	353,691	355,999
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	2,128,125	2,134,671	2,145,115	2,263,201	2,394,465	2,256,630	2,426,732	2,437,683	2,522,312	2,532,711
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.02%	14.00%	14.00%	14.00%	14.02%	14.06%

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City's proportion of the net pension liability (asset)	0.7942%	0.8215%	0.8551%	0.8220%	0.7797%	0.7435%	0.7512%	0.6894%	0.7262%	0.6732%	0.6741%
City's proportionate share of the net pension liability (asset)	$ (267,389)	$ 33,497	$1,309,556	$ 63,229	$ (371,422)	$ (47,463)	$ 862,693	$(3,307,245)	$ (582,345)	$ (205,606)	$1,765,606
City's covered payroll	$2,217,808	$2,401,492	$2,435,869	$2,451,108	$2,378,392	$2,417,685	$2,516,794	$ 2,388,728	$ 2,516,973	$2,698,996	$2,749,405
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(12.06)%	1.39%	53.76%	2.58%	(15.62)%	(1.96)%	34.28%	(138.45)%	(23.14)%	(7.62)%	64.22%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%	101.89%	100.24%	95.80%	117.07%	102.74%	101.02%	92.40%

Notes to Schedule:

Current year measurement date is June 30, 2024

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Statutorially required contribution	$ 316,663	$ 318,644	$ 309,191	$ 314,299	$ 327,058	$ 310,535	$ 327,207	$ 350,870	$ 357,423	$ 338,693
Contributions in relation to the statutorially required contribution	316,663	318,644	309,191	314,299	327,058	310,535	327,207	350,870	354,627	338,693
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,796	$ -
City's covered payroll	$2,435,869	$2,451,108	$2,378,392	$2,417,685	$2,516,794	$2,388,728	$2,516,973	$2,698,996	$2,749,405	$2,612,907
Contributions as a percentage of covered payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	12.90%	12.96%

OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet, General Fund Accounts – June 30, 2025

	General Fund	Nutrition Account	Total General Fund
ASSETS			
Cash and cash equivalents	$ 1,343,206	$ 202,554	$ 1,545,760
Investments	90,087	-	90,087
Receivables:			
Due from other governments	1,596,977	4,458	1,601,435
Franchise tax receivable	56,571	-	56,571
Due from other funds	4,840	-	4,840
Court fines receivable, net of allowance	756,641	-	756,641
Ambulance receivable, net of allowance	63,855	-	63,855
Other receivables, net of allowance	14,612	-	14,612
Total assets	$ 3,926,789	$ 207,012	$ 4,133,801
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 211,742	$ 4,606	$ 216,348
Accrued payroll liabilities	362,997	6,891	369,888
Due to other funds	1,230,935	-	1,230,935
Unearned revenue	4,102	-	4,102
Due to bondholders	15,133	-	15,133
Total liabilities	1,824,909	11,497	1,836,406
Deferred inflows of resources:			
Unavailable revenue	777,415	-	777,415
Fund balances:			
Assigned	500,000	195,515	695,515
Unassigned	824,465	-	824,465
Total fund balances	1,324,465	195,515	1,519,980
Total liabilities, deferred inflows and fund balances	$ 3,926,789	$ 207,012	$ 4,133,801

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances, General Fund Accounts – Year Ended June 30, 2025

	General Fund	Nutrition Account	Total General Fund
REVENUES			
Taxes	$ 13,079,064	$ -	$ 13,079,064
Intergovernmental	2,074,851	52,434	2,127,285
Charges for services	1,859,259	-	1,859,259
Fines and forfeitures	458,201	-	458,201
Licenses and permits	146,263	-	146,263
Investment earnings	321,389	-	321,389
Miscellaneous	161,142	-	161,142
Total revenues	18,100,169	52,434	18,152,603
EXPENDITURES			
Current:			
Legislative	441,920	-	441,920
Administration	5,414,991	-	5,414,991
Public safety	9,334,598	-	9,334,598
Community services	1,656,663	-	1,656,663
Administrative services	759,884	-	759,884
Health and welfare	-	300,195	300,195
Public works	1,220,073	-	1,220,073
Debt Service:			
Principal	59,459	-	59,459
Interest and other charges	3,980	-	3,980
Capital Outlay	164,686	-	164,686
Total expenditures	19,056,254	300,195	19,356,449
Excess (deficiency) of revenues over expenditures	(956,085)	(247,761)	(1,203,846)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,986,997	-	1,986,997
Transfers out	(891,895)	-	(891,895)
Interaccount transfers	(286,414)	286,414	-
Total other financing sources and uses	808,688	286,414	1,095,102
Net change in fund balances	(147,397)	38,653	(108,744)
Fund balances - beginning	1,471,862	156,862	1,628,724
Fund balances - ending	$ 1,324,465	$ 195,515	$ 1,519,980

Combining Balance Sheet, Nonmajor Governmental Funds – June 30, 2025

	SPECIAL REVENUE FUNDS							
	Juvenile Fine Fund	Tourism Fund	E-911 Fund	Gifts & Contributions Fund	Stormwater Fund	Economic Development Fund	MRHC-Cancer Center Fund	Child Abuse Response Fund
ASSETS								
Cash and cash equivalents	$ -	$ 1,437,854	$ 253,353	$ 619,467	$ 3,901,573	$ 289,106	$ -	$ 2,685
Investments	-	-	-	-	-	1,007,343	-	-
Accounts receivable, net of allowance	-	-	-	-	96,554	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	-	190,346	-	-	77,549	1,312,991	71,978	-
Other receivables	-	84,821	55,594	1,166,679	-	-	-	-
Lease receivable	-	-	-	191,736	-	12,783	-	-
Total assets	$ -	$ 1,713,021	$ 308,947	$ 1,977,882	$ 4,075,676	$ 2,622,223	$ 71,978	$ 2,685
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	$ -	$ 21,367	$ 2,963	$ 10,000	$ 29,777	$ 390,444	$ -	$ 2,645
Accrued payroll liabilities	-	2,093	16,552	-	-	3,828	-	-
Due to other funds	-	-	4,840	-	-	-	-	-
Unearned revenue	-	-	-	-	-	103,472	-	-
Total liabilities	-	23,460	24,355	10,000	29,777	497,744	-	2,645
Deferred Inflows of Resources:								
Deferred Inflows-Leases	-	-	-	237,766	-	12,470	-	-
Unavailable revenue	-	190,346	-	1,166,679	77,549	18,011	-	-
Total deferred inflows of resources	-	190,346	-	1,404,445	77,549	30,481	-	-
Fund Balances:								
Restricted	-	910,386	284,592	525,052	3,968,350	103,472	71,978	40
Assigned	-	588,829	-	38,385	-	1,990,526	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-
Total fund balances	-	1,499,215	284,592	563,437	3,968,350	2,093,998	71,978	40
Total liabilities, deferred inflows and fund balances	$ -	$ 1,713,021	$ 308,947	$ 1,977,882	$ 4,075,676	$ 2,622,223	$ 71,978	$ 2,685

(Continued)

Combining Balance Sheet, Nonmajor Governmental Funds – June 30, 2025, Continued

	CAPITAL PROJECT FUNDS						
	Police Grant Fund	State Forfeiture Fund	Cemetery Perpetual Care Fund	CDBG Grants Fund	Federal Forfeiture Fund	Fire Improvement Grant Fund	Capital Improvement Plan Fund
ASSETS							
Cash and cash equivalents	$ 19,370	$ 12,988	$ 326,263	$ 101,493	$ 480	$ 260	$ 1,493,637
Investments	-	-	-	-	-	-	-
Accounts receivable, net of allowance	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	800,000
Due from other governments	-	-	-	-	-	-	259,993
Other receivables	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-
Total assets	$ 19,370	$ 12,988	$ 326,263	$ 101,493	$ 480	$ 260	$ 2,553,630
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	$ -	$ -	-	$ -	$ -	$ -	$ 250,838
Accrued payroll liabilities	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	250,838
Deferred Inflows of Resources:							
Deferred Inflows-Leases	-	-	-	-	-	-	-
Unavailable revenue	-	-	-	-	-	-	10,957
Total deferred inflows of resources	-	-	-	-	-	-	10,957
Fund Balances:							
Restricted	19,370	11,991	326,263	101,493	450	260	821,391
Assigned	-	997	-	-	30	-	1,470,444
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	19,370	12,988	326,263	101,493	480	260	2,291,835
Total liabilities, deferred inflows and fund balances	$ 19,370	$ 12,988	$ 326,263	$ 101,493	$ 480	$ 260	$ 2,553,630

(Continued)

Combining Balance Sheet, Nonmajor Governmental Funds – June 30, 2025, Continued

	CAPITAL PROJECT FUNDS				DEBT SERVICE FUNDS			
	Technology Fund	Infrastructure Fund	American Rescue Plan Fund	Police Equipment Fund	Sales Tax - Schools Fund	Sinking Fund	OWRB Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS								
Cash and cash equivalents	$ 37,483	$ 4,063,962	$ -	$ 129,796	$ 270	$ 157	$ 630,858	$ 13,321,055
Investments	-	-	-	-	-	-	-	1,007,343
Accounts receivable, net of allowance	79,161	79,160	-	-	-	-	-	254,875
Due from other funds	-	-	-	-	-	-	-	800,000
Due from other governments	-	366,448	941,938	-	71,978	-	143,957	3,437,178
Other receivables	-	-	-	-	-	-	-	1,307,094
Lease receivable	-	-	-	-	-	-	-	204,519
Total assets	$ 116,644	$ 4,509,570	$ 941,938	$ 129,796	$ 72,248	$ 157	$ 774,815	$ 20,332,064
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	$ 26,337	$ 157,126	$ 682,217	$ 34,939	$ -	$ -	$ -	$ 1,608,653
Accrued payroll liabilities	-	-	-	-	-	-	-	22,473
Due to other funds	-	-	-	-	-	-	-	4,840
Unearned revenue	-	-	-	-	-	-	-	103,472
Total liabilities	26,337	157,126	682,217	34,939	-	-	-	1,739,438
Deferred Inflows of Resources:								
Deferred Inflows-Leases	-	-	-	-	-	-	-	250,236
Unavailable revenue	68,730	74,646	941,938	-	-	-	-	2,548,856
Total deferred inflows of resources	68,730	74,646	941,938	-	-	-	-	2,799,092
Fund Balances:								
Restricted	12,112	2,736,969	-	90,799	72,248	157	774,815	10,832,188
Assigned	9,465	1,540,829	-	4,058	-	-	-	5,643,563
Unassigned (deficit)	-	-	(682,217)	-	-	-	-	(682,217)
Total fund balances	21,577	4,277,798	(682,217)	94,857	72,248	157	774,815	15,793,534
Total liabilities, deferred inflows and fund balances	$ 116,644	$ 4,509,570	$ 941,938	$ 129,796	$ 72,248	$ 157	$ 774,815	$ 20,332,064

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Nonmajor Governmental Funds – Year Ended June 30, 2025

	SPECIAL REVENUE FUNDS							
	Juvenile Fine Fund	Tourism Fund	E-911 Fund	Gifts & Contributions Fund	Stormwater Fund	Economic Development Fund	MRHC-Cancer Center Fund	Child Abuse Response Fund
REVENUES								
Taxes	$ -	$ 746,547	$ 652,566	$ -	$ -	$ -	$ 559,029	$ -
Intergovernmental	-	17,577	-	-	465,294	2,012,251	-	-
Charges for services	7,629	430	-	-	1,226,504	-	-	22,982
Investment earnings	-	-	9,589	3,911	-	40,551	-	-
Miscellaneous	-	110	-	503,499	-	365,553	-	-
Total revenues	7,629	764,664	662,155	507,410	1,691,798	2,418,355	559,029	22,982
EXPENDITURES								
Current:								
Administration	-	-	-	15,161	-	-	-	22,982
Public safety	10,898	-	851,609	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Administrative services	-	420,196	-	-	5,482	-	-	-
Economic development	-	-	-	-	-	399,552	-	-
Payment to MRHC-Cancer Center	-	-	-	-	-	-	563,580	-
Capital Outlay	-	259,950	15,302	220,131	638,633	2,081,323	-	-
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-
Total expenditures	10,898	680,146	866,911	235,292	644,115	2,480,875	563,580	22,982
Excess (deficiency) of revenues over expenditures	(3,269)	84,518	(204,756)	272,118	1,047,683	(62,520)	(4,551)	-
OTHER FINANCING SOURCES (USES)								
Transfers in	3,269	-	260,388	-	-	1,436,517	-	-
Transfers out	-	-	-	-	-	(3,390)	-	-
Gain on sale of lease	-	-	-	-	-	-	-	-
Total other financing sources and uses	3,269	-	260,388	-	-	1,433,127	-	-
Net change in fund balances	-	84,518	55,632	272,118	1,047,683	1,370,607	(4,551)	-
Fund balances - beginning	-	1,414,697	228,960	291,319	2,920,667	723,391	76,529	40
Fund balances - ending	$ -	$ 1,499,215	$ 284,592	$ 563,437	$ 3,968,350	$ 2,093,998	$ 71,978	$ 40

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Nonmajor Governmental Funds – Year Ended June 30, 2025 (Continued)

	CAPITAL PROJECT FUNDS						
	Police Grant Fund	State Forfeiture Fund	Cemetery Perpetual Care Fund	CDBG Grants Fund	Federal Forfeiture Fund	Fire Improvement Grant Fund	Capital Improvement Plan Fund
REVENUES							
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	624	-	228,333	-	-	371,753
Charges for services	-	-	5,894	-	-	-	-
Investment earnings	-	429	13,636	-	16	-	-
Miscellaneous	-	-	-	-	-	-	187,819
Total revenues	-	1,053	19,530	228,333	16	-	559,572
EXPENDITURES							
Current:							
Administration	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Administrative services	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Payment to MRHC-Cancer Center	-	-	-	-	-	-	-
Capital Outlay	-	-	143,926	414,274	-	-	1,528,374
Debt Service:							
Principal	-	-	-	-	-	-	183,660
Interest and other charges	-	-	-	-	-	-	2,759
Total expenditures	-	-	143,926	414,274	-	-	1,714,793
Excess (deficiency) of revenues over expenditures	-	1,053	(124,396)	(185,941)	16	-	(1,155,221)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	287,434	-	-	294,059
Transfers out	-	-	-	-	-	-	(416,017)
Gain on sale of lease	-	-	-	-	-	-	236,586
Total other financing sources and uses	-	-	-	287,434	-	-	114,628
Net change in fund balances	-	1,053	(124,396)	101,493	16	-	(1,040,593)
Fund balances - beginning	19,370	11,935	450,659	-	464	260	3,332,428
Fund balances - ending	$ 19,370	$ 12,988	$ 326,263	$ 101,493	$ 480	$ 260	$ 2,291,835

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Nonmajor Governmental Funds – Year Ended June 30, 2025 (Continued)

	CAPITAL PROJECT FUNDS				DEBT SERVICE FUNDS			
	Technology Fund	Infrastructure Fund	American Rescue Plan Fund	Police Equipment Fund	Sales Tax - Schools Fund	Sinking Fund	OWRB Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES								
Taxes	$ -	$ 2,236,117	$ -	$ -	$ 559,029	$ 2	$ 1,118,059	$ 5,871,349
Intergovernmental	-	360,602	762,169	-	-	-	-	4,218,603
Charges for services	62,959	62,957	-	226,390	-	-	-	1,615,745
Investment earnings	-	123,372	1,292	3,250	-	-	-	196,046
Miscellaneous	-	205,590	-	-	-	-	-	1,262,571
Total revenues	62,959	2,988,638	763,461	229,640	559,029	2	1,118,059	13,164,314
EXPENDITURES								
Current:								
Administration	-	-	-	-	-	-	-	38,143
Public safety	-	-	-	2,491	-	-	-	864,998
Community services	-	-	-	-	563,580	-	-	563,580
Administrative services	-	-	-	-	-	-	-	425,678
Economic development	-	-	-	-	-	-	-	399,552
Payment to MRHC-Cancer Center	-	-	-	-	-	-	-	563,580
Capital Outlay	97,337	1,895,110	1,965,846	240,606	-	-	-	9,500,812
Debt Service:								
Principal	-	-	-	-	-	-	-	183,660
Interest and other charges	-	-	-	-	-	-	-	2,759
Total expenditures	97,337	1,895,110	1,965,846	243,097	563,580	-	-	12,542,762
Excess (deficiency) of revenues over expenditures	(34,378)	1,093,528	(1,202,385)	(13,457)	(4,551)	2	1,118,059	621,552
OTHER FINANCING SOURCES (USES)								
Transfers in	-	715	504,550	-	-	-	264,234	3,051,166
Transfers out	-	-	(715)	-	-	-	(1,382,666)	(1,802,788)
Gain on sale of lease	-	-	-	-	-	-	-	236,586
Total other financing sources and uses	-	715	503,835	-	-	-	(1,118,432)	1,484,964
Net change in fund balances	(34,378)	1,094,243	(698,550)	(13,457)	(4,551)	2	(373)	2,106,516
Fund balances - beginning	55,955	3,183,555	16,333	108,314	76,799	155	775,188	13,687,018
Fund balances - ending	$ 21,577	$ 4,277,798	$ (682,217)	$ 94,857	$ 72,248	$ 157	$ 774,815	$ 15,793,534

Combining Schedule of Net Position, MPWA Accounts – June 30, 2025

	Enterprise Fund - MPWA			
	McAlester Public Works Authority Operating Account	Landfill Reserve Account	MPWA-DWSRF Projects Account	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 34,001	$ 5,416,492	$ 166,495	$ 5,616,988
Restricted cash and cash equivalents	590,979	-	-	590,979
Investments	90,087	-	-	90,087
Accounts receivable, net of allowance	1,865,040	32,500	-	1,897,540
Due from other funds	67,700	-	-	67,700
Receivables from other governments	-	-	-	-
Other receivables	-	-	-	-
Inventories	-	-	-	-
Prepaid Expenses	-	-	-	-
Total current assets	2,647,807	5,448,992	166,495	8,263,294
Non-current assets:				
Investment in joint venture	2,393,025	-	-	2,393,025
Capital Assets:				
Land and improvements	14,369,147	-	-	14,369,147
Other capital assets, net of depreciation	42,220,189	-	-	42,220,189
Total non-current assets	58,982,361	-	-	58,982,361
Total assets	61,630,168	5,448,992	166,495	67,245,655
DEFERRED OUTFLOW OF RESOURCES				
Deferred amounts related to pensions	168,892	-	-	168,892
LIABILITIES				
Current Liabilities:				
Accounts payable	474,877	11,400	1,527,513	2,013,790
Accrued payroll liabilities	65,661	-	-	65,661
Due to other governments	168	-	-	168
Accrued interest payable	109,279	-	-	109,279
Unearned revenue	95,251	-	-	95,251
Due to depositors	118,196	-	-	118,196
Notes payable	1,174,297	-	-	1,174,297
SBITA obligation	12,183	-	-	12,183
Accrued compensated absences	37,107	-	-	37,107
Total current liabilities	2,087,019	11,400	1,527,513	3,625,932
Non-current liabilities:				
Landfill closure and postclosure liability	5,632,052	-	-	5,632,052
Due to depositors	472,783	-	-	472,783
Pension benefit obligation	-	-	-	-
Notes payable	19,043,538	-	-	19,043,538
SBITA obligation	196,158	-	-	196,158
Accrued compensated absences	333,965	-	-	333,965
Net pension liability	471,026	-	-	471,026
Total non-current liabilities	26,149,522	-	-	26,149,522
Total liabilities	28,236,541	11,400	1,527,513	29,775,454
DEFERRED INFLOW OF RESOURCES				
Deferred amounts related to pensions	122,818	-	-	122,818
NET POSITION				
Net investment in capital assets	36,163,160	-	-	36,163,160
Unrestricted (deficit)	(2,723,459)	5,437,592	(1,361,018)	1,353,115
Total net position	$ 33,439,701	$ 5,437,592	$ (1,361,018)	$ 37,516,275

Combining Schedule of Revenues, Expenses, and Changes in Net Position, MPWA Accounts – Year Ended June 30, 2025

	Enterprise Fund - MPWA			
	McAlester Public Works Authority Operating Account	Landfill Reserve Account	MPWA-DWSRF Projects Account	Total
OPERATING REVENUES				
Charges for services:				
Water	$ 3,653,590	$ -	$ -	$ 3,653,590
Sewer	2,594,672	-	-	2,594,672
Sanitation	3,385,733	-	-	3,385,733
Water taps	14,520	-	-	14,520
Sewer taps	6,500	-	-	6,500
Water districts	2,290,888	-	-	2,290,888
Landfill	2,385	-	-	2,385
Penalties	294,059	6,227	-	300,286
Recycle fees	38,082	-	-	38,082
Subtitle "D" fees	-	399,674	-	399,674
Total operating revenues	12,280,429	405,901	-	12,686,330
OPERATING EXPENSES				
Utility office	562,728	-	-	562,728
Interdepartmental	793,678	-	-	793,678
Sanitation	2,516,735	-	-	2,516,735
Engineering	272,961	-	-	272,961
Sewer	1,065,072	-	-	1,065,072
Water	1,291,872	-	-	1,291,872
Utility maintenance	1,367,729	-	-	1,367,729
Landfill	343,094	52,466	-	395,560
Depreciation and amortization	2,247,139	-	-	2,247,139
Total Operating Expenses	10,461,008	52,466	-	10,513,474
Operating income	1,819,421	353,435	-	2,172,856
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	72,212	179,800	-	252,012
Interest expense	(368,915)	-	-	(368,915)
Miscellaneous revenue	308,299	-	-	308,299
Gain on joint venture	139,503	-	-	139,503
Total non-operating revenue (expenses)	151,099	179,800	-	330,899
Income before contributions and transfers	1,970,520	533,235	-	2,503,755
Capital contributions	6,414,166	-	-	6,414,166
Transfers in	1,565,076	-	-	1,565,076
Transfers out	(4,364,136)	-	-	(4,364,136)
Interaccount transfers	493,469	(99,188)	(394,281)	-
Change in net position	6,079,095	434,047	(394,281)	6,118,861
Total net position - beginning, as previously repo	27,438,529	5,003,545	(966,737)	31,475,337
Restatement	(77,923)	-	-	(77,923)
Total net position - beginning, restated	27,360,606	5,003,545	(966,737)	31,397,414
Total net position - ending	$ 33,439,701	$ 5,437,592	$ (1,361,018)	$ 37,516,275

Combining Schedule of Net Position, MAA Accounts – June 30, 2025

	McAlester Airport Authority		
	McAlester Airport Authority Operating Account	Airport Grant Account	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 432,452	$ 400,274	$ 832,726
Accounts receivable, net of allowance	11,505	-	11,505
Due from other governments	-	53,142	53,142
Total current assets	443,957	453,416	897,373
Non-current assets:			
Capital Assets:			
Land and improvements	2,708,775	-	2,708,775
Other capital assets, net of depreciation	6,084,801	-	6,084,801
Total non-current assets	8,793,576	-	8,793,576
Total assets	9,237,533	453,416	9,690,949
DEFERRED OUTFLOW OF RESOURCES			
Deferred amounts related to pensions	8,326	-	8,326
LIABILITIES			
Current Liabilities:			
Accounts payable	1,413	71,254	72,667
Accrued payroll liabilities	5,194	-	5,194
Notes payable	701,839	-	701,839
Accrued compensated absences	1,130	-	1,130
Total current liabilities	709,576	71,254	780,830
Non-current liabilities:			
Accrued compensated absences	10,174	-	10,174
Net pension liability	23,221		23,221
Total non-current liabilities	33,395	-	33,395
Total liabilities	742,971	71,254	814,225
DEFERRED INFLOW OF RESOURCES			
Deferred amounts related to pensions	6,055	-	6,055
NET POSITION			
Net investment in capital assets	8,091,737	-	8,091,737
Unrestricted (deficit)	405,096	382,162	787,258
Total net position	$ 8,496,833	$ 382,162	$ 8,878,995

Combining Schedule of Revenues, Expenses, and Changes in Net Position, MAA Accounts – Year Ended June 30, 2025

	McAlester Airport Authority		
	McAlester Airport Authority Operating Account	Airport Grant Account	Total
OPERATING REVENUES			
Charges for services:			
Rents and fees	$ 97,581	$ -	$ 97,581
Aviation fuel sales	486,226	-	486,226
Total operating revenues	583,807	-	583,807
OPERATING EXPENSES			
Airport	650,932	-	650,932
Depreciation	306,493	-	306,493
Total Operating Expenses	957,425	-	957,425
Operating income (loss)	(373,618)	-	(373,618)
NON-OPERATING REVENUES (EXPENSES)			
Interest expense	(17,097)	-	(17,097)
Miscellaneous revenue	840	-	840
Total non-operating revenue (expenses)	(16,257)	-	(16,257)
Income (loss) before contributions and transfers	(389,875)	-	(389,875)
Capital contributions	235,770	505,144	740,914
Transfers in	203,238	200,000	403,238
Interaccount transfers	246,788	(246,788)	-
Change in net position	295,921	458,356	754,277
Total net position - beginning, as previously repo	8,203,405	(76,194)	8,127,211
Restatement	(2,493)	-	(2,493)
Total net position - beginning, restated	8,200,912	(76,194)	8,124,718
Total net position - ending	$ 8,496,833	$ 382,162	$ 8,878,995

Combining Statement of Net Position, Internal Service Funds – June 30, 2025

	Internal Service Funds		
	Worker's Compensation Fund	FLEET Maintenance Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 42,438	$ 68,660	$ 111,098
Due from other funds	430,935	-	430,935
Total assets	473,373	68,660	542,033
LIABILITIES			
Current Liabilities:			
Accounts payable	-	6,179	6,179
Accrued payroll liabilities	-	7,346	7,346
Due to other funds	67,700	-	67,700
Estimated liability for claims	40,567	-	40,567
Compensated absences	-	5,514	5,514
Total current liabilities	108,267	19,039	127,306
Non-current liabilities:			
Estimated liability for claims	365,106	-	365,106
Compensated absences	-	49,621	49,621
Total non-current liabilities	365,106	49,621	414,727
Total liabilities	473,373	68,660	542,033
NET POSITION			
Unrestricted	-	-	-
Total net position	$ -	$ -	$ -

Combining Statement of Revenues, Expenses, and Changes in Net Position, Internal Service Funds – Year Ended June 30, 2025

	Internal Service Funds		
	Worker's Compensation Fund	FLEET Maintenance Fund	Total
OPERATING REVENUES			
Service charges	$ 146,499	$ 699,935	$ 846,434
Miscellaneous	12,010	1,633	13,643
Total operating revenues	158,509	701,568	860,077
OPERATING EXPENSES			
FLEET maintenance expense	-	689,967	689,967
Claims expense	158,509	-	158,509
Total operating expenses	158,509	689,967	848,476
Operating income	-	11,601	11,601
Total net position - beginning, as previously reported	-	-	-
Restatement (see Note 7)	-	(11,601)	(11,601)
Total net position - beginning, restated	-	(11,601)	(11,601)
Total net position - ending	$ -	$ -	$ -

Combining Statement of Cash Flows, Internal Service Funds – Year Ended June 30, 2025

	Internal Service Funds		
	Worker's Compensation Fund	FLEET Maintenance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers	$ (739,219)	$ (306,684)	$ (1,045,903)
Payments to employees	-	(349,964)	(349,964)
Other receipts	738,199	701,568	1,439,767
Net Cash Provided by (Used in) Operating Activities	(1,020)	44,920	43,900
Net Increase (Decrease) in Cash and Cash Equivalents	(1,020)	44,920	43,900
Balances - beginning of the year	43,458	23,740	67,198
Balances - end of the year	$ 42,438	$ 68,660	$ 111,098
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	$ -	$ 11,601	$ 11,601
Change in assets and liabilities:			
Due from other funds	579,690	-	579,690
Accounts payables	(1,020)	2,145	1,125
Accrued payroll liabilities	-	(245)	(245)
Claims liability	(579,690)	-	(579,690)
Accrued compensated absences	-	31,419	31,419
Net Cash Provided by (Used in) Operating Activities	$ (1,020)	$ 44,920	$ 43,900

Budgetary Comparison Schedules – Major Debt Service Governmental Funds – Year Ended June 30, 2025

DEBT SERVICE - DEDICATED SALES TAX-MPWA (Budgetary Basis)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning Budgetary Fund Balance	$ -	$ -	$ 765,784	$ 765,784
Resources (Inflows):				
Taxes	4,822,064	4,822,064	4,508,638	(313,426)
Investment income	5,000	28,880	28,880	-
Transfers in	-	52,342	52,342	0
Amounts available for appropriation	4,827,064	4,903,286	5,355,644	452,358
Charges to appropriations (outflows):				
Administration	5,000	5,000	5,000	-
Transfers out	4,822,064	4,874,406	4,584,860	289,546
Total Charges to Appropriations	4,827,064	4,879,406	4,589,860	289,546
Ending Budgetary Fund Balance	$ -	$ 23,880	$ 765,784	$ 741,904

DEBT SERVICE - BOND TRUSTEE FUND (Budgetary Basis)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning Budgetary Fund Balance	$ -	$ -	$ 6,121,676	$ 6,121,676
Resources (Inflows):				
Investment income	-	228,716	231,080	2,364
Transfers in	4,789,603	4,789,603	4,586,454	(203,149)
Amounts available for appropriation	4,789,603	5,018,319	10,939,210	5,920,891
Charges to appropriations (outflows):				
Finance	4,789,603	4,789,603	4,786,017	3,586
Total Charges to Appropriations	4,789,603	4,789,603	4,786,017	3,586
Ending Budgetary Fund Balance	$ -	$ 228,716	$ 6,153,193	$ 5,924,477

Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2025

SPECIAL REVENUE - JUVENILE FINE FUND (Budgetary Basis)

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance	$ -	$ -	$ -	$ -
Resources (Inflows):				
Charges for services	15,869	15,869	7,629	(8,240)
Transfers in	-	-	3,269	3,269
Amounts available for appropriation	15,869	15,869	10,898	(4,971)
Charges to appropriations (outflows):				
Public safety	15,869	15,869	10,898	4,971
Total Charges to Appropriations	15,869	15,869	10,898	4,971
Ending Budgetary Fund Balance	$ -	$ -	$ -	$ -

SPECIAL REVENUE - TOURISM/SE EXPO FUND (Budgetary Basis)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning Budgetary Fund Balance	$ 253,004	$ 256,724	$ 1,004,605	$ 747,881
Resources (Inflows):				
Taxes	753,040	753,040	717,876	(35,164)
Charges for services	4,000	2,572	1,887	(685)
Miscellaneous	-	-	8	8
Amounts available for appropriation	1,010,044	1,012,336	1,724,376	712,040
Charges to appropriations (outflows):				
Administrative services	1,010,044	1,012,336	362,931	649,405
Total Charges to Appropriations	1,010,044	1,012,336	362,931	649,405
Ending Budgetary Fund Balance	$ -	$ -	$ 1,361,445	$ 1,361,445

(Continued)

Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2025, (Continued)

SPECIAL REVENUE - E-911 FUND (Budgetary Basis)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning Budgetary Fund Balance	$ -	$ 10,302	$ 185,560	$ 175,258
Resources (Inflows):				
Taxes	560,452	741,044	652,538	(88,506)
Intergovernmental	-	-	-	-
Investment income	2,000	9,590	9,589	(1)
Miscellaneous	-	-	-	-
Transfers in	390,582	390,582	260,388	(130,194)
Amounts available for appropriation	953,034	1,151,518	1,108,075	(43,443)
Charges to appropriations (outflows):				
Public safety	953,034	963,336	863,750	99,586
Total Charges to Appropriations	953,034	963,336	863,750	99,586
Ending Budgetary Fund Balance	$ -	$ 188,182	$ 244,325	$ 56,143

SPECIAL REVENUE - GIFTS & CONTRIBUTIONS FUND (Budgetary Basis)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning Budgetary Fund Balance	$ -	$ -	$ 289,555	$ 289,555
Resources (Inflows):				
Miscellaneous	-	555,204	555,204	-
Amounts available for appropriation	-	555,204	844,759	289,555
Charges to appropriations (outflows):				
Administration	-	645,922	235,292	410,630
Total Charges to Appropriations	-	645,922	235,292	410,630
Ending Budgetary Fund Balance	$ -	$ (90,718)	$ 609,467	$ 700,185

(Continued)

Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2025 (Continued)

SPECIAL REVENUE - STORMWATER FUND (Budgetary Basis)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance	$ -	$ 308,000	$ 2,920,667	$ 2,612,667
Resources (Inflows):				
Intergovernmental	-	465,294	465,294	-
Charges for services	1,245,000	1,248,761	1,226,504	(22,257)
Amounts available for appropriation	1,245,000	2,022,055	4,612,465	2,590,410
Charges to appropriations (outflows):				
Stormwater	1,245,000	2,017,294	644,115	1,373,179
Total Charges to Appropriations	1,245,000	2,017,294	644,115	1,373,179
Ending Budgetary Fund Balance	$ -	$ 4,761	$ 3,968,350	$ 3,963,589

SPECIAL REVENUE - ECONOMIC DEVELOPMENT FUND (Budgetary Basis)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance	$ 309,154	$ 309,154	$ 1,541,690	$ 1,232,536
Resources (Inflows):				
Intergovernmental	2,693,624	2,693,624	5,318	(2,688,306)
Charges for services	1,200	1,200	800	(400)
Investment income	15,000	39,031	40,372	1,341
Miscellaneous	60,000	222,207	222,206	(1)
Proceeds from sale of capital assets	-	142,663	142,663	-
Transfers in	300,000	300,000	1,436,517	1,136,517
Amounts available for appropriation	3,378,978	3,707,879	3,389,566	(318,313)
Charges to appropriations (outflows):				
Finance	50,135	50,190	3,390	46,800
Planning and community development	3,328,843	3,366,788	2,191,367	1,175,421
Transfers out	-	-	-	-
Total Charges to Appropriations	3,378,978	3,416,978	2,194,757	1,222,221
Ending Budgetary Fund Balance	$ -	$ 290,901	$ 1,194,809	$ 903,908

(Continued)

Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2025 (Continued)

SPECIAL REVENUE-MRHC-CANCER CENTER FUND (Budgetary Basis)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning Budgetary Fund Balance	$ -	$ -	$ -	$ -
Resources (Inflows):				
Taxes	602,758	602,758	563,580	(39,178)
Amounts available for appropriation	602,758	602,758	563,580	(39,178)
Charges to appropriations (outflows):				
Payment to Cancer Center	602,758	602,758	563,580	39,178
Total Charges to Appropriations	602,758	602,758	563,580	39,178
Ending Budgetary Fund Balance	$ -	$ -	$ -	$ -

SPECIAL REVENUE -CHILD ABUSE RESPONSE FUND (Budgetary Basis)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning Budgetary Fund Balance	$ -	$ -	$ 40	$ 40
Resources (Inflows):				
Charges for services	30,000	30,000	22,982	(7,018)
Investment income	-	-	-	-
Amounts available for appropriation	30,000	30,000	23,022	(6,978)
Charges to appropriations (outflows):				
Administration	30,000	30,000	22,982	7,018
Total Charges to Appropriations	30,000	30,000	22,982	7,018
Ending Budgetary Fund Balance	$ -	$ -	$ 40	$ 40

(Continued)

Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2025 (Continued)

CAPITAL PROJECT - POLICE GRANT FUND (Budgetary Basis)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance	$ -	$ -	$ -	$ -
Resources (Inflows):				
Intergovernmental	-	19,370	19,370	-
Transfers in	-	-	-	-
Amounts available for appropriation	-	19,370	19,370	0
Charges to appropriations (outflows):				
Public safety	-	-	-	-
Total Charges to Appropriations	-	-	-	-
Ending Budgetary Fund Balance	$ -	$ 19,370	$ 19,370	$ -

CAPITAL PROJECT - STATE FORFEITURE FUND (Budgetary Basis)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance	$ -	$ -	$ 11,935	$ 11,935
Resources (Inflows):				
Intergovernmental	-	624	624	-
Investment income	-	430	429	(1)
Amounts available for appropriation	-	1,054	12,988	11,934
Charges to appropriations (outflows):				
Public safety	-	-	-	-
Total Charges to Appropriations	-	-	-	-
Ending Budgetary Fund Balance	$ -	$ 1,054	$ 12,988	$ 11,934

(Continued)

Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2025 (Continued)

CAPITAL PROJECT - CEMETERY PERPETUAL CARE FUND (Budgetary Basis)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning Budgetary Fund Balance	$ -	$ 135,927	$ 450,659	$ 314,732
Resources (Inflows):				
Charges for services	3,000	3,472	5,894	2,422
Investment income	3,000	13,637	13,636	(1)
Miscellaneous	2,000	2,369	-	(2,369)
Amounts available for appropriation	8,000	155,405	470,189	314,784
Charges to appropriations (outflows):				
Community services	8,000	143,927	143,926	1
Total Charges to Appropriations	8,000	143,927	143,926	1
Ending Budgetary Fund Balance	$ -	$ 11,478	$ 326,263	$ 314,785

CAPITAL PROJECT - CDBG GRANTS FUND (Budgetary Basis)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning Budgetary Fund Balance	$ -	$ -	$ -	$ -
Resources (Inflows):				
Intergovernmental	228,333	228,333	227,363	(970)
Transfers in	-	287,434	287,434	-
Amounts available for appropriation	228,333	515,767	514,797	(970)
Charges to appropriations (outflows):				
Engineering	228,333	415,778	413,304	2,474
Total Charges to Appropriations	228,333	415,778	413,304	2,474
Ending Budgetary Fund Balance	$ -	$ 99,989	$ 101,493	$ 1,504

(Continued)

Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2025 (Continued)

CAPITAL PROJECT - FEDERAL FORFEITURE FUND (Budgetary Basis)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning Budgetary Fund Balance	$ -	$ -	$ 464	$ 464
Resources (Inflows):				
Taxes	-	-	-	0
Intergovernmental	-	-	-	0
Charges for services	-	-	22,982	22,982
Investment income	-	-	-	-
Amounts available for appropriation	-	-	23,446	23,446
Charges to appropriations (outflows):				
Public safety	-	-	22,982	(22,982)
Total Charges to Appropriations	-	-	22,982	(22,982)
Ending Budgetary Fund Balance	$ -	$ -	$ 464	$ 464

CAPITAL PROJECT - FIRE IMPROVEMENT GRANT FUND (Budgetary Basis)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning Budgetary Fund Balance	$ -	$ -	$ 260	$ 260
Resources (Inflows):				
Intergovernmental	-	-	-	-
Amounts available for appropriation	-	-	260	260
Charges to appropriations (outflows):				
Public safety	-	-	-	-
Total Charges to Appropriations	-	-	-	-
Ending Budgetary Fund Balance	$ -	$ -	$ 260	$ 260

(Continued)

Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2025 (Continued)

CAPITAL PROJECT - CAPITAL IMPROVEMENT PLAN FUND (Budgetary Basis)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning Budgetary Fund Balance	$ 2,694,700	$ 2,967,993	$ 3,291,492	$ 323,499
Resources (Inflows):				
Intergovernmental	951,263	996,263	163,242	(833,021)
Charges for services	165,385	307,741	294,059	(13,682)
Miscellaneous	101,837	119,382	187,819	68,437
Transfers in	-	-	-	-
Amounts available for appropriation	3,913,185	4,391,379	3,936,612	(454,767)
Charges to appropriations (outflows):				
City manager	-	15,000	10,931	4,069
Patrol	-	90,000	88,046	1,954
Fire	751,524	751,524	-	751,524
Parks	-	73,610	73,609	1
Facility Maintenance	200,000	205,039	138,449	66,590
Planning & Comm Dev	413,969	413,969	318,299	95,670
Fleet Maintenance	155,165	155,179	155,179	-
Safety/Traffic Control	5,000	5,000	5,000	-
Landfill	36,152	45,099	45,099	-
Streets	84,718	86,718	86,573	145
Water Treatment	2,266,657	2,540,340	818,909	1,721,431
Utility maintenance	-	-	-	-
Transfers out	-	-	-	-
Total Charges to Appropriations	3,913,185	4,381,478	1,740,094	2,641,384
Ending Budgetary Fund Balance	$ -	$ 9,901	$ 2,196,518	$ 2,186,617

CAPITAL PROJECT - TECHNOLOGY FUND (Budgetary Basis)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning Budgetary Fund Balance	$ -	$ -	$ 44,733	$ 44,733
Resources (Inflows):				
Charges for services	85,000	85,000	63,750	(21,250)
Amounts available for appropriation	85,000	85,000	108,483	23,483
Charges to appropriations (outflows):				
Administration	85,000	85,000	97,337	(12,337)
Total Charges to Appropriations	85,000	85,000	97,337	(12,337)
Ending Budgetary Fund Balance	$ -	$ -	$ 11,146	$ 11,146

(Continued)

Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2025 (Continued)

CAPITAL PROJECT - INFRASTRUCTURE FUND (Budgetary Basis)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning Budgetary Fund Balance	$ 500,000	$ 1,024,950	$ 2,720,323	$ 1,695,373
Resources (Inflows):				
Taxes	2,411,032	2,411,032	2,254,319	(156,713)
Intergovernmental	500,000	500,000	398,386	(101,614)
Charges for services	75,800	75,800	63,749	(12,051)
Investment income	30,000	123,371	123,372	1
Miscellaneous	-	241,082	241,082	-
Amounts available for appropriation	3,516,832	4,376,235	5,801,231	1,424,996
Charges to appropriations (outflows):				
City manager	75,000	76,465	76,464	1
Facility maintenance	178,000	176,535	140,445	36,090
Streets	1,301,000	1,301,000	301,235	999,765
Wastewater treatment	200,000	560,000	402,357	157,643
Utility maintenance	1,762,832	2,128,602	973,894	1,154,708
Total Charges to Appropriations	3,516,832	4,242,602	1,894,395	2,348,207
Ending Budgetary Fund Balance	$ -	$ 133,633	$ 3,906,836	$ 3,773,203

CAPITAL PROJECT - AMERICAN RESCUE PLAN FUND (Budgetary Basis)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning Budgetary Fund Balance	$ -	$ -	$ 89,146	$ 89,146
Resources (Inflows):				
Intergovernmental	-	2,000,000	689,356	(1,310,644)
Investment income	-	1,292	1,292	-
Transfers in	-	1,004,120	504,550	(499,570)
Amounts available for appropriation	-	3,005,412	1,284,344	(1,721,068)
Charges to appropriations (outflows):				
City manager	-	-	-	-
Facility maintenance	-	-	-	-
Streets	-	-	-	-
Wastewater treatment	-	-	-	-
Water treatment	-	73,692	73,691	1
Utility maintenance	-	1,989,781	1,631,294	358,487
Transfers out	-	-	-	-
Total Charges to Appropriations	-	2,063,473	1,704,985	358,488
Ending Budgetary Fund Balance	$ -	$ 941,939	$ (420,641)	$ (1,362,580)

(Continued)

Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2025 (Continued)

CAPITAL PROJECT - POLICE EQUIPMENT FUND (Budgetary Basis)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning Budgetary Fund Balance	$ -	$ -	$ 108,314	$ 108,314
Resources (Inflows):				
Charges for services	162,884	226,390	226,390	-
Investment income	-	3,250	3,250	-
Amounts available for appropriation	162,884	229,640	337,954	108,314
Charges to appropriations (outflows):				
Public safety	162,884	262,884	243,097	19,787
Total Charges to Appropriations	162,884	262,884	243,097	19,787
Ending Budgetary Fund Balance	$ -	$ (33,244)	$ 94,857	$ 128,101

DEBT SERVICE - SALES TAX - SCHOOLS FUND (Budgetary Basis)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning Budgetary Fund Balance	$ -	$ -	$ 270	$ 270
Resources (Inflows):				
Taxes	602,758	602,758	563,580	(39,178)
Amounts available for appropriation	602,758	602,758	563,850	(38,908)
Charges to appropriations (outflows):				
Community services	602,758	602,758	563,580	39,178
Total Charges to Appropriations	602,758	602,758	563,580	39,178
Ending Budgetary Fund Balance	$ -	$ -	$ 270	$ 270

(Continued)

Budgetary Comparison Schedules – Nonmajor Governmental Funds – Year Ended June 30, 2025 (Continued)

DEBT SERVICE - SINKING FUND (Budgetary Basis)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance	$ -	$ -	$ 155	$ 155
Resources (Inflows):				
Taxes	-	-	2	2
Amounts available for appropriation	-	-	157	157
Charges to appropriations (outflows):				
Administration	-	-	-	-
Total Charges to Appropriations	-	-	-	-
Ending Budgetary Fund Balance	$ -	$ -	$ 157	$ 157

DEBT SERVICE - OWRB DEBT SERVICE FUND (Budgetary Basis)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance	$ -	$ -	$ 622,130	$ 622,130
Resources (Inflows):				
Taxes	1,205,516	1,205,516	1,127,160	(78,356)
Transfers in	264,234	264,234	264,234	-
Amounts available for appropriation	1,469,750	1,469,750	2,013,524	543,774
Charges to appropriations (outflows):				
Administration	500	500	-	500
Transfers out	1,469,250	1,469,250	1,382,666	86,584
Total Charges to Appropriations	1,469,750	1,469,750	1,382,666	87,084
Ending Budgetary Fund Balance	$ -	$ -	$ 630,858	$ 630,858

Schedule of State Awards Expended – Year Ended June 30, 2025

CITY OF McALESTER, OKLAHOMA
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the fiscal year ended June 30, 2025

State Grantor/Pass through agency Grantor/Program Title	Grant #	Award Amount	State Expenditures
STATE AWARDS:			
OKLAHOMA AERONAUTICS COMMISSION:			
OAC - Airport Terminal Redesign & Construction	N/A	869,880	232,873
OKLAHOMA DEPARTMENT OF COMMERCE:			
Progressing Rural Economic Prosperity Grant Fund	19196 PREP 23	2,940,000	2,027,762
OKLAHOMA DEPARTMENT OF EMERGENCY MANAGEMENT:			
Disaster Grant - Severe Winter Storms	FEMA-4776-DR-OK	88,853	88,853
Total Oklahoma Department of Emergency Management		88,853	88,853
TOTAL STATE AWARDS		$ 3,898,733	$ 2,349,488

STATISTICAL SECTION

The STATISTICAL SECTION presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity
These schedules contain information to help the reader assess the government's most significant local revenue sources, sales tax and property tax.

Debt Capacity
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

FINANCIAL TRENDS

CITY OF MCALESTER, OKLAHOMA
NET POSITION BY COMPONENT
Last Ten Fiscal Years
TABLE 1

	FISCAL YEAR									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	$ (5,145,885)	$ 564,792	$ 165,470	$ (1,073,290)	$ 2,920,919	$ 4,106,626	$ 6,977,884	$ 9,693,833	$ 6,948,770	$ 10,052,543
Restricted	10,794,136	10,845,699	10,407,721	10,840,610	7,177,876	6,842,952	8,502,352	11,526,672	17,249,006	20,209,135
Unrestricted	(9,827,102)	(8,993,447)	(7,655,033)	(4,147,166)	(4,468,495)	(4,965,538)	(2,291,511)	(1,985,212)	(21,249)	(1,863,749)
Total governmental activities net position	$ (4,178,851)	$ 2,417,044	$ 2,918,158	$ 5,620,154	$ 5,630,300	$ 5,984,040	$ 13,188,725	$ 19,235,293	$ 24,176,527	$ 28,397,929
Business-type activities										
Net investment in capital assets	$ 26,876,679	$ 25,937,347	$ 26,202,550	$ 30,985,761	$ 30,438,867	$ 30,552,867	$ 34,165,637	$ 35,323,715	$ 37,872,086	$ 44,251,557
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,164,554	(285,001)	273,822	897,864	1,491,870	2,127,459	(1,674,374)	1,636,873	1,730,462	2,143,713
Total business-type activities net position	$ 28,041,233	$ 25,652,346	$ 26,476,372	$ 31,883,625	$ 31,930,737	$ 32,680,326	$ 32,491,263	$ 36,960,588	$ 39,602,548	$ 46,395,270
Primary government										
Net investment in capital assets	$ 21,730,794	$ 26,502,139	$ 26,368,020	$ 29,912,471	$ 33,359,786	$ 34,659,493	$ 41,143,521	$ 45,017,548	$ 44,820,856	$ 54,304,100
Restricted	10,794,136	10,845,699	10,407,721	10,840,610	7,177,876	6,842,952	8,502,352	11,526,672	17,249,006	20,209,135
Unrestricted	(8,662,548)	(9,278,448)	(7,381,211)	(3,249,302)	(2,976,625)	(2,838,079)	(3,965,885)	(348,339)	1,709,213	279,964
Total primary government net position	$ 23,862,382	$ 28,069,390	$ 29,394,530	$ 37,503,779	$ 37,561,037	$ 38,664,366	$ 45,679,988	$ 56,195,881	$ 63,779,075	$ 74,793,199

FISCAL YEAR

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
Legislature	$ 128,178	$ 109,580	$ 114,976	$ 107,346	$ 120,592	$ 90,348	$ 130,266	$ 120,326	$ 451,562	$ 441,959
Administration	3,075,900	3,713,371	3,766,344	3,528,957	4,236,927	4,218,989	3,456,077	4,288,082	5,205,105	5,554,317
Public safety	8,002,184	8,658,637	8,723,246	7,706,769	9,590,553	10,491,253	7,274,864	10,786,235	10,426,894	12,375,005
Community service	2,162,321	2,120,523	2,077,211	2,913,948	4,577,543	2,283,766	3,448,002	3,076,620	2,792,422	2,692,383
Administration services	1,164,926	1,198,426	1,230,232	1,421,431	1,194,570	1,027,855	893,890	988,217	1,031,322	1,174,760
Health and welfare	255,471	282,159	273,749	285,692	270,928	230,877	253,302	265,605	273,225	293,431
Public works	3,347,597	3,547,407	3,573,130	3,366,650	3,501,910	3,644,280	3,874,336	3,630,653	3,786,362	3,861,011
Economic development	557,723	372,295	426,789	395,730	356,645	331,447	1,730,319	419,436	322,221	398,656
Stormwater	-	900	3,479	5,255	14,017	4,049	83,449	35,068	63,747	5,482
Payment to Health Center Authority	-	-	-	327,225	495,860	517,679	556,343	580,115	577,850	563,580
Interest on long-term debt	2,504,399	2,413,692	2,291,099	2,064,810	1,955,507	1,859,089	1,761,072	1,727,686	1,556,911	1,449,514
Total governmental activities expenses	21,198,699	22,416,990	22,480,255	22,123,813	26,315,052	24,699,632	23,461,920	25,918,043	26,487,621	28,810,098
Business-type activities:										
Water operations	3,835,928	4,001,912	4,267,855	4,550,644	4,388,784	4,487,288	5,487,156	5,790,815	5,958,886	4,711,054
Sewer operations	2,016,793	2,077,471	2,201,943	2,162,221	2,156,967	2,355,274	2,590,313	2,928,912	3,338,640	3,441,260
Sanitation operations	911,299	3,617,289	2,158,235	1,975,479	2,168,727	2,570,467	2,803,055	2,909,089	2,682,661	2,776,831
Airport	670,726	701,992	720,170	756,885	850,188	773,495	563,419	668,599	976,821	974,522
Total business-type activities expenses	7,434,746	10,398,664	9,348,203	9,445,229	9,564,666	10,186,524	11,443,943	12,297,415	12,957,008	11,903,667
Total primary government expenses	$ 28,633,445	$ 32,815,654	$ 31,828,458	$ 31,569,042	$ 35,879,718	$ 34,886,156	$ 34,905,863	$ 38,215,458	$ 39,444,629	$ 40,713,765
Program Revenues										
Governmental activities:										
Legislature	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Administration	3,162,687	5,183,688	663,568	740,735	678,513	357,117	812,481	1,057,135	779,334	397,241
Public safety	2,998,352	2,614,253	2,972,190	2,956,083	4,689,135	3,104,711	2,943,910	3,787,211	3,372,064	5,170,391
Community service	426,315	393,039	236,638	258,336	169,884	299,716	1,359,906	773,363	486,548	745,377
Administration services	275,793	253,082	255,769	270,786	183,850	277,050	205,474	225,873	173,590	219,646
Health and welfare	61,160	55,533	54,051	87,701	97,746	86,291	53,748	52,991	49,369	52,434
Public works	168,011	160,059	161,128	165,246	157,817	162,879	217,954	430,856	316,611	1,013,683
Economic development	707,749	166,666	-	158,000	125,113	217,531	16,000	277,446	114,350	304,354
Stormwater	334,148	494,056	637,447	837,163	782,048	1,206,841	1,173,462	1,444,032	1,234,279	1,768,147
Total governmental activities program revenues	8,134,215	9,320,376	4,980,791	5,474,050	6,884,106	5,712,136	6,782,935	8,048,907	6,526,145	9,671,273

(Continued)

	FISCAL YEAR									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Business-type activities:										
Water operations	4,354,864	5,527,918	5,189,144	4,922,016	4,487,239	5,472,276	7,042,285	6,128,661	6,057,294	9,216,749
Sewer operations	1,852,998	1,777,843	1,776,866	1,670,142	1,790,558	1,747,657	1,726,963	2,340,184	2,860,362	3,573,848
Sanitation operations	3,096,508	3,027,390	3,170,381	3,104,622	3,223,758	3,236,282	3,305,036	3,591,201	3,623,442	3,787,792
Airport	377,253	188,523	354,275	4,745,835	109,803	138,614	289,819	350,007	1,782,271	1,298,451
Total business-type activities program revenues	9,681,623	10,521,674	10,490,666	14,442,615	9,611,358	10,594,829	12,364,103	12,410,053	14,323,369	17,876,840
Total primary government program revenues	$ 17,815,838	$ 19,842,050	$ 15,471,457	$ 19,916,665	$ 16,495,464	$ 16,306,965	$ 19,147,038	$ 20,458,960	$ 20,849,514	$ 27,548,113
Net (Expense)/Revenue										
Governmental activities:	$ (13,064,484)	$ (13,096,614)	$ (17,499,464)	$ (16,649,763)	$ (19,430,946)	$ (18,987,496)	$ (16,678,985)	$ (17,869,136)	$ (19,961,476)	$ (19,138,825)
Business-type activities:	2,246,877	123,010	1,142,463	4,997,386	46,692	408,305	920,160	112,638	1,366,361	5,973,173
Total primary government net expense	$ (10,817,607)	$ (12,973,604)	$ (16,357,001)	$ (11,652,377)	$ (19,384,254)	$ (18,579,191)	$ (15,758,825)	$ (17,756,498)	$ (18,595,115)	$ (13,165,652)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Sales and use taxes	$ 14,601,333	$ 14,689,957	$ 14,800,284	$ 16,658,759	$ 16,651,644	$ 17,272,107	$ 19,271,697	$ 20,776,425	$ 20,631,821	$ 19,830,847
Franchise and public service taxes	552,316	544,954	603,833	677,819	600,048	555,910	640,817	724,607	645,052	666,121
Hotel/motel taxes	759,410	655,558	722,313	868,071	591,456	562,980	702,077	760,977	721,677	746,547
E-911 taxes	584,718	576,406	652,139	541,612	627,716	569,822	514,009	533,600	630,867	652,566
Property taxes	-	-	-	-	863	1,302	422	26	15	2
Sales tax increment	-	-	-	-	-	-	122,067	1,269,422	1,494,121	1,526,565
Intergovernmental revenue not restricted to specific programs	302,608	305,518	308,791	320,528	370,222	395,673	629,804	3,138,656	426,478	435,944
Investment income	71,856	118,910	288,517	295,970	206,780	43,339	54,398	549,181	774,505	855,671
Miscellaneous	446,824	211,918	188,983	265,710	246,999	228,630	842,216	225,728	414,517	845,441
Transfers-Internal activity	795,616	2,589,288	435,718	(276,710)	145,364	(288,527)	1,186,063	(4,062,918)	(836,343)	(338,814)
Total governmental activities	18,114,681	19,692,509	18,000,578	19,351,759	19,441,092	19,341,236	23,963,570	23,915,704	24,902,710	25,220,890
Business-type activities:										
Investment income	13,601	27,181	54,059	61,518	50,164	21,732	18,878	123,929	177,202	252,012
Miscellaneous	116,933	50,210	63,222	71,639	95,620	31,025	57,962	169,840	262,054	309,139
Transfers - Internal activity	(795,616)	(2,589,288)	(435,718)	276,710	(145,364)	288,527	(1,186,063)	4,062,918	836,343	338,814
Total business-type activities	(665,082)	(2,511,897)	(318,437)	409,867	420	341,284	(1,109,223)	4,356,687	1,275,599	899,965
Total primary government	$ 17,449,599	$ 17,180,612	$ 17,682,141	$ 19,761,626	$ 19,441,512	$ 19,682,520	$ 22,854,347	$ 28,272,391	$ 26,178,309	$ 26,120,855
Change in Net Position										
Governmental activities	$ 5,050,197	$ 6,595,895	$ 501,114	$ 2,701,996	$ 10,146	$ 353,740	$ 7,284,585	$ 6,046,568	$ 4,941,234	$ 6,082,065
Business-type activities	1,581,795	(2,388,887)	824,026	5,407,253	47,112	749,589	(189,063)	4,469,325	2,641,960	6,873,138
Total primary government	$ 6,631,992	$ 4,207,008	$ 1,325,140	$ 8,109,249	$ 57,258	$ 1,103,329	$ 7,095,522	$ 10,515,893	$ 7,583,194	$ 12,955,203

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Reserved for:										
Encumbrances	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	2,520	2,487	2,426	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	52,235	48,954	25,093	7,686	68,541	431,046	170,863	1,204,650	869,726	695,515
Unassigned	882,840	683,387	660,590	814,347	2,156,517	1,332,693	2,611,170	243,496	758,998	824,465
Total General Fund	$ 937,595	$ 734,828	$ 688,109	$ 822,033	$ 2,225,058	$ 1,763,739	$ 2,782,033	$ 1,448,146	$ 1,628,724	$ 1,519,980
All Other Governmental Funds										
Reserved for:										
Encumbrances	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Restricted	18,544,395	18,110,700	17,799,126	16,800,962	13,103,973	12,771,216	14,450,926	17,108,864	17,823,931	20,209,135
Assigned	3,552,621	3,380,159	3,106,717	3,086,805	2,622,832	4,178,377	3,394,078	4,053,748	5,244,920	5,720,245
Unassigned	-	-	-	-	-	-	(231,937)	(62,211)	-	(682,217)
Total all other governmental funds	$ 22,097,016	$ 21,490,859	$ 20,905,843	$ 19,887,767	$ 15,726,805	$ 16,949,593	$ 17,613,067	$ 21,100,401	$ 23,068,851	$ 25,247,163
GRAND TOTAL	$ 23,034,611	$ 22,225,687	$ 21,593,952	$ 20,709,800	$ 17,951,863	$ 18,713,332	$ 20,395,100	$ 22,548,547	$ 24,697,575	$ 26,767,143

CITY OF MCALESTER, OKLAHOMA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
TABLE 4

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Sales and use taxes	$ 14,601,333	$ 14,689,957	$ 14,800,284	$ 16,658,759	$ 16,651,644	$ 17,272,107	$ 19,271,697	$ 20,776,425	$ 20,631,821	$ 19,830,847
Franchise and public service taxes	552,316	544,954	603,833	677,819	600,048	555,910	640,817	724,607	645,052	666,121
E-911 taxes	584,718	576,406	652,139	541,612	627,716	528,074	555,757	533,600	630,867	652,566
Hotel/motel taxes	759,410	655,558	722,313	868,071	591,456	562,980	702,077	760,977	721,677	746,547
Property taxes	-	-	-	-	863	1,302	422	26	15	2
Sales tax increment	-	-	-	-	-	-	122,067	1,269,422	1,494,121	1,526,565
Intergovernmental	2,246,760	3,186,856	2,146,002	2,171,746	3,495,564	2,112,261	3,083,637	5,902,405	3,032,091	6,345,888
Charges for services	2,426,459	2,564,778	2,670,365	2,515,456	2,344,706	2,757,351	3,143,564	3,671,252	3,460,621	3,475,004
Fines and forfeitures	895,397	807,538	733,907	674,705	623,606	565,820	694,790	611,759	596,608	458,201
Licenses and permits	128,069	87,507	80,810	96,088	89,906	177,206	149,661	155,638	128,445	146,263
Investment income	71,856	118,910	288,517	295,970	206,780	43,339	54,398	549,181	774,505	855,671
Miscellaneous	1,052,725	489,979	241,348	474,063	550,700	419,448	1,492,902	1,048,697	905,426	1,423,713
Total Revenues	23,319,043	23,722,443	22,939,518	24,974,289	25,782,989	24,995,798	29,911,789	36,003,989	33,021,249	36,127,388
Expenditures:										
Legislature	128,178	109,580	114,976	107,346	120,592	89,311	130,266	106,100	451,562	441,920
Administration	2,941,113	3,169,857	3,076,689	3,113,548	3,398,085	3,275,111	3,530,899	4,665,192	5,196,568	5,458,134
Public safety	8,424,576	8,495,607	8,670,354	8,817,054	9,158,995	8,531,329	9,044,774	10,824,059	10,150,488	10,199,596
Community services	1,857,977	1,695,062	1,617,674	2,437,507	4,096,764	1,738,186	2,940,125	2,589,492	2,298,813	2,220,243
Administration services	1,183,280	1,178,194	1,204,963	1,398,863	1,208,240	1,011,237	899,867	968,208	1,033,102	1,185,562
Health and welfare	261,585	279,695	269,875	284,427	264,565	232,965	273,238	290,069	286,976	300,195
Public works	941,827	1,124,038	1,057,453	946,927	895,955	882,920	1,280,211	1,097,935	1,249,746	1,220,073
Economic Development	562,710	375,014	427,278	395,556	352,093	305,118	1,727,690	454,107	330,264	399,552
Payment to McAlester Regional Health Center Authority	-	-	-	327,225	495,860	517,679	556,343	580,115	577,850	563,580
Capital outlay	9,724,557	5,241,133	2,650,404	3,440,082	5,699,104	5,169,650	6,177,385	7,891,152	4,672,644	9,665,498
Debt service:										
Principal retirement	3,702,267	4,007,685	4,343,371	4,884,159	3,342,080	3,427,123	3,712,871	3,904,458	4,141,824	4,283,119
Interest and fiscal charges	2,077,268	1,901,274	1,758,982	1,574,049	1,419,385	1,300,377	1,172,640	1,038,080	902,068	752,756
Total Expenditures	31,805,338	27,577,139	25,192,019	27,726,743	30,451,718	26,481,006	31,446,309	34,408,967	31,291,905	36,690,228
Excess of revenues over(under) expenditures	(8,486,295)	(3,854,696)	(2,252,501)	(2,752,454)	(4,668,729)	(1,485,208)	(1,534,520)	1,595,022	1,729,344	(562,840)
Other financing sources(uses) and special item:										
Transfers in	9,417,913	9,840,603	8,981,245	8,160,735	7,966,315	9,910,110	9,479,196	9,122,773	9,344,270	9,676,959
Issuance of long-term debt	12,752,951	238,734	-	126,734	329,843	434,738	145,722	-	-	-
Bond issue costs	(363,725)	-	-	-	-	-	-	-	-	-
Proceeds from sales of capital assets	-	-	-	-	-	-	-	-	-	236,586
Payment to escrow-refunding	(12,581,463)	-	-	-	-	-	-	-	-	-
Transfers out	(7,938,912)	(7,033,565)	(7,360,479)	(6,419,167)	(6,385,366)	(8,098,171)	(6,328,730)	(8,564,348)	(8,924,586)	(7,281,137)
Total other financing sources(uses) and special item	1,286,764	3,045,772	1,620,766	1,868,302	1,910,792	2,246,677	3,296,188	558,425	419,684	2,632,408
Net change in fund balances	$ (7,199,531)	$ (808,924)	$ (631,735)	$ (884,152)	$ (2,757,937)	$ 761,469	$ 1,761,668	$ 2,153,447	$ 2,149,028	$ 2,069,568
Debt service as a percentage of noncapital expenditures	26.2%	26.5%	26.4%	26.3%	18.9%	21.8%	19.0%	18.3%	18.7%	18.5%

REVENUE CAPACITY

Fiscal Year	Sales Tax	Use Tax	Franchise Tax	Hotel/ Motel Tax	E-911 Tax	Property Tax	Sales Tax Increment	Totals
2016	13,842,667	758,666	552,316	759,410	584,718	-	-	16,497,777
2017	13,256,719	1,433,238	544,954	655,558	576,406	-	-	16,466,875
2018	13,691,840	1,108,444	603,833	722,313	652,139	-	-	16,778,569
2019	15,394,077	1,264,682	677,819	868,071	541,612	-	-	18,746,261
2020	14,910,051	1,741,593	600,048	591,456	627,716	863	-	18,471,727
2021	15,521,577	1,750,530	555,910	562,980	569,822	1,302	-	18,962,121
2022	17,272,307	1,999,390	640,817	702,077	514,009	422	122,067	21,251,089
2023	18,513,049	2,263,376	724,607	760,977	533,600	26	1,269,422	24,065,057
2024	18,522,377	2,109,444	645,052	721,677	630,867	15	1,494,121	24,123,553
2025	17,888,938	1,941,909	666,121	746,547	652,566	2	1,526,565	23,422,648

CITY OF MCALESTER, OKLAHOMA
SALES TAX RATES OF DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
TABLE 6

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City of McAlester	3.50%	3.50%	3.50%	3.75%	3.75%	3.75%	4.00%	4.00%	4.00%	4.00%
Pittsburg County	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
State of Oklahoma	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Total	9.50%	9.50%	9.50%	9.75%	9.75%	9.75%	10.00%	10.00%	10.00%	10.00%

City-Nov 2008 changed to 3.5% dropped .25% for Hospital
County - Jan 2006 .75% for remodel
County-Jan 2009 added .25% FireFighters
County-Oct 2015 decreased 0.50%
County-Jan 2016 added 1.0% for streets
City-Nov 2018 changed to 3.75% added 12.5% schools and 12.5% hospital; .25% econ dev and .25% schools replaced with .50% infrastructure.
City-Approved Nov 2021, effective April 2022 changed to 4.00%: added .25% for DWSRF project.

CITY OF MCALESTER, OKLAHOMA
TAXABLE SALES BY CATEGORY
Last Ten Fiscal Years
TABLE 7

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Agriculture, forestry, and fishing	$ 1,538	$ 1,413	$ 1,079	$ 773	$ 497	$ 465	$ 456	$ 1,143	$ 1,888	$ 2,042
Mining Quarrying, and Oil and Gas Extraction	4,360	(1,378)	2,203	73,189	49,315	26,694	18,014	8,561	4,426	5,978
Utilities	775,938	722,816	784,018	1,031,403	953,526	809,939	1,458,840	1,632,757	1,347,841	1,321,987
Construction	79,462	75,693	112,475	126,480	84,652	59,783	18,748	17,179	48,451	23,120
Manufacturing	377,581	283,213	520,137	338,805	232,862	200,348	328,891	388,021	558,470	597,338
Transportation and Warehousing	9,746	7,960	9,718	16,281	19,905	25,749	27,121	49,708	85,490	114,810
Information	409,791	412,100	399,955	425,005	395,536	352,908	372,086	411,093	363,841	182,776
Wholesale trade	888,427	851,854	890,282	1,133,843	1,064,274	1,131,804	1,186,072	1,314,106	1,671,981	1,349,486
Retail trade	8,401,248	8,082,769	8,080,244	8,829,658	8,987,567	9,743,757	10,328,231	11,607,432	13,178,462	12,803,011
Finance, insurance,	3,065	4,422	5,901	10,505	8,129	10,980	15,068	17,664	17,641	15,495
Real Estate and Rental and Leasing	190,121	199,120	230,165	341,824	285,601	216,226	350,279	314,194	304,247	263,792
Professional, Scientific, and Technical Services	27,981	32,758	29,713	44,276	37,417	47,906	48,630	52,128	87,561	77,980
Administrative and Support and Waste Management and Remediation Services	2,302	11,473	7,384	4,536	29,705	61,015	27,732	22,415	24,599	29,163
Educational Services	14	7	747	1,518	3,497	5,124	2,121	1,703	1,941	1,797
Health Care and Social Assistance	828	2,014	1,283	404	6,053	12,822	3,960	3,332	12,031	5,551
Arts, Entertainment, and Recreation	50,014	47,620	48,669	49,538	45,114	33,197	33,473	34,377	25,842	30,597
Accommodation and Food Services	2,326,704	2,226,766	2,290,853	2,646,606	2,410,226	2,476,243	2,773,228	3,278,855	3,392,571	3,441,785
Other services (except Public Administration)	250,894	258,673	263,385	302,873	301,550	306,777	313,740	376,283	380,744	412,930
Public Administration	(96)	-	28	43	-	-	-	79	35	1,763
Nonclassifiable establishments	106,515	83,672	46,614	34,726	33,279	29,775	10,439	17,254	129,088	120,246
	$ 13,906,433	$ 13,302,965	$ 13,724,853	$ 15,412,286	$ 14,948,705	$ 15,551,512	$ 17,317,129	$ 19,548,284	$ 21,637,150	$ 20,801,647

Information obtained from the Oklahoma Tax Commission website.

DEBT CAPACITY

Jurisdiction	Net (1) Debt Outstanding	Percentage (2) Applicable to City of McAlester	Amount Applicable to City of McAlester
Direct - City of McAlester	$ 28,674,524	100.00%	$28,674,524
Overlapping: McAlester School District	$ 1,490,000	100.00% (3)	1,490,000
Pittsburg County	$ -	61%	-
Total	$30,164,524		$30,164,524

Outstanding bond debt : 06-30-25

(1) Gross general bonded debt outstanding less debt service reserves.

(2) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in the City of McAlester.

(3) Only 75% of City residents would be responsible for the debt.

	Fiscal Year									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2024**
Debt limit	$ 8,131,853	$ 8,606,087	$ 8,965,554	$ 9,648,024	$ 9,488,171	$ 10,517,320	$ 10,831,999	$ 14,526,929	$ 14,828,414	$ 15,217,133
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 8,131,853	$ 8,606,087	$ 8,965,554	$ 9,648,024	$ 9,488,171	$ 10,517,320	$ 10,831,999	$ 14,526,929	$ 14,828,414	$ 15,217,133
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2024

Net assessed valuation	$ 152,171,325
Debt limit (10% of total assessed value)	15,217,133
Debt applicable to limit:	
General obligation bonds	-
Less: Street or utility bonds outstanding	-
Total net debt applicable to limit	-
Legal debt margin	$ 15,217,133

Note: Article 10, Section 26 of the Constitution of the State of Oklahoma limits municipal debt to 10% of net assessed valuation.
Article 10, Section 27 of the Constitution of the State of Oklahoma limits municipal debt to non-utility or non-street purposes.

CITY OF MCALESTER, OKLAHOMA
UTILITY SYSTEMS DIVISION
PLEDGED REVENUE COVERAGE
Last Ten Fiscal Years
TABLE 10

		Eligible Revenues	Eligible Expenses (1)	(A) Net Revenue Available for Debt Service	(B) Average Annual Debt Service	(C) Average Annual Debt Service Excluding Cap Appr Bonds	(A) / (B) Revenue Bond Coverage	(A) / (C) Revenue Bond Coverage-Excluding Cap Appr Bonds
2016	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	14,753,173	5,470,231	9,282,942	5,866,670	4,891,115	1.58	1.90
2017	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	14,745,719	6,620,406	8,125,313	5,866,670	4,891,115	1.38	1.66
2018	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	15,531,372	6,969,950	8,561,422	5,924,056	4,891,115	1.45	1.75
2019	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	14,407,592	6,959,691	7,447,901	5,988,615	4,891,115	1.24	1.52
2020	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	13,790,180	6,957,044	6,833,136	6,061,782	4,891,115	1.13	1.40
2021	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 1999 CDBG Loan	15,046,692	7,291,807	7,754,885	6,145,401	4,891,115	1.26	1.59
2022	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 2021 DWSRF OWRB Loan	19,836,678	8,704,403	11,132,275	7,300,491	5,949,722	1.52	1.87
2023	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 2021 DWSRF OWRB Loan	22,433,527	9,670,589	12,762,938	7,490,730	6,027,397	1.70	2.12
2024	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 2021 DWSRF OWRB Loan	22,771,448	9,702,865	13,068,583	7,638,907	6,042,543	1.71	2.16
2025	Series 2015, 2014, 2013,2012,2002 Utility System Revenue Bonds, 2021 DWSRF OWRB Loan	22,830,767	8,284,795	14,545,972	7,860,788	6,104,788	1.85	2.38

(1) Excludes depreciation and amortization expense.

	Governmental Activities				Business-Type Activities						
Fiscal Year	Revenue Bonds Payable	Notes Payable	Capital Leases Payable	SBITA Obligations Payable	Revenue Bonds Payable	Notes Payable	Water Contract Obligations	Settlement/ Contract Obligation	Total Primary Government	% of Total Debt to Personal Income	Per Capita
2016	57,945,932	-	632,393	-	-	263,441	119,591	377,081	59,338,438	7.95%	3,241
2017	54,476,132	-	733,442	-	-	1,248,086	90,830	188,539	56,737,029	7.51%	3,086
2018	50,755,339	-	535,071	-	-	1,137,305	61,324	-	52,489,039	6.94%	2,855
2019	46,544,339	-	437,646	-	-	953,229	31,054	-	47,966,268	6.01%	2,609
2020	43,876,252	-	570,410	-	-	641,848	-	-	45,088,510	5.51%	2,478
2021	41,075,892	-	883,025	-	-	1,207,654	-	-	43,166,571	5.45%	2,392
2022	38,130,592	795,876	-	-	-	3,482,776	-	-	42,409,244	5.36%	2,350
2023	35,106,278	551,418	-	178,440	-	13,204,791	-	-	49,040,927	6.23%	2,688
2024	31,866,085	312,158	-	120,876	-	16,866,280	-	-	49,165,399	5.79%	2,715
2025	28,474,609	128,498	-	61,417	-	20,919,674	-	-	49,584,198	5.70%	2,740

DEMOGRAPHIC AND ECONOMIC INFORMATION

CITY OF MCALESTER, OKLAHOMA
PRINCIPAL EMPLOYERS
Current and Ten Years Ago
TABLE 12

Employer	Product/Business	2015 Employees	2015 % of Total City Employment	2025 Employees	2025 % of Total City Employment
McAlester Army Ammunition Plant	Ammunition	1,620	23.3%	1,663	23.9%
McAlester Regional Health Center	Health Care	762	11.0%	729	10.5%
McAlester Public Schools	Education	410	5.9%	460	6.6%
Wal Mart	Retail Sales	440	6.3%	340	4.9%
Oklahoma State Penitentiary	Corrections	300	4.3%	212	3.0%
Spirit Aerospace, Inc.	Manufacturing/Assembling	325	4.7%	n/a	0.0%
Big V Feeds	Retail Sales		0.0%	125	1.8%
City of McAlester (full time only)	Municipality	206	3.0%	238	3.4%
Choctaw Casino	Gaming	160	2.3%	135	1.9%
Berry Plastics	Manufacturing	230	3.3%	152	2.2%
Lowe's	Retail Sales	160	2.3%	104	1.5%
Totals		4,613	66.3%	4,158	59.8%

*McAlester Employers, McAlester Chamber of Commerce, and Bureau of Labor and Statistics.

Total Employed in McAlester	6,957	6,957

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years
TABLE 13

Calendar Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (2)	Median Age of Population (3)	School Enrollment (4)	Unemployment Rate (5)
2016	18,310	746,773	40,785	37.5	3,097	6.7%
2017	18,383	755,817	41,115	37.0	3,060	6.7%
2018	18,383	797,491	43,382	36.2	3,126	6.5%
2019	18,198	817,836	44,941	37.1	2,295	4.1%
2020	18,395	790,010	42,947	35.8	3,053	7.3%
2021	18,045	791,797	43,879	36.3	2,828	5.6%
2022	18,244	787,666	43,174	35.8	3,555	4.2%
2023	18,108	812,868	44,890	35.4	3,090	4.4%
2024	18,110	848,906	46,875	36.3	2,939	5.6%
2025	18,098	869,500	48,044	35.9	2,935	4.5%

Sources:

(1) www.factfinder2.census.gov

(2) www.bea.gov

(3) https://ycharts.com/indicators

(4) McAlester School District, District Offices

(5) www.bls.gov

OPERATING INFORMATION

CITY OF MCALESTER, OKLAHOMA
FULL-TIME EQUIVALENT BUDGETED CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years
TABLE 14

Function/Program	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
General Government										
City Manager	3	3	3	4	4	4	4	4	4	4
Finance	4	5	5	5	5	5	5	5	5	5
City Clerk	2	2	2	2	2	2	2	2	2	2
Legal	2	3	3	3	3	3	2	3	2	2
Planning	5	5	5	5	5	5	6	6	7	7
Economic Development	1	1	1	1	1	1	1	2	2	2
Tourism	1	1	1	1	1	1	1	1	1	1
Human Resources	2	2	2	4	4	3	2	2	3	2
Information Services	1	2	2	2	2	2	2	2	2	3
Safety/Risk Management	0	0	0	0	0	0	3	3	1	1
Total General Government	**21**	**24**	**24**	**27**	**27**	**26**	**28**	**30**	**29**	**29**
Public Safety & Judiciary										
Police	39	39	39	40	40	39	40	40	39	41
CID (Detectives)	8	8	8	6	7	6	7	7	6	6
Animal Control	1	1	1	1	1	1	1	1	1	1
Communications	4	4	4	4	4	4	4	4	4	0
Communications E911	10	10	10	10	10	10	10	10	10	13
Fire	43	42	43	41	43	43	43	43	43	43
Total Public Safety & Judiciary	**105**	**104**	**105**	**102**	**105**	**103**	**105**	**105**	**103**	**104**
Transportation										
Central Garage	5	5	5	5	5	5	5	6	6	6
Streets	14	13	14	13	14	14	15	15	17	14
Airport	3	3	3	3	3	1	3	3	4	4
Total Transportation	**22**	**21**	**22**	**21**	**22**	**20**	**23**	**24**	**27**	**24**
Cultural, Parks, & Recreation										
Parks & Recreation	14	14	15	15	15	15	15	12	12	16
Expo	4	3	4	4	4	2	0	0	n/a	n/a
Nutrition	4	4	4	4	4	5	5	5	5	5
Library	0	0	0	0	0	0	0	0	0	0
Cemetery	5	5	5	5	5	4	3	3	3	3
Building Maintenance	3	3	3	3	3	3	2	2	2	2
Total Cultural, Parks, & Recreation	**30**	**29**	**31**	**31**	**31**	**29**	**25**	**22**	**22**	**26**
Utilities										
Utilities	0	0	0	0	0	0	0	0	0	0
Utility Office	8	8	8	8	8	7	6	6	6	6
Solid Waste	0	0	0	0	0	1	2	2	0	0
Landfill	2	1	2	1	1	1	1	1	2	2
Engineering	5	4	4	4	5	3	5	5	4	3
Waste Water	12	12	12	12	12	11	12	14	14	14
Water Treatment	0	0	0	0	0	0	0	0	4	9
Utility Maintenance	10	9	11	10	14	14	16	17	20	21
Total Utilities	**37**	**34**	**37**	**35**	**40**	**37**	**42**	**45**	**50**	**55**
Total Full-Time Budgeted Employees by Function/Program	**215**	**212**	**219**	**216**	**225**	**215**	**223**	**226**	**231**	**238**

Function/Program	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
General Government										
Buildings	13	13	13	13	14	14	14	14	14	14
Police										
Stations	2	2	2	2	1	1	1	1	1	1
Patrol units	50	50	53	51	51	51	50	51	50	50
Fire										
Stations	4	4	4	4	4	4	4	4	4	4
Trucks	6	6	8	8	8	8	8	8	8	9
Vehicles	16	16	18	20	20	20	20	20	11	11
Streets										
Street miles	298	298	298	298	298	298	298	298	*166	*166
Traffic signals	23	23	20	20	20	20	20	13	13	13
Parks and recreation										
Acreage	103	103	135	135	135	135	150	150	150	150
Playgrounds	12	12	12	13	13	13	15	15	15	17
Baseball/softball diamonds	9	9	9	9	9	9	9	9	8	8
Soccer/football fields	2	2	2	2	2	2	2	2	2	2
Tennis Courts	6	6	6	6	6	6	5	5	5	5
Pickleball Courts								6	6	6
Community Center	1	1	1	1	1	1	1	1	1	1
Pools	3	3	3	3	3	3	1	1	1	1
Wading Pools	5	5	5	5	5	5	2	2	2	1
Arboretum (Mike Deak) 1981	1	1	1	1	1	1	1	1	1	1
Skate Park 2010	1	1	1	1	1	1	1	1	1	1
Splash Pad 2008	1	1	1	1	1	1	3	3	3	4
Dog Park 2014	1	1	1	1	1	1	1	1	1	1
Frisbee Disk Golf Course 2014	1	1	1	1	1	1	1	1	1	1
Community Garden 2013	2	2	2	2	1	1	1	1	1	2
Amphitheater (Stipe Center)	1	1	1	1	1	1	1	1	1	1
Library										
Buildings	1	1	1	1	1	1	1	1	1	1
Cemetery										
Plots -Oakhill	3,800	3,800	3,800	3,800	4,163	4,163	4,163	4,163	4,163	4,163
Total Plots (Maintained)	35,000	35,000	35,092	35,092	3,545	4,163	4,163	4,163	4,163	35,271
Vehicles & Machinery	14	14	14	14	14	15	15	15	13	13
Water										
Water mains (miles)	170	170	230	230	230	189	189	189	190	190
Fire hydrants	970	970	1,035	1,035	1,035	1,035	1,035	1,035	1,047	1,118
Storage capacity (thousands of gallons)	3,200	3,200	3,200	3,200	3,200	6,250	6,250	6,250	6,250	6,250
Wastewater										
Sanitary sewers (miles)	143	143	143	143	143	143	143	143	143	143
Daily Treatment Capacity	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000

* - Based on McAlester Pavement Management report conducted by (IMS) Infrastructure Management Services completed April 2024

CITY OF MCALESTER, OKLAHOMA
Operating Indicators by Function/Program
Last Ten Fiscal Years
TABLE 16

Function/Program		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Fire											
	Emergency Responses	2,442	3,076	2,998	3,002	3,065	3,177	3,743	3,985	3,686	3,799
	Fires Extinguished	106	151	132	191	126	119	86	67	120	96
Police											
	Physical Arrests										
	Juvenile	209	415	334	324	31	137	25	214	269	19
	Minors	145	960	886	989	-	571	43	573	644	186
	Adult	1,047	8,704	8,627	8,209	1,313	5,054	1,122	5,319	6,375	7,731
	Parking Violations	207	198	104	98	36	28	17	93	63	36
	Traffic Violations	10,712	9,881	9,847	9,522	6,813	5,442	7,699	5,651	6,453	6,026
Utilities											
	New Accounts										
	Residential	670	445	1,215	865	689	49	1,098	1,098	473	630
	Commercial	50	50	58	63	60	-	125	125	59	14
	Bulk	1	1	9	-	3	2	7	7	1	2
Parks & Recreation											
	Athletic Field-Softball/Basebal l	9	9	8	8	8	8	9	9	9	9
	Soccer (# of fields used)	2	2	2	2	2	2	2	2	2	2
	Tennis (# of courts used)	6	6	6	6	6	6	5	4	4	5
	Pickleball (# of courts used)	-	-	-	-	-	-	-	6	6	6
	Frisbee Disk Golf Course	1	1	1	1	1	1	1	1	1	1
	Parks	12	12	13	12	12	15	15	15	15	15
	Dog Park	1	1	1	1	1	1	1	1	1	1
	Swimming Pools	3	3	3	3	3	2	1	1	1	1
	Wading Pools (# of wading pools used)	3	3	5	5	5	2	2	2	1	1
	Basketball Courts	4	4	4	4	4	4	4	4	4	4
	Splash Pad	1	1	1	1	1	2	3	3	3	4
	Skate park	1	1	1	1	1	1	1	1	1	1
	Walking Tracks	5	5	5	1	1	4	4	4	4	5
	Amphitheater	1	1	1	1	1	1	1	1	1	1
	Arboretum	1	1	1	1	1	1	1	1	1	1
	Community Garden	2	2	1	1	1	1	1	1	1	1
	Recreational Center	1	1	1	1	1	1	1	1	1	1
	Archery Park	1	1	1	1	1	1	1	1	1	1
	Community Center – Special Event Participants	3,879	4,986	5,200	5,500	3,500	2,700	3,000	7,300	5,300	5,300
	Senior Center-Program Participants	59,697	68,678	62,338	68,503	51,500	58,764	62,842	87,386	100,835	106,483
	Sr. Center Lunch Program	51,317	53,486	51,620	51,891	61,598	57,779	60,352	83,792	97,624	103,266
Cemetery	Purchased/sold Lots	62	59	43	12	31	24	19	26	36	28
	Funerals	135	100	92	53	67	98	77	73	78	64

* Fire and Police Statistics are calendar year.

Source: Various City Departments

CITY OF MCALESTER, OKLAHOMA

SINGLE AUDIT REPORTS
AND SUPPLEMENTARY SCHEDULES

June 30, 2025

CITY OF MCALESTER, OKLAHOMA

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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 McAlester, 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 McAlester, Oklahoma (the "City"), as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 22, 2025. Our report includes an emphasis-of-a-matter paragraph, which discloses that the City had a restatement relating to the implementation of GASB Statement No. 101, *Compensated Absences*, and for the correction of an error related to the miscalculation of the uncollectible portion of court receivables. Our report includes a reference to other auditors who audited the financial statements of the McAlester Regional Health Center Authority, a discretely presented component unit, as described in our report on the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2025-001 to be a material weakness.

HSPG & ASSOCIATES, PC

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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. We consider the deficiency described in the accompanying schedule of findings and responses as Finding 2025-002 to be a significant deficiency.

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 that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Finding 2025-003.

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's responses were not subjected 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.

HSPG & Associates, P.C.

December 22, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of McAlester, Oklahoma's (the City's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

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.

HSPG & ASSOCIATES, PC

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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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 22, 2025, which contained unmodified opinions on those financial statements. Our audit report includes a reference to other auditors. Our audit was performed for the purpose of forming opinions on those 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 financial statements or to the 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 financial statements as a whole.

HSPG & Associates, P.C.

December 22, 2025

CITY OF MCALESTER, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2025

Federal Grantor / Pass-Through Grantor / Program Title	Grant Number	Assistance Listing Number	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE:			
Passed through Oklahoma District Attorney's Council:			
Bulletproof Vest Partnership Program	2024-BU-BX-24040647	16.607	$1,369
Total U.S. Department of Justice			1,369
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Aging Cluster:			
Passed Through to Oklahoma Department of Human Services and the Kiamichi Area Nutrition Project:			
Special Program for the Aging - Title III, Part C - Nutrition Services	N/A	93.045	52,434
Total U.S. Department of Health and Human Services			52,434
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Passed through Oklahoma Department of Commerce:			
Community Development Block Grant	19167 CDBG 23	14.228	197,441
Total U.S. Department of Housing and Urban Development			197,441
U.S. DEPARTMENT OF TRANSPORTATION:			
Federal Aviation Administration:			
Airport Improvement Grant	AIP 3-40-0057-021-2023	20.106	141,957
Airport Improvement Grant	AIP 3-40-0057-022-2023	20.106	130,313
Total Federal Aviation Administration			272,270
Passed through National Trust for Historic Preservation:			
Thriving Communites Program	N/A	20.942	85,532
Passed through Oklahoma Tourism and Recreation Department:			
Recreational Trails Program Grant	RT21-103	20.219	250,953
Highway Safety Cluster:			
Passed through Oklahoma Highway Safety Office:			
State and Community Highway Safety	PT-25-03-02-16	20.600	44,750
State and Community Highway Safety	PT-24-03-21-15	20.600	15,155
Total Oklahoma Highway Safety Office 20.600			59,905
Total U.S. Department of Transportation			668,660
U.S. DEPARTMENT OF THE TREASURY:			
American Rescue Plan Act-Traunch #1, 2, & 3	ARPA	21.027	72,813
Passed through Oklahoma Water Resources Board:			
Coronavirus State and Local Fiscal Recovery Funds	ARP-23-0111-G	21.027	1,631,294
Total U.S. Department of the Treasury			1,704,107
ENVIRONMENTAL PROTECTION AGENCY:			
Passed through Oklahoma Water Resources Board:			
Drinking Water State Revolving Fund	ORF-21-0019-DW	66.468	2,502,020
Total Environmental Protection Agency			2,502,020
U.S. DEPARTMENT OF THE INTERIOR:			
Passed through Oklahoma Tourism & Recreation Department:			
Outdoor Recreation Acquisition, Development and Planning Grant	40-01244	15.916	190,346
Passed through Bureau of Reclamation:			
WaterSMART Grant	R23AP00525-00	15.507	325,110
Total U.S. Department of the Interior			515,456
U.S. DEPARTMENT OF ENERGY:			
Passed through Oklahoma Department of Commerce:			
State Energy Program	19378 SEP 23	81.041	63,853
State Energy Program	19601 SEP 24	81.041	44,345
Total U.S. Department of Energy			108,198
U.S. DEPARTMENT OF HOMELAND SECURITY:			
Passed through Oklahoma Department of Emergency Management:			
Disaster Grant - Severe Winter Storms	FEMA-DR-4776	97.036	550,892
Total U.S. Department of Homeland Security			550,892
Total expenditures of federal awards			$ 6,300,577

See accompanying notes to schedule of expenditures of federal awards.

CITY OF MCALESTER, OKLAHOMA
NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
Year Ended June 30, 2025

1. **Basis of Presentation**
   The accompanying schedule of expenditures of federal awards (the "SEFA") includes the federal grant activity of the City of McAlester, Oklahoma (the "City"), under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirement of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

2. **Summary of Significant Accounting Policies**
   Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The expenditures are recorded upon the disbursement of funds that meet federal award requirements.

3. **Indirect Cost Rate**
   The City does not have an indirect cost rate and had no indirect costs charged to the federal grants during the year ended June 30, 2025. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. **Subrecipients**
   During the year ended June 30, 2025, the City did not provide federal awards to subrecipients.

CITY OF MCALESTER, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	X yes	___ no
Significant deficiency(ies) identified?	X yes	___ none reported
Noncompliance material to financial statements noted?	X yes	___ no

Federal Awards

Internal control over major federal programs:		
Material weakness(es) identified?	___ yes	X no
Significant deficiency(ies) identified?	___ yes	X none reported
Type of auditor's report issued on noncompliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ yes	X no

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
66.468	Drinking Water State Revolving Fund

Dollar threshold used to distinguish Between Type A and Type B programs:	$750,000	
Auditee qualified as low-risk auditee?	___ yes	X no

SECTION II – FINANCIAL STATEMENT FINDINGS

Compliance Findings
Finding 2025-003

Internal Control Findings
Finding 2025-001 and 2025-002

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Compliance Findings
None

Internal Control Findings
None

Financial Statement Findings

Finding 2025-001; Collectibility Analysis of Court Receivables

Criteria: Controls should be in place to ensure that periodic analysis of the collectibility of receivables be performed and the allowance for doubtful accounts is adjusted based on that analysis to ensure receivables are reported at net realizable value.

Condition: During our audit procedures, we noted that the collectability analysis of the City's court receivables had not been updated for several years. Upon reviewing updated collections, we noted that the City's court receivables were overstated by approximately $757,000 at June 30, 2025 and $907,000 at June 30, 2024.

Cause: The City did not have a formal process in place to ensure timely and comprehensive review of court receivables and related allowances.

Effect or potential effect: A material audit adjustment was required to increase the allowance for doubtful accounts for court receivables and restate prior year financial statements.

Recommendation: We recommend that the City implement procedures to ensure that court receivables and the related allowance for doubtful accounts are reviewed and updated at least annually.

View of responsible officials: As part of our year-end close-out and review, the City will evaluate court receivables annually to determine the uncollectible portion of fines using a three-year average of court fines assessed compared to collections.

Finding 2025-002; Construction in Progress and Retainage Payable

Criteria: Controls should be sufficient to ensure that all costs incurred through year-end on the City's construction projects are recorded and that retainage payable as of year-end is included.

Condition: As a result of our audit procedures, additional construction in progress and accounts payable of approximately $790,000 and $53,000 were recorded for the McAlester Public Works Authority and McAlester Airport Authority, respectively.

Cause: Construction costs and retainage payable incurred prior to year-end was not adequately identified or accrued as of June 30, 2025.

Effect or potential effect: Construction in progress and accounts payable were materially understated.

Recommendation: We recommend that the City review its procedures to ensure that all construction costs and retainage payable be appropriately identified and recorded in the proper period.

View of responsible officials: The City is actively implementing year-end close-out procedures to thoroughly review all projects for work completed before June 30th. This initiative will ensure that all accounts payable and retainage are accurately recorded in the financial statements.

Compliance Findings

Finding 2025-003; Deficit Fund Balance

Criteria: Title 11, Section 17-211 of Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund of the City other than public trusts.

Condition: At June 30, 2025, the City reported a deficit in the American Rescue Plan Fund of approximately $682,000.

Cause: Reimbursement requests were not submitted to the granting agency in time for the City to receive payment on approximately $940,000 of receivables within the availability period of 60 days after year-end resulting in the $940,000 of receivables being offset by a deferred inflow of resources under the modified accrual basis of accounting.

Effect or potential effect: The City was not in compliance with Title 11, Section 17-211 of Oklahoma Statutes at June 30, 2025.

Recommendation: We recommend that the City implement procedures to ensure reimbursement requests for grant funds spent are made timely.

View of responsible officials: The ARPA fund deficit was a result of expenditures incurred before year-end for which reimbursement was not received from OWRB until after June 30, 2025.

CITY OF MCALESTER, OKLAHOMA
SUMMARY SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS

Compliance Findings
None

Internal Control Findings
None

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Compliance Findings
None

Internal Control Findings
None

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

We have audited 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 the City of McAlester, Oklahoma (the "City") for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 1, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. Effective July 1, 2024, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences,* and GASB Statement No. 102, *Certain Risk Disclosures*. As discussed in Note 7 to the financial statements, beginning net position for the City's governmental activities decreased by $953,000 and business-type activities decreased by $80,000 as a result of implementing GASB 101. The implementation of GASB 102 had no material effect on the financial statements. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

> Reported liabilities and related amounts and disclosures for the City's pension plans, which are derived from actuarial studies which employ numerous estimates.
>
> Estimated provisions for the allowance for doubtful accounts, primarily related to utility, court, and ambulance receivables, which are based on applying historical percentages and current economic conditions.
>
> Estimated losses relating to workers compensation claims, which are based on estimated losses developed by the City's third-party administrator.
>
> Estimated fair value of investments which is determined using quoted prices in active markets or estimates by a broker/dealer for investments that do not have an established market.

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Estimated useful lives of depreciable capital assets which are determined based on the expected nature and use of each asset.

Estimated portion of compensated absences that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means, which is estimated based on historical usage of accumulated leave.

We evaluated the methods, assumptions, and data used to develop the accounting estimates listed above in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached Summary of Unrecorded Audit Adjustments summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgement, such uncorrected misstatements are immaterial to the financial statements under audit. Additionally, a Summary of Recorded Audit Adjustments has been attached to this letter.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 22, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. The City uses Crawford & Associates, P.C. to assist the City with pre-audit matters, applying the provisions of new accounting pronouncements, and drafting the City's annual financial statements. To our knowledge, no consultation took place that involved unusual or new applications of accounting principles except as described in this paragraph.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the City's budgetary comparison schedules, pension plan schedules, and management's discussion and analysis, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the City's other supplementary information which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

HSPG & Associates, P.C.

December 22, 2025

City of McAlester, Oklahoma
SUMMARY OF UNRECORDED AUDIT ADJUSTMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

McAlester Public Works Authority/Business-Type Activities

	Financial Statement Effect - Increase (Decrease)				
Description of audit entry	**Assets/ Deferred Outflows**	**Liabilities/ Deferred Inflows**	**Net Position**	**Revenues**	**Expenses**
To properly state year-end payables for electricity bills	$ -	$ 30,642	$ (28,949)	$ -	$ 1,693
To reclassify unapplied credits to offset open utility receivables	(36,970)	(36,970)	-	-	-
To adjust compensated absences based on historical forfeited leave time	-	(6,700)	29,629	-	22,929
Total Effect on Statement of Revenues, Expenses, and Changes in Net Position				$ -	$ 24,622
Total Effect on Statement of Net Position	$ (36,970)	$ (13,028)	$ (23,942)		

General Fund

	Financial Statement Effect - Increase (Decrease)				
Description of audit entry	**Assets/ Deferred Outflows**	**Liabilities/ Deferred Inflows**	**Fund Balance**	**Revenues**	**Expenditures**
To correct sales tax revenue and fund balance for prior year error corrected in the current year	$ -	$ -	$ (61,328)	$ 61,328	$ -
To properly state year-end payables for electricity bills	-	16,517	(25,358)	-	(8,841)
To correct misstatements noted in testing of expenditures and cash receipts related to grants	-	20,411	-	(20,411)	-
Total Effect on Balance Sheet				$ 40,917	$ (8,841)
Total Effect on Statement of Revenues, Expenditures, and Changes in Fund Balance	$ -	$ 36,928	$ (36,928)		

Dedicated Sales Tax - MPWA Fund

	Financial Statement Effect - Increase (Decrease)				
Description of audit entry	**Assets/ Deferred Outflows**	**Liabilities/ Deferred Inflows**	**Fund Balance**	**Revenues**	**Expenditures**
To correct sales tax revenue and fund balance for prior year error corrected in the current year	$ -	$ -	$ (30,664)	$ 30,664	$ -
Total Effect on Balance Sheet				$ 30,664	$ -
Total Effect on Statement of Revenues, Expenditures, and Changes in Fund Balance	$ -	$ -	$ -		

City of McAlester, Oklahoma
SUMMARY OF UNRECORDED AUDIT ADJUSTMENTS (continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

Aggregate Nonmajor Funds

	Financial Statement Effect - Increase (Decrease)				
Description of audit entry	**Assets/ Deferred Outflows**	**Liabilities/ Deferred Inflows**	**Fund Balance**	**Revenues**	**Expenditures**
To correct sales tax revenue and fund balance for prior year error corrected in the current year	$ -	$ -	$ (30,664)	$ 30,664	$ -
To record IBNR liability for expected future development of workers comp claims	-	75,513	-	-	75,513
To correct misstatements noted in testing of expenditures and cash receipts related to grants	9,206	18,652	63,853	(73,299)	-
Total Effect on Balance Sheet				$ (42,635)	$ 75,513
Total Effect on Statement of Revenues, Expenditures, and Changes in Fund Balance	$ 9,206	$ 94,165	$ (84,959)		

Governmental Activities

	Financial Statement Effect - Increase (Decrease)				
Description of audit entry	**Assets/ Deferred Outflows**	**Liabilities/ Deferred Inflows**	**Net Position**	**Revenues**	**Expenses**
To adjust compensated absences based on historical forfeited leave time	$ -	$ 91,490	$ (84,663)	$ -	$ 6,827
To record abatement payable for last two months of TIF sales tax collected but not paid to developer	-	238,743	(229,908)	(8,835)	-
To correct sales tax revenue and fund balance for prior year error corrected in the current year			(122,656)	122,656	
To correct misstatements noted in testing of expenditures and cash receipts related to grants	9,206	24,363	63,853	(79,010)	-
To properly state year-end payables for electricity bills	-	16,517	(25,358)	-	(8,841)
To record IBNR liability for expected future development of workers comp claims	-	75,513	-	-	75,513
Total Effect on Statement of Activities				$ 34,811	$ 73,499
Total Effect on Statement of Net Position	$ 9,206	$ 446,626	$ (437,420)		

City of McAlester, Oklahoma
SUMMARY OF RECORDED AUDIT ADJUSTMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

McAlester Public Works Authority

	Financial Statement Effect - Increase (Decrease)				
Description of audit entry	Assets/ Deferred Outflows	Liabilities/ Deferred Inflows	Net Position	Revenues	Expenses
To accrue unrecorded construction costs and retainage payable	$ 793,315	$ 342,397	$ -	$ 450,918	$ -
To recognize unrecorded SBITA	211,681	208,341	-	-	(3,340)
Total Effect on Statement of Revenues, Expenses, and Changes in Net Position				$ 450,918	$ (3,340)
Total Effect on Statement of Net Position	$ 1,004,996	$ 550,738	$ 454,258		

McAlester Airport Authority

	Financial Statement Effect - Increase (Decrease)				
Description of audit entry	Assets/ Deferred Outflows	Liabilities/ Deferred Inflows	Net Position	Revenues	Expenses
To accrue unrecorded construction costs and retainage payable	$ 53,220	$ 53,220	$ -	$ -	$ -
Total Effect on Statement of Revenues, Expenses, and Changes in Net Position				$ -	$ -
Total Effect on Statement of Net Position	$ 53,220	$ 53,220	$ -		

Business-Type Activities

	Financial Statement Effect - Increase (Decrease)				
Description of audit entry	Assets/ Deferred Outflows	Liabilities/ Deferred Inflows	Net Position	Revenues	Expenses
To accrue unrecorded construction costs and retainage payable	$ 846,535	$ 395,617	$ -	$ 450,918	$ -
To recognize unrecorded SBITA	211,681	208,341	-	-	(3,340)
Total Effect on Statement of Activities				$ 450,918	$ (3,340)
Total Effect on Statement of Net Position	$ 1,058,216	$ 603,958	$ 454,258		

City of McAlester, Oklahoma
SUMMARY OF RECORDED AUDIT ADJUSTMENTS (continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

General Fund

Description of audit entry	Assets/ Deferred Outflows	Liabilities/ Deferred Inflows	Fund Balance	Revenues	Expenditures
	Financial Statement Effect - Increase (Decrease)				
To increase allowance for doubtful accounts on court receivables based on analysis of collections	$ (756,640)	$ (776,104)	$ -	$ 19,464	$ -
Total Effect on Balance Sheet				$ 19,464	$ -
Total Effect on Statement of Revenues, Expenditures, and Changes in Fund Balance	$ (756,640)	$ (776,104)	$ 19,464		

Aggregate Nonmajor Funds

Description of audit entry	Assets/ Deferred Outflows	Liabilities/ Deferred Inflows	Fund Balance	Revenues	Expenditures
	Financial Statement Effect - Increase (Decrease)				
To accrue unrecorded construction costs and retainage payable	$ -	$ 450,918	$ -	$ -	$ 450,918
To remove receivable and unavailable revenue related to non-federal expenditures	(67,530)	(67,530)	-	-	-
To properly reduce revenue for payment on lease receivable rather than deferred inflows of resources	-	64,500	-	(64,500)	-
To correct internal service fund revenues and expenses based on charges to other funds	-	-	-	(579,690)	(579,690)
Total Effect on Balance Sheet				$ (644,190)	$ (128,772)
Total Effect on Statement of Revenues, Expenditures, and Changes in Fund Balance	$ (67,530)	$ 447,888	$ (515,418)		

Governmental Activities

Description of audit entry	Assets/ Deferred Outflows	Liabilities/ Deferred Inflows	Net Position	Revenues	Expenses
	Financial Statement Effect - Increase (Decrease)				
To accrue unrecorded construction costs and retainage payable	$ -	$ 450,918	$ -	$ -	$ 450,918
To remove receivable and revenue related to non-federal expenditures	(67,530)	-	-	(67,530)	-
To properly reduce revenue for payment on lease receivable rather than deferred inflows of resources	-	64,500	-	(64,500)	-
To increase allowance for doubtful accounts on court receivables based on analysis of collections	(756,640)	-	(907,196)	150,556	-
Total Effect on Statement of Activities				$ 18,526	$ 450,918
Total Effect on Statement of Net Position	$ (824,170)	$ 515,418	$ (1,339,588)		