
CITY OF CHOCTAW, OKLAHOMA



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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

THE CITY OF CHOCTAW, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

**AS OF AND FOR THE FISCAL YEAR ENDED
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As of and for the Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Choctaw, Oklahoma
Choctaw, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Choctaw, Oklahoma (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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.

Responsibilities of Management for the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT - CONTINUED

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, and pension plan information, 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.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Accounting Standards*, we have also issued our report dated April 4, 2025, on our consideration of the City's internal control over financial reporting and 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.

Dillon & Associates, PC

Midwest City, Oklahoma
April 4, 2025

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MANAGEMENT DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2024, the City's total net position increased by \$7.5 million or 21% from the prior year.
- During the year, the City's expenses for governmental activities were \$9 million and were funded by program revenues of \$1.9 million and further funded with taxes, other general revenues and transfers that totaled \$13.5 million.
- In the City's business-type activities, such as utilities, revenues excluding transfers exceeded expenses by approximately \$125 thousand.
- At June 30, 2024, the General Fund reported an unassigned fund balance of \$10.3 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

About the City

The City of Choctaw is a municipality with a population of approximately 12,240 located in central Oklahoma. The City is a Council-Manager form of government that provides for three branches of government:

- Legislative – the City Council is the governing body elected by the citizens
- 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 Mayor and approved by the City Council.

The City provides or contracts for typical municipal services such as public safety, street maintenance, culture, parks and recreation, and certain utility services including water, wastewater, and sanitation.

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The City's Financial Reporting Entity

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

The City's financial reporting entity includes the primary government (City of Choctaw), one active blended component unit and one discretely presented component unit as follows:

- **The City of Choctaw** – that operates the public safety, streets, culture, parks and recreation, and administrative activities
- **The Choctaw Utilities Authority (CUA)**– that operates or contracts for the water, sewer, sanitation, and golf services of the City (blended component unit)
- **The Choctaw Economic Development Authority (CEDA)** – that promotes and finances economic development in the City of Choctaw (discretely presented component unit)

Using This Annual Report

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

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

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

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

These two government-wide statements report the City's net position and changes in it 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 nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

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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 charges a fee to customers to help cover all or most of the cost of certain services it provides. The City’s water, wastewater, contracted sanitation, and golf activities are reported here.
- Discretely-presented component unit – This accounts for activities of the City’s reporting entity that do not meet the criteria for blending and it includes the CEDA.

Reporting the City’s Most Significant Funds - Fund Financial Statements

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

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

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

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the primary government, assets and deferred outflows exceeded liabilities and deferred inflows by \$43.1 million at the close of the most recent fiscal year.

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The following table is a summary comparison of changes in net position from last year for the City:

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>	
Current assets	\$ 25,424	\$ 21,291	19%	\$ 4,771	\$ 4,008	19%	\$ 30,195	\$ 25,299	19%
Capital assets, net	18,657	18,534	1%	22,644	23,017	-2%	41,301	41,551	-1%
Other non-current assets	58	175	-67%	177	197	-10%	235	372	-37%
Total assets	<u>44,139</u>	<u>40,000</u>	10%	<u>27,592</u>	<u>27,222</u>	1%	<u>71,731</u>	<u>67,222</u>	7%
Deferred outflow of resources	<u>1,116</u>	<u>1,123</u>	-1%	<u>-</u>	<u>-</u>	0%	<u>1,116</u>	<u>1,123</u>	-1%
Current liabilities	2,132	3,828	-44%	1,446	1,368	6%	3,578	5,196	-31%
Non-current liabilities	5,990	6,752	-11%	19,878	20,671	-4%	25,868	27,423	-6%
Total liabilities	<u>8,122</u>	<u>10,580</u>	-23%	<u>21,324</u>	<u>22,039</u>	-3%	<u>29,446</u>	<u>32,619</u>	-10%
Deferred inflow of resources	<u>299</u>	<u>111</u>	169%	<u>-</u>	<u>-</u>	0%	<u>299</u>	<u>111</u>	169%
Net position									
Net investment in capital assets	13,918	12,759	9%	2,709	2,176	24%	16,627	14,935	11%
Restricted	12,750	11,116	15%	254	240	6%	13,004	11,356	15%
Unrestricted	10,166	6,557	55%	3,305	2,767	19%	13,471	9,324	44%
Total net position	<u>\$ 36,834</u>	<u>\$ 30,432</u>	21%	<u>\$ 6,268</u>	<u>\$ 5,183</u>	21%	<u>\$ 43,102</u>	<u>\$ 35,615</u>	21%

A portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). For 2024, this net investment in capital assets amounted to \$16.6 million. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another large portion of the City's net position, \$13 million, represents resources that are subject to external restrictions on how it might be used. The remaining balance of unrestricted net position of \$13.5 million is available to meet the government's ongoing obligations to citizens and creditors.

The following are explanations for the more significant changes:

Governmental Activities:

Current assets (19% increase of \$4.1 million) – The largest contributors to this change were increases in cash and cash equivalents in the General Fund of \$3 million and in the Dedicated Sales Tax Fund of \$1.3 million related to overall net revenue in the funds.

Restricted net position (15% increase of \$1.6 million) – The increase is mainly due to a \$1.3 million net revenue in the Dedicated Sales Tax Fund; \$194 thousand net revenue in the Public Recreation Fund; and \$116 thousand net revenue in the Street & Alley Fund.

Business-type Activities:

Current assets (19% increase of \$763 thousand) – The cash and cash equivalents of the CUA increased \$868 thousand because of net revenues and transfers in. This was then partially offset by a decrease in cash and cash equivalents of the Golf Course.

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Net investment in capital assets (24% increase of \$533 thousand) – This resulted from deductions in outstanding notes payable resulting from normal debt payments that was partially offset by depreciation expense exceeding asset additions for the year.

Changes in Net Position

For the year ended June 30, 2024, net position of the primary government changed as follows:

TABLE 2									
CHANGES IN NET POSITION (In Thousands)									
	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2024	2023		2024	2023		2024	2023	
Revenues									
Charges for services	\$ 1,171	\$ 902	30%	\$ 4,567	\$ 4,520	1%	\$ 5,738	\$ 5,422	6%
Operating grants and contributions	509	729	-30%	-	-	-	509	729	-30%
Capital grants and contributions	202	38	432%	-	-	-	202	38	100%
Taxes	12,460	12,008	4%	-	-	-	12,460	12,008	4%
Intergovernmental revenue	693	1,195	-42%	-	-	-	693	1,195	-42%
Investment income	1,121	491	128%	41	48	-15%	1,162	539	116%
Miscellaneous	170	367	-54%	-	-	-	170	367	-54%
Total revenues	16,326	15,730	4%	4,608	4,568	1%	20,934	20,298	3%
Expenses									
General government	2,395	2,352	2%	-	-	-	2,395	2,352	2%
Public safety	3,874	3,126	24%	-	-	-	3,874	3,126	24%
Public works	1,619	1,642	-1%	-	-	-	1,619	1,642	-1%
Culture, parks and recreation	930	1,116	-17%	-	-	-	930	1,116	-17%
Interest on long-term debt	187	182	3%	-	-	-	187	182	3%
Water	-	-	-	1,109	985	13%	1,109	985	13%
Wastewater	-	-	-	1,543	1,583	-3%	1,543	1,583	-3%
Sanitation	-	-	-	990	997	-1%	990	997	-1%
Stormwater	-	-	-	185	162	14%	185	162	14%
Golf	-	-	-	615	644	-5%	615	644	-5%
Total expenses	9,005	8,418	7%	4,442	4,371	2%	13,447	12,789	5%
Excess (deficiency) before transfers	7,321	7,312	0%	166	197	-16%	7,487	7,509	0%
Transfers	(919)	(948)	-3%	919	948	-3%	-	-	-
Increase in net position	\$ 6,402	\$ 6,364	1%	\$ 1,085	\$ 1,145	-5%	\$ 7,487	\$ 7,509	0%

The following are explanations for the more significant changes:

Governmental Activities:

Intergovernmental revenue – (42% decrease of \$502 thousand) – The ARPA revenue recognized this year was \$582 thousand less than the amount recognized in the prior fiscal year. This was partially offset by other grant revenues.

Investment income – (128% increase of \$630 thousand) – Interest rates were high for the entire fiscal year.

Public safety expenses – (24% increase of \$748 thousand) – The largest individual contributors to this increase related to the following: \$198 thousand increase in personal services, \$108 thousand increase in pension expense, \$40,000 increase in amortization/depreciation expense, and \$301 thousand of expensed capital outlay.

Governmental Activities

To aid in the understanding of the statement of activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical statement of revenues, expenses, and changes in fund balance. You will notice that expenses are listed in the first column with

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revenues from that particular program reported to the right. The result is a net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>	
General government	\$ 2,395	\$ 2,352	2%	\$ (1,862)	\$ (1,666)	12%
Public safety	3,874	3,126	24%	(3,237)	(2,639)	23%
Public works	1,619	1,642	-1%	(1,394)	(1,493)	-7%
Cultural & recreation	930	1,116	-17%	(443)	(769)	-42%
Interest on long-term debt	187	182	3%	(187)	(182)	3%
Total	<u>\$ 9,005</u>	<u>\$ 8,418</u>	7%	<u>\$ (7,123)</u>	<u>\$ (6,749)</u>	6%

Explanations for significant changes are shown after Table 2.

Business-type Activities

The City's business-type activities include utility services for water, wastewater, sanitation, stormwater, and golf course.

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>	
Water	\$ 1,109	\$ 985	13%	\$ 322	\$ 415	-22%
Wastewater	1,543	1,584	-3%	(495)	(559)	-11%
Sanitation	990	997	-1%	326	234	39%
Stormwater	185	161	15%	205	224	-8%
Golf Course	615	644	-5%	(233)	(165)	41%
Total	<u>\$ 4,442</u>	<u>\$ 4,371</u>	2%	<u>\$ 125</u>	<u>\$ 149</u>	-16%

Explanations for significant changes are shown after Table 2.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2024 fiscal year, the governmental funds reported a combined fund balance of \$24.2 million or a 27.7% increase of \$5.2 million from the prior year. The largest increase was \$3.4 million in the General Fund and \$1.3 million in the Dedicated Sales Tax Fund.

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The proprietary funds reported a combined fund balance of \$6.3 million or a 21% increase of \$1.1 million from the prior year. The largest increase was reported in the Choctaw Utilities Authority fund of \$1.2 million.

General Fund Budgetary Highlights

Actual revenues and transfers in were over final estimates by \$1.9 million or 22.7% mainly due investment earnings substantially outgaining the baseline budgeted amount for the fiscal year as interest rates remained elevated. Expenditures were under final appropriations by \$941 thousand or 12.5% as sufficient budget was in place in all departments to cover the expenses incurred.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2024, the City had \$41.3 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, streets, water lines, and sewer lines. (See Table 5). This is a decrease of approximately \$250 thousand as depreciation/amortization outpaced additions.

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

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 350	\$ 350	\$ 6	\$ 6	\$ 356	\$ 356
Buildings	5,791	6,188	15	18	5,806	6,206
Machinery, furniture and equipment	2,613	2,327	291	296	2,904	2,623
Infrastructure	9,869	8,279	19,232	16,555	29,101	24,834
Leased assets	-	16	-	-	-	16
Construction in progress	34	1,374	3,100	6,142	3,134	7,516
Totals	\$ 18,657	\$ 18,534	\$ 22,644	\$ 23,017	\$ 41,301	\$ 41,551

This year's more significant capital asset additions included:

500,000 Gallon Water Storage (CIP placed in service)	\$2,685,408
Grand Avenue Extension (CIP placed in service)	\$1,658,736
Automatic Meter Installations (CIP placed in service)	\$ 723,604

See Note 5 to the financial statements for more detailed information on the City's capital assets and changes therein.

Long- Term Debt and Other Obligations

At year-end, the City had \$24.8 million in long-term debt and other obligations outstanding which represents a \$1.8 million or 6.8% decrease from the prior year. The City's changes in long-term debt by type of debt are as follows:

CITY OF CHOCTAW, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Total Percentage Change</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024-2023</u>
Revenue notes payable	\$ 3,770	\$ 4,945	\$ 2,525	\$ 2,840	\$ 6,295	\$ 7,785	-19%
Notes payable (direct obligations)	962	760	17,550	17,945	18,512	18,705	-1%
Lease obligations	-	16	-	-	-	16	-100%
General obligation bonds payable	-	120	-	-	-	120	-100%
Totals	<u>\$ 4,732</u>	<u>\$ 5,841</u>	<u>\$ 20,075</u>	<u>\$ 20,785</u>	<u>\$ 24,807</u>	<u>\$ 26,626</u>	-7%

See Note 7 to the financial statements for more detail information on the City's long-term debt and changes therein.

Economic Factors and Next Year's Budget and Rates

The unemployment rate for Oklahoma County, which includes Choctaw, was 3.6% as of June 30, 2024. This remains slightly higher than at the previous fiscal year-end.

The City's budget for next fiscal year includes the following highlights:

- The budget for sales and use tax revenues were budgeted to remain level with the collections received in fiscal year 2024.
- The budget for utility charges for services are budgeted to increase about 1% from the 2024 fiscal year budget which reflects a relatively flat increase.
- Personal services are budgeted to increase about 18% for fiscal year 2025. This increase reflects seven new positions and a 6% to 8% increase in the pay scale for all employees.
- The budget for contractual services is budgeted for 2025 to remain flat with what was budgeted for fiscal year 2024.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with an understanding of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the Finance Office at P.O. Box 567, Choctaw, Oklahoma 73020.

CITY OF CHOCTAW, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF CHOCTAW, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

City of Choctaw
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Cash and cash equivalents	\$ 23,128,098	\$ 3,015,896	\$ 26,143,994	76,253
Restricted cash and cash equivalents, current	283,536	894,161	1,177,697	-
Accounts receivable, net of allowance	111,738	846,045	957,783	-
Internal balances	(14,537)	14,537	-	-
Due from other governments	1,915,644	-	1,915,644	-
Restricted cash and cash equivalents, noncurrent	-	176,990	176,990	-
Net pension asset	58,230	-	58,230	-
Capital assets:				
Land and construction in progress	383,679	3,105,746	3,489,425	-
Other capital assets, net of depreciation	18,273,231	19,538,725	37,811,956	-
Total Capital Assets	18,656,910	22,644,471	41,301,381	-
Total Assets	44,139,619	27,592,100	71,731,719	76,253
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	1,116,248	-	1,116,248	-
Total deferred outflows of resources	1,116,248	-	1,116,248	-
LIABILITIES				
Accounts payable	239,928	435,542	675,470	-
Accrued payroll liabilities	76,493	11,780	88,273	-
Accrued interest payable	74,625	165,588	240,213	-
Refundable court bonds	168,615	-	168,615	-
Unearned revenue	675,826	97,096	772,922	-
Long-term liabilities:				
Due within one year	896,411	736,191	1,632,602	-
Due in more than one year	4,044,619	19,878,378	23,922,997	-
Net pension liability	1,945,355	-	1,945,355	-
Total liabilities	8,121,872	21,324,575	29,446,447	-
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pension	299,437	-	299,437	-
Total deferred inflows of resources	299,437	-	299,437	-
NET POSITION				
Net investment in capital assets	13,917,801	2,708,659	16,626,460	-
Restricted for:				
Debt service	236,037	253,741	489,778	-
Debt service or capital outlays	10,074,446	-	10,074,446	-
Streets	490,038	-	490,038	-
Recreation	1,090,306	-	1,090,306	-
Public Safety	269,331	-	269,331	-
Economic development	196,962	-	196,962	-
Other purposes	393,334	-	393,334	-
Unrestricted	10,166,303	3,305,125	13,471,428	76,253
Total net position	\$ 36,834,558	\$ 6,267,525	\$ 43,102,083	\$ 76,253

See accompanying notes to the financial statements.

CITY OF CHOCTAW, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

City of Choctaw
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental Activities								
General Government	\$ 2,395,426	\$ 512,162	\$ 21,215	\$ -	\$ (1,862,049)	\$ -	\$ (1,862,049)	\$ -
Public Safety	3,873,907	258,564	378,075	-	(3,237,268)	-	(3,237,268)	-
Public works	1,619,410	115,573	110,172	-	(1,393,665)	-	(1,393,665)	-
Culture, parks and recreation	929,537	284,634	-	202,379	(442,524)	-	(442,524)	-
Interest on long-term debt	187,491	-	-	-	(187,491)	-	(187,491)	-
Total governmental activities	9,005,771	1,170,933	509,462	202,379	(7,122,997)	-	(7,122,997)	-
Business-type activities								
Water	1,108,909	1,430,734	-	-	-	321,825	321,825	-
Wastewater	1,543,351	1,048,753	-	-	-	(494,598)	(494,598)	-
Sanitation	990,038	1,315,684	-	-	-	325,646	325,646	-
Stormwater	185,148	390,143	-	-	-	204,995	204,995	-
Golf	614,750	381,753	-	-	-	(232,997)	(232,997)	-
Total business-type activities	4,442,196	4,567,067	-	-	-	124,871	124,871	-
Total primary government	13,447,967	5,738,000	509,462	202,379	(7,122,997)	124,871	(6,998,126)	-
Component Unit								
Economic Development Authority	-	-	-	-	-	-	-	-
Total component units	-	-	-	-	-	-	-	-
General revenues:								
Taxes:								
Sales and use taxes					11,090,664	-	11,090,664	-
Property taxes					122,953	-	122,953	-
Franchise and other taxes					1,184,639	-	1,184,639	-
Hotel/motel taxes					61,198	-	61,198	-
Intergovernmental revenue not restricted to specific programs					693,011	-	693,011	-
Investment income					1,120,753	41,062	1,161,815	1
Miscellaneous					170,384	-	170,384	-
Transfers - Internal activity					(918,655)	918,655	-	-
Total general revenues and transfers					13,524,947	959,717	14,484,664	1
Change in net position					6,401,950	1,084,588	7,486,538	1
Net position - beginning					30,432,608	5,182,937	35,615,545	76,252
Net position - ending					\$ 36,834,558	\$ 6,267,525	\$ 43,102,083	\$ 76,253

See accompanying notes to the financial statements.

CITY OF CHOCTAW, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF CHOCTAW, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

City of Choctaw
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Dedicated Sales Tax Fund	Town Square Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 10,319,832	\$ 5,756,483	\$ 3,886,726	\$ 3,164,757	\$ 23,127,798
Restricted cash	-	283,536	-	-	283,536
Due from other funds	-	-	-	31,227	31,227
Due from other governments	1,341,246	458,912	-	115,486	1,915,644
Other receivables	102,628	-	-	9,110	111,738
Total assets	<u>11,763,706</u>	<u>6,498,931</u>	<u>3,886,726</u>	<u>3,320,580</u>	<u>25,469,943</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE					
Liabilities:					
Accounts payable	189,644	25,675	2,000	22,609	239,928
Accrued payroll payable	73,694	-	-	2,799	76,493
Due to other funds	45,764	-	-	-	45,764
Deposits subject to refund	168,615	-	-	-	168,615
Accrued interest payable	-	52,358	-	10,118	62,476
Unearned revenue	675,826	-	-	-	675,826
Total liabilities	<u>1,153,543</u>	<u>78,033</u>	<u>2,000</u>	<u>35,526</u>	<u>1,269,102</u>
Deferred Inflows of resources:					
Unavailable revenue	<u>358</u>	<u>-</u>	<u>-</u>	<u>29,210</u>	<u>29,568</u>
Fund balances:					
Restricted	-	6,420,898	3,884,726	2,456,979	12,762,603
Committed	348,421	-	-	-	348,421
Assigned	-	-	-	798,865	798,865
Unassigned	10,261,384	-	-	-	10,261,384
Total fund balance	<u>10,609,805</u>	<u>6,420,898</u>	<u>3,884,726</u>	<u>3,255,844</u>	<u>24,171,273</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 11,763,706</u>	<u>\$ 6,498,931</u>	<u>\$ 3,886,726</u>	<u>\$ 3,320,580</u>	<u>\$ 25,469,943</u>

See accompanying notes to the financial statements.

CITY OF CHOCTAW, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

City of Choctaw
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General Fund	Dedicated Sales Tax Fund	Town Square Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 7,665,933	\$ 2,710,659	\$ 1,389,107	\$ 693,755	\$ 12,459,454
Intergovernmental	1,429,410	-	-	16,861	1,446,271
Licenses and permits	404,075	-	-	-	404,075
Charges for services	-	-	-	509,460	509,460
Fines and forfeitures	192,233	-	-	66,331	258,564
Investment income	1,108,786	10,361	1,606	-	1,120,753
Miscellaneous	103,345	-	-	67,039	170,384
Total revenues	10,903,782	2,721,020	1,390,713	1,353,446	16,368,961
EXPENDITURES					
Current:					
General government	1,528,710	-	20,190	623	1,549,523
Development services	540,171	-	-	-	540,171
Municipal court	104,139	-	-	-	104,139
Fire	1,412,892	-	-	-	1,412,892
Fleet maintenance	122,492	-	-	-	122,492
Cemetery	-	-	-	3,432	3,432
Parks	365,599	-	-	282,845	648,444
Police	1,932,203	-	-	-	1,932,203
Community center	6,411	-	-	-	6,411
Streets	746,031	-	-	2,020	748,051
Capital outlay	644,015	386,747	562,916	646,323	2,240,001
Debt service:					
Principal	50,526	477,000	700,000	230,545	1,458,071
Interest	16,449	89,456	63,948	19,918	189,771
Total Expenditures	7,469,638	953,203	1,347,054	1,185,706	10,955,601
Excess (deficiency) of revenues over expenditures	3,434,144	1,767,817	43,659	167,740	5,413,360
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	329	-	329
Transfers out	-	(517,714)	-	-	(517,714)
Proceeds from long-term debt	-	-	-	347,642	347,642
Total other financing sources and uses	-	(517,714)	329	347,642	(169,743)
Net change in fund balance	3,434,144	1,250,103	43,988	515,382	5,243,617
Fund balance - beginning	7,175,661	5,170,795	3,840,738	2,740,462	18,927,656
Fund balance - ending	\$ 10,609,805	\$ 6,420,898	\$ 3,884,726	\$ 3,255,844	\$ 24,171,273

See accompanying notes to the financial statements.

CITY OF CHOCTAW, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

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

Fund Balance - Net Position Reconciliation: \$ 24,171,273

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 of \$61,244,299 18,656,910

Other assets are not available to pay for current period expenditures and they, along with deferred outflows, are either deferred or not reported in the funds:

Accounts receivable, net of allowance for doubtful accounts	29,568
Net pension asset	58,230
Pension related deferred outflows	1,116,248

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

Net pension liability	(1,945,355)
Pension related deferred inflows	(299,437)
Accrued interest payable	(12,149)
Lease obligations payable	300
Revenue Notes Payable	(3,770,000)
Notes payable	(962,007)
Unamortized bond premium/discount	(7,402)
Accrued compensated absences	(201,621)
	(7,197,671)

Net Position of Governmental Activities in the Statement of Net Position \$ 36,834,558

See accompanying notes to the financial statements.

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

Governmental funds report outlays for capital assets as expenditures while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	1,612,315
Depreciation expense	(1,489,521)
	<u>122,794</u>

In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.

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	19.687
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Principal payment on general obligation bonds payable	120,000
Principal payment on notes payable	145,327
Principal payment on lease obligations	16,044
Principal payment on revenue notes payable	1,175,000
Proceeds of long-term debt	(347,642)
	<u>1,108,729</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in accrued interest payable	4,280
Change in accrued compensated absences	(30,197)
	<u>(25,917)</u>

Change in net position of governmental activities	\$ 6,401,950
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See accompanying notes to the financial statements.

CITY OF CHOCTAW, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF CHOCTAW, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

City of Choctaw
Statement of Net Position
Proprietary Funds
June 30, 2024

		Enterprise Funds	
		Non-major	
	Choctaw Utilities Authority	Golf Course	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,039,834	\$ 100,439	\$ 3,140,273
Restricted cash and cash equivalents	769,784	-	769,784
Due from other funds	14,208	329	14,537
Accounts Receivable, net	846,045	-	846,045
Total current assets	<u>4,669,871</u>	<u>100,768</u>	<u>4,770,639</u>
Non-current assets:			
Restricted cash and cash equivalents	176,990	-	176,990
Capital Assets:			
Land and construction in progress	3,105,746	-	3,105,746
Other capital assets, net of accumulated depreciation	18,573,136	965,589	19,538,725
Total non-current assets	<u>21,855,872</u>	<u>965,589</u>	<u>22,821,461</u>
Total assets	<u>26,525,743</u>	<u>1,066,357</u>	<u>27,592,100</u>
LIABILITIES			
Current liabilities:			
Accounts payable	424,050	11,492	435,542
Accrued payroll liability	6,410	5,370	11,780
Unearned revenue	97,096	-	97,096
Accrued interest payable	165,588	-	165,588
Current portion of:			
Notes payable	650,000	83,498	733,498
Accrued compensated absences	1,034	1,659	2,693
Total current liabilities	<u>1,344,178</u>	<u>102,019</u>	<u>1,446,197</u>
Non-current liabilities:			
Deposits subject to refund	176,989	-	176,989
Notes payable	19,029,780	647,366	19,677,146
Accrued compensated absences	9,309	14,934	24,243
Total non-current liabilities	<u>19,216,078</u>	<u>662,300</u>	<u>19,878,378</u>
Total liabilities	<u>20,560,256</u>	<u>764,319</u>	<u>21,324,575</u>
NET POSITION			
Net investment in capital assets	2,473,934	234,725	2,708,659
Restricted for debt service	253,741	-	253,741
Unrestricted	3,237,812	67,313	3,305,125
Total net position	<u>\$ 5,965,487</u>	<u>\$ 302,038</u>	<u>\$ 6,267,525</u>

See accompanying notes to the financial statements.

CITY OF CHOCTAW, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

City of Choctaw
Enterprise Funds
Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2024

	Enterprise Funds		
	Choctaw Utilities Authority	Non-major	
		Golf Course	Total
OPERATING REVENUES			
Water charges	\$ 1,430,734	\$ -	\$ 1,430,734
Sewer charges	1,048,753	-	1,048,753
Sanitation	1,315,684	-	1,315,684
Stormwater charges	390,143	-	390,143
Golf charges	-	378,825	378,825
Miscellaneous	-	2,928	2,928
Total operating revenues	<u>4,185,314</u>	<u>381,753</u>	<u>4,567,067</u>
OPERATING EXPENSES			
Administration - Sanitation contract	990,038	-	990,038
Golf course	-	483,085	483,085
Stormwater	185,148	-	185,148
Water plant	759,197	-	759,197
Wastewater	259,076	-	259,076
Wastewater plant	365,849	-	365,849
Depreciation expense	722,013	92,955	814,968
Total Operating Expenses	<u>3,281,321</u>	<u>576,040</u>	<u>3,857,361</u>
Operating income (loss)	<u>903,993</u>	<u>(194,287)</u>	<u>709,706</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	41,062	-	41,062
Interest expense and fiscal charges	(546,125)	(38,710)	(584,835)
Total non-operating revenue (expenses)	<u>(505,063)</u>	<u>(38,710)</u>	<u>(543,773)</u>
Income (loss) before contributions and transfers	<u>398,930</u>	<u>(232,997)</u>	<u>165,933</u>
Capital contributions	356,675	44,595	401,270
Transfers in	399,240	118,145	517,385
Change in net position	<u>1,154,845</u>	<u>(70,257)</u>	<u>1,084,588</u>
Total net position - beginning	<u>4,810,642</u>	<u>372,295</u>	<u>5,182,937</u>
Total net position - ending	<u>\$ 5,965,487</u>	<u>\$ 302,038</u>	<u>\$ 6,267,525</u>

See accompanying notes to the financial statements.

CITY OF CHOCTAW, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

City of Choctaw
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	Choctaw Utilities Authority	Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 4,023,949	\$ 381,753	\$ 4,405,702
Payments to suppliers	(1,859,225)	(206,813)	(2,066,038)
Payments to employees	(706,103)	(250,216)	(956,319)
Receipts of customer meter deposits	54,595	-	54,595
Refunds of customer meter deposits	(74,382)	-	(74,382)
Interfund receipts/payments	(14,208)	(329)	(14,537)
Net cash provided by (used in) operating activities	<u>1,424,626</u>	<u>(75,605)</u>	<u>1,349,021</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	399,240	118,145	517,385
Net cash provided by noncapital financing activities	<u>399,240</u>	<u>118,145</u>	<u>517,385</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(60,620)	-	(60,620)
Principal paid on capital debt	(630,000)	(79,434)	(709,434)
Interest and fiscal agent fees paid on capital debt	(569,113)	(38,710)	(607,823)
Net cash (used in) capital and related financing activities	<u>(1,259,733)</u>	<u>(118,144)</u>	<u>(1,377,877)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	41,062	-	41,062
Net cash provided by investing activities	<u>41,062</u>	<u>-</u>	<u>41,062</u>
Net increase (decrease) in cash and cash equivalents	605,195	(75,604)	529,591
Balances - beginning of year	<u>3,381,413</u>	<u>176,043</u>	<u>3,557,456</u>
Balances - end of year	<u><u>\$ 3,986,608</u></u>	<u><u>\$ 100,439</u></u>	<u><u>\$ 4,087,047</u></u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 3,039,834	\$ 100,439	\$ 3,140,273
Restricted cash and cash equivalents - current	769,784	-	769,784
Restricted cash and cash equivalents - noncurrent	176,990	-	176,990
Total cash and cash equivalents, end of year	<u><u>\$ 3,986,608</u></u>	<u><u>\$ 100,439</u></u>	<u><u>\$ 4,087,047</u></u>

See accompanying notes to the financial statements.

CITY OF CHOCTAW, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

City of Choctaw
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	<u>Choctaw Utilities Authority</u>	<u>Golf Course</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 903,993	\$ (194,287)	\$ 709,706
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	722,013	92,955	814,968
Contributed capital for noncapitalized expenses	-	19,757	19,757
Change in assets, liabilities, and deferrals:			
Due from other funds	(14,208)	(329)	(14,537)
Accounts receivable	(198,483)	-	(198,483)
Accounts payable	14,234	8,836	23,070
Accrued payroll liability	803	(744)	59
Retainage payable	(19,787)	-	(19,787)
Unearned revenue	37,118	-	37,118
Pension deferred outflow of resources	(803)	744	(59)
Accrued compensated absences	(20,254)	(2,537)	(22,791)
Net cash provided by (used in) operating activities	<u>\$ 1,424,626</u>	<u>\$ (75,605)</u>	<u>\$ 1,349,021</u>
Noncash activities:			
Contributed capital assets	\$ 356,675	\$ 44,595	\$ 401,270

See accompanying notes to the financial statements.

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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

The accounting and reporting policies of the City of Choctaw, Oklahoma (the “City”) conform to accounting principles generally accepted in the United States of America for state and local governments. Generally accepted accounting principles for municipalities are defined as those principles promulgated by the Governmental Accounting Standards Board (“GASB”). The following represent the more significant accounting and reporting policies and practices of the City.

- A. Financial Reporting Entity** - The accompanying financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City’s operations and therefore data from these units are combined with the data of the City. The City’s blended component unit has a June 30 year-end.

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 GASB Statement 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, and includes all component units for which the City is financially accountable.

Blended Component Unit. The Choctaw Utilities Authority (CUA) was created pursuant to a Trust Indenture, for the benefit of the City of Choctaw. The CUA was created December 1, 1961, to finance, develop, and operate or contract for the water, wastewater, and solid waste activities of the City. Council members serve as Trustees and the City Manager is the General Manager. The rates for user charges and debt authorization are approved by the city council. The CUA is reported as an enterprise fund type.

Discretely Presented Component Unit. The Choctaw Economic Development Authority (CEDA) was created March 24, 1981 to promote and finance economic development in the City of Choctaw. The CEDA is reported as a discrete component unit of the City because its governing body is not substantially the same as the City Council. All Board members shall be approved by the City Council.

Separate financial statements have not been prepared for either of the component units.

Each component unit is a Public Trust 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 the 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 has leased certain existing assets at the creation for the Authority to the Trustees on a long-term basis. The City, as beneficiary of the Public Trust, receives title to any residual assets when a Public Trust is dissolved.

B. Basis of Presentation and Accounting

The City follows Governmental Accounting Standards Board (“GASB”) statements in the preparation of its financial statements. Additional information regarding the basis of accounting and the differences in presentation are contained in the Management’s Discussion and Analysis, which proceed the financial statements.

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Government-wide and fund financial statements – The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues and nonexchange transactions are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

Measurement focus, basis of accounting, and financial statement presentation – The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grant and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims, and judgments are recorded only when payment is due.

Sales taxes, excise taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Expenditures driven grants are recognized as revenues when qualifying expenditures have been incurred and all eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the City.

The following are the City's major governmental funds:

General Fund – is the general operating fund of the City. It accounts and reports for all financial resources not required to be reported in another fund. For financial statement reporting purposes, the General Fund contains the following combining accounts:

- General Fund
- Internal Service Account

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- Stabilization Reserve Account
- Municipal Court Account

Dedicated Sales Tax Fund – accounts for designated revenues, the purchase, and construction of capital projects.

Town Square Fund – accounts for designated revenues, the purchase, and construction of designated capital projects.

The following are the City's non-major governmental funds:

Special Revenue Funds – accounts for the proceeds of government grants or specific revenue sources (other than grants applicable to enterprise fund activities, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

- Street & Alley Fund
- Public Recreation Fund
- Public Safety Fund
- Industrial Park Fund
- Cemetery Perpetual Care Fund

Debt Service Sinking Fund – accounts for the accumulation of financial resources for the payment of principal and interest on the general long-term debt of the City, other than debt service payments made by enterprise funds. Ad Valorem taxes and interest earned on investments of the Debt Service Fund are used for the payment of principal, interest, and commissions to fiscal agents on the City's general obligation bonds.

Capital Project Funds – accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for the purchase, construction, and repair of capital assets.

- Capital Improvement Fund
- Community Development Fund
- Library Construction Fund

The following is the City's major proprietary fund:

Choctaw Utilities Authority (CUA) – accounts for the revenues from operations of water, wastewater, contracted sanitation, and stormwater. For financial statement reporting purposes, the CUA contains the following combining accounts:

- CUA Operating Fund
- Solid Waste Account
- Stormwater Account
- Debt Service Account

The following is the City's non-major proprietary fund:

Golf Course – accounts for the operations of the golf course.

C. Accounting Policies

Assets, Liabilities, Deferrals and Equity

a. *Cash and Cash Equivalents* – The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents.

b. *Investments* – Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers quoted market price on June 30, 2024, to be the fair value of its investments.

Oklahoma Statutes authorize the City to invest in obligations of the United States government, its agencies and instrumentalities; collateralized or insured certificates of deposit and other evidences of deposit at banks, savings banks, savings and loan associations and credit unions located in this state, or fully insured certificates of deposit at banks, savings bank, savings and loan associations and credit unions located out of state; negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings bank, a savings and loan association or a state-licensed branch of a foreign bank; prime banker's acceptances which are eligible for purchases by the Federal Reserve System and which do not exceed 270 days' maturity; prime commercial paper which shall not have a maturity that exceeds 180 days nor represent more than 10% of the outstanding paper of an issuing corporation; repurchase agreements that have underlying collateral consisting of those items specified above; and money market funds regulated by the Securities and Exchange Commission and which investments consist of those items noted above.

c. *Receivables and payables* – In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

In the governmental fund financial statements, receivables are recorded when they are both measurable and available. Proprietary fund receivables consist of all revenues earned at year-end and not yet received.

d. *Interfund Receivable and Payables* – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / due from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

e. *Restricted Assets* – Restricted assets include cash and investments of both governmental activities and business-type activities that are legally restricted as to their use. The restricted assets are primarily related to debt trustee accounts and guaranty deposits.

f. *Capital Assets* – Capital assets, which include property, plant, and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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Donated capital assets, the majority of which generally consists of donated land and infrastructure which is recorded in the governmental funds and donated water and sewer distribution systems which are recorded in the proprietary funds, are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 - 65 years
Infrastructure	25 – 50 years
Improvements other than buildings & infrastructure	10 – 20 years
Machinery and equipment	3 – 20 years
Vehicles	3 – 7 years

g. *Inventory* – The City records parts and fuel inventory as expenses within the General Fund. Parts inventory is recorded using actual cost.

h. *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, and proprietary funds are reported as liabilities as incurred. The long-term debt presently is primarily comprised of revenue bonds payable, net pension liability, and accrued compensated absences. This long-term debt is reported net of unamortized discounts and premiums.

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 payments of principal and interest are reported as expenditures.

i. *Claims and Judgments Payable* - Under state law, judgments against the City can be paid over three years or can be paid immediately. The Risk Management Fund pays all claims and judgments. A liability has been recorded within the government-wide, proprietary, and fiduciary fund financial statements for claims and judgments payable, if applicable. A liability for these amounts is reported in governmental funds only if they will be paid from current financial resources.

j. *Compensated Absences* – Under the terms of union contracts and City personnel policies, City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for vacation leave accumulated and vested accumulated sick leave. Vesting of sick leave by employees and maximum number of hours that can be accumulated for vacation and sick leave are dependent upon an employees' service as contained in the City's personnel manual. Upon retirement, one-third of accumulated sick leave is converted to cash, subject to the above limitation for maximum compensation for unused compensated absences.

k. *Pensions* – For the purpose of measuring the net pension liability (asset), deferred outflows of resources and deferred inflow of resources related to pensions and pension expense, information about the fiduciary net position of the City's multiemployer pension plans and additions to/deductions from the multiemployer pension plans have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

l. *Equity* – In the government-wide financial statements, equity is classified as net position and displayed in three components:

- i. *Net investment in capital assets* – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings attributable to those assets.
- ii. *Restricted net position* – Consists of net position with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
- iii. *Unrestricted net position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted net positions are available for use, generally it is the City’s policy to use restricted resources first. For projects funded with tax-exempt debt proceeds and other sources, the debt proceeds are used first.

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows and based on the nature of any limitations requiring the use of resources for specific purposes.

a) *Nonspendable* – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

b) *Restricted* – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

c) *Committed* – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City through formal action of the highest level of decision-making authority. The City Council is the highest level of decision-making authority that can, by adoption of an Ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by ordinance remains in place until a similar action by City Council is taken (the adoption of another ordinance) to remove or revise the limitation.

d) *Assigned* – Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

e) *Unassigned* – Includes the residual balance of the General Fund that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes with the General Fund.

When both restricted and unrestricted sources (the total of committed, assigned, and unassigned fund balance) are available for use, generally it is the City’s policy to use restricted resources first. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last

Cost Sharing Defined Benefit Pension Plans

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

Deferred Outflows/inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has deferred outflows related to pensions, with one being the amount of contributions made to pension plans after the measurement date, and the other the difference in investment experience between actual earnings and projected earnings on pension plan investments and the difference in assumption changes. Deferred outflows related to contributions made after the measurement date will be recognized as a reduction of pension liability in the following year. The remaining amounts will be amortized to pension expense over future periods. See Note 4 for additional information. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows related to pensions. This consists of the difference between expected and actual experience related to pension plans as well as the difference in assumption changes. These amounts are amortized over future periods to pension expense.

Revenues, Expenditures and Expenses

a. *Property Tax Revenue* – Property taxes attach an enforceable lien on property as of January 1. Taxes are levied annually on November 1 and are due one-half by December 31 and one-half by March 31. The Tax Assessor's office bills and collects the property taxes and remits to the City its portion. Property taxes not paid prior to April are considered delinquent. Such delinquent tax payments have not historically been material. Delinquent tax payments are received throughout the year and are recognized as revenue in the year received, except those received within 60 days of year end, which are recognized as revenues as of June 30, 2024 in both the government-wide and fund financial statements.

b. *Sales Taxes* – Sales taxes are collected by vendors and required to be remitted to the State of Oklahoma by the 20th of the month following collection. The tax is then paid to the City by the 10th of the next month. A two-month lag exists between collection by the vendor and payment to the City by the State. Revenue received in July and August from sales made in May and June, respectively, is available for prior year expenses and is accrued in both the government-wide and fund financial statements.

c. *Charges for Services* – Charges for service consist primarily of charges made for subdivision, sidewalk, park and recreation fees, cemetery lot sales, and transportation impact fees.

d. *Intergovernmental Revenues/Capital Grants Earned* – Revenues from Federal and State operating grants are recognized when expenditures are made. Similarly, capital grants are considered earned when the expenditures are made. The earned portion of capital grants in Proprietary Funds is treated as a capital contribution within the statement of revenues, expenses, and changes in fund net position.

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e. *Investment Earnings* – Investment earnings on pooled cash and investments are allocated on a pro-rata basis to the City’s funds based on the percentage of each fund’s average month end pooled cash balance.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Compliance

The City prepares its annual operating budget under the provisions of the Oklahoma Municipal Budget Act of 1979 (the “Budget Act”). In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1.
- b. Public hearings are conducted to obtain citizen comments. At least one public hearing is held no later than 15 days prior to the beginning of the budget year.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is legally enacted through the passage of a resolution by the City Council.
- d. Subsequent to City Council enactment, the adopted budget is filed with the office of the State Auditor and Inspector.
- e. The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund.

All fund decreases of appropriation and supplemental appropriations require City Council approval. The City Manager may transfer appropriations between departments within a fund without City Council approval. Supplemental appropriations must also be filed with the Office of the State Auditor and Inspector.

In accordance with Title 60 of the Oklahoma State Statutes, the Choctaw Utilities Authority and the Choctaw Economic Development Authority are required to prepare an annual budget and submit a copy to the City as beneficiary. However, there are no further requirements such as form of budget, approval of budget or definition of a legal level of control; and, therefore, no budget and actual financial presentation for the CUA and the CEDA funds are included in this report.

Deposits and Investment Laws and Regulations

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at no more than market value. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations, surety bonds or certain letters of credit.

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Investments of a City (excluding Public Trusts) are limited by State Law to the following:

- 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 pledged 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 banker 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.

Public trusts created under O.S. Title 60, are not subject to the above noted investment limitations and are primarily governed by restrictions in their trust or bond indentures.

Debt Restrictions and Covenants

General Obligation Debt

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of certain outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of the net assessed valuation. For the year ended June 30, 2024, the City complied with this restriction.

Other Long-term Debt

As required by the Oklahoma State Constitution, the City (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval.

Revenue Note Debt

The note indentures relating to the revenue note issues of the Choctaw Utilities Authority and contains several restrictions or covenants that are financial related. These include covenants such as a required flow of funds through special accounts, debt service coverage requirements and required reserve account balances.

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The following schedule presents a summary of the most significant requirements and the Authority's level of compliance, thereon, as of June 30, 2024:

<u>REQUIREMENT</u>	<u>LEVEL OF COMPLIANCE</u>
FLOW OF FUNDS:	
1. 2007a Revenue Note -Debt service fund	The Authority maintained all required accounts and made required payments into such accounts
2. 2013B Revenue Note -Debt service fund	The Authority maintained all required accounts and made required payments into such accounts
3. 2014 Revenue Note -Debt service fund -Construction Fund	The Authority maintained all required accounts and made required payments into such accounts
4. 2017 OWRB Revenue Note -Debt service fund	The Authority maintained all required accounts and made required payments into such accounts
5. 2017A OWRB Revenue Note -Debt service fund -Construction Fund	The Authority maintained all required accounts and made required payments into such accounts
6. 2017C OWRB Revenue Note -Debt service fund	The Authority maintained all required accounts and made required payments into such accounts
7. 2020 OWRB Revenue Note -Debt service fund -Construction Fund	The Authority maintained all required accounts and made required payments into such accounts
REVENUE NOTE COVERAGE:	Refer to Note 5 - Pledge of Future Revenues and the Debt Service Coverage Schedule

Restricted Net Position

Restricted net position at the government-wide financial statements is required to restrict funds in accordance with various laws and regulations, specifically those laws and regulations dealing with debt service and the use of restricted revenues. See Note 6 for details of restricted net position.

2. Cash, Cash Equivalents, and Investments

For the purpose of the statements of net position, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents for reporting purposes.

At June 30, 2024, the reporting entity held the following deposits and investments:

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Primary Government:

<u>Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			\$ 26,320,984
			<u>26,320,984</u>
Investments:			
Trustee money market accounts		AAAm	1,177,697
			<u>1,177,697</u>
Total deposits and investments			<u><u>\$ 27,498,681</u></u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents			\$ 26,143,994
Restricted cash and cash equivalents, current			1,177,697
Restricted cash and cash equivalents, noncurrent			176,990
			<u>\$ 27,498,681</u>

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

The City’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at a level of 100% of the uninsured deposits and accrued interest thereon. The investment policy also limits acceptable collateral to U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the state of Oklahoma. On June 30, 2024, the City was exposed to custodial credit risk as defined above of \$38,343.

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 that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represents 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 places no limit on the amount it may invest in any one issuer. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

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The City had the following concentration of credit risk at June 30, 2024: \$894,285 invested in Federal Treasury Obligations money market accounts at Bank of Oklahoma, and \$283,412 in Federal Treasury Obligations money market accounts at BancFirst.

Restricted Cash and Investments – The amounts reported as restricted assets of the Statement of Net Position are comprised of amounts restricted for utility deposits, debt service, debt reserve, or construction purposes. The restricted assets as of June 30, 2024 are as follows:

	Governmental Activities	Business-Type Activities	Business-Type Activities
	Current	Current	Noncurrent
	Cash and cash Equivalents	Cash and cash Equivalents	Cash and cash Equivalents
2014 Sales Tax Revenue Note Debt Service	\$ 283,412	\$ -	\$ -
2007 Debt Service Account	124	-	-
2013B Sales Tax Revenue Note Debt Service	-	134,792	-
2017A OWRB Clean Water SRF Note Construction	-	38,719	-
2017A OWRB Clean Water SRF Note Debt Service	-	155,120	-
2017C OWRB Clean Water SRF Note Debt Service	-	22,416	-
2020 FAP OWRB Note Debt Construction	-	413,697	-
2020 FAP OWRB Note Debt Service	-	129,417	-
Utility Deposits	-	-	176,990
Total	<u>\$ 283,536</u>	<u>\$ 894,161</u>	<u>\$ 176,990</u>

3. Accounts Receivable

Accounts receivable of governmental and business-type activities consist of sales tax, franchise tax and fees, property tax, grants funds due, and customer utilities services provided, both billed and unbilled, all reported net of allowance for uncollectible amounts are as follows:

	Governmental Activities	Business-type Activities
Franchise taxes	\$ 102,628	\$ -
Hotel/Motel taxes	9,110	-
Utilities	-	1,041,269
Less: allowance for uncollectible accounts	-	(195,224)
Accounts receivable, net of allowance	<u>\$ 111,738</u>	<u>\$ 846,045</u>

4. Capital Assets and Depreciation

Capital Assets:

For the year ended June 30, 2024, capital assets balances changed as follows:

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	Balance at July 01, 2023	Additions	Disposals	Transfers	Balance at June 30, 2024
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 349,726	\$ -	\$ -	\$ -	\$ 349,726
Construction in progress	1,374,068	641,452	-	(1,981,567)	33,953
Total capital assets not being depreciated	1,723,794	641,452	-	(1,981,567)	383,679
Other capital assets:					
Buildings	11,611,411	-	-	-	11,611,411
Machinery and equipment	3,076,943	168,396	61,619	-	3,183,720
Vehicles	2,997,627	476,794	57,549	-	3,416,872
Infrastructure	58,998,287	325,673	-	1,981,567	61,305,527
Total other capital assets at historical cost	76,684,268	970,863	119,168	1,981,567	79,517,530
Less accumulated depreciation for:					
Buildings	5,423,696	397,131	-	-	5,820,827
Machinery and equipment	2,040,797	142,653	61,619	-	2,121,831
Vehicles	1,707,305	216,220	57,549	-	1,865,976
Infrastructure	50,717,803	717,862	-	-	51,435,665
Total accumulated depreciation	59,889,601	1,473,866	119,168	-	61,244,299
Leased assets					
Equipment	46,361	-	46,361	-	-
Less accumulated amortization					
Equipment	30,706	15,655	46,361	-	-
Total leased assets	15,655	(15,655)	-	-	-
Other capital assets, net	16,810,322	(518,658)	-	1,981,567	18,273,231
Governmental activities capital assets, net	\$ 18,534,116	\$ 122,794	\$ -	\$ -	\$ 18,656,910
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 6,000	\$ -	\$ -	\$ -	\$ 6,000
Construction in progress	6,142,173	366,585	-	(3,409,012)	3,099,746
Total capital assets not being depreciated	6,148,173	366,585	-	(3,409,012)	3,105,746
Other capital assets:					
Buildings	25,055	-	-	-	25,055
Machinery and equipment	1,193,092	52,014	-	-	1,245,106
Vehicles	74,651	-	-	-	74,651
Infrastructure	32,054,190	23,535	-	3,409,012	35,486,737
Total other capital assets at historical cost	33,346,988	75,549	-	3,409,012	36,831,549
Less accumulated depreciation for:					
Buildings	7,430	2,176	-	-	9,606
Machinery and equipment	896,982	57,131	-	-	954,113
Vehicles	74,224	325	-	-	74,549
Infrastructure	15,499,219	755,337	-	-	16,254,556
Total accumulated depreciation	16,477,855	814,969	-	-	17,292,824
Other capital assets, net	16,869,133	(739,420)	-	3,409,012	19,538,725
Business-type activities capital assets, net	\$ 23,017,306	\$ (372,835)	\$ -	\$ -	\$ 22,644,471

Depreciation/amortization:

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

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Governmental Activities:

General Government	208,938
Public Safety	258,595
Public Works	732,920
Culture & Recreation	289,068
	<u>\$ 1,489,521</u>

Business-Type Activities:

Water	\$ 349,713
Wastewater	372,301
Golf	92,955
	<u>\$ 814,969</u>

5. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2024, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Amounts Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 120,000	\$ -	\$ 120,000	\$ -	\$ -
Revenue notes payable	4,945,000	-	1,175,000	3,770,000	735,000
Notes payable (direct borrowings)	759,692	347,642	145,327	962,007	141,249
Lease obligations	15,744	-	15,744	-	-
Accrued compensated absences	171,424	30,197	-	201,621	20,162
Total Governmental Activities	<u>\$ 6,011,860</u>	<u>\$ 377,839</u>	<u>\$ 1,456,071</u>	<u>\$ 4,933,628</u>	<u>\$ 896,411</u>
Add: Unamortized bond premium				<u>7,402</u>	
				<u>\$ 4,941,030</u>	
Reconciliation to Government-Wide Statement of Net Position:					
Due within one year					896,411
Due in more than one year					<u>4,044,619</u>
					<u>\$ 4,941,030</u>
Business-Type Activities:					
Revenue notes payable	\$ 2,840,000	\$ -	\$ 315,000	\$ 2,525,000	\$ 325,000
Notes payable (direct borrowings)	17,944,717	-	394,434	17,550,283	408,497
Deposits subject to refund	211,719	54,595	89,324	176,990	-
Accrued compensated absences	49,668	-	22,732	26,936	2,694
Total Business-Type Activities	<u>\$ 21,046,104</u>	<u>\$ 54,595</u>	<u>\$ 821,490</u>	<u>\$ 20,279,209</u>	<u>\$ 736,191</u>
Add: Unamortized bond premium				<u>335,360</u>	
				<u>\$ 20,614,569</u>	
Reconciliation to Government-Wide Statement of Net Position:					
Due within one year					736,191
Due in more than one year					<u>19,878,378</u>
					<u>\$ 20,614,569</u>

The reporting entity's long-term debt is segregated by the amounts involving governmental activities and business-type activities.

Governmental Activities Long-Term Debt

At June 30, 2024, the governmental activities long-term debt consisted of the following:

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Revenue Notes Payable:

\$3,100,000 CUA Sales Tax Revenue Note of 2007A, dated June 1, 2007, secured by a pledge of sales tax to provide funding for the acquisition of 38 acres of land for economic Development, due in semi-annual principal and interest payments beginning October 1, 2008 and maturing April 1, 2027, and the initial interest rate was 6.50% per annum, which then converted to SOFR (previously LIBOR) rate plus 1.00% in 2012. \$ 770,000

\$6,455,000 CUA Sales Tax Revenue Note of 2014, dated July 3, 2014, secured by a pledge of sales tax to provide funding for a water system, a sewer system, and park improvement, due in semi-annual principal and interest payments beginning July 1, 2015 and maturing July 1, 2029, and the initial interest rate was 2.25% per annum, which then adjusts every five years to the five-year Constant Maturity Treasury rate plus 50 basis points. 3,000,000
Total Revenues Notes Payable 3,770,000

Current portion	\$ 735,000
Non-current portion	3,035,000
Total	<u>\$ 3,770,000</u>

Notes Payable (Direct Borrowings):

\$141,526 note payable direct borrowing debt with FNB Community Bank, dated August 12, 2019, for the acquisition of three police vehicles and related equipment, due in monthly installments of \$2,594 and maturing August 12, 2024, secured by the police vehicles, and the interest rate of the debt is 3.75%. In the event of default the lender may: 1) declare the entire indebtedness immediately due and payable, 2) force the surrender and/or sale of the vehicles provided by collateral; 3) have applicable court costs and costs incurred to sell the vehicles paid; 4) appoint a receiver; and 5) obtain a judgment for any deficiency remaining. 5,164

\$95,186 note payable direct borrowing debt with FNB Community Bank, dated August 18, 2020, for the acquisition of three police vehicles and related equipment, due in monthly installments of \$1,475 and maturing August 18, 2025, secured by the police vehicles, and the interest rate of the debt is 3.75%. In the event of default the lender may: 1) declare the entire indebtedness immediately due and payable, 2) force the surrender and/or sale of the vehicles provided by collateral; 3) have applicable court costs and costs incurred to sell the vehicles paid; 4) appoint a receiver; and 5) obtain a judgment for any deficiency remaining. 23,935

\$255,132 note payable direct borrowing debt with FNB Community Bank, dated March 22, 2023, for the acquisition of five police vehicles and related equipment, due in monthly installments of \$3,570 and maturing March 15, 2030, secured by the police vehicles, and the interest rate of the debt is 4.75%. In the event of default the lender may: 1) declare the entire indebtedness immediately due and payable, 2) force the surrender and/or sale of the vehicles provided by collateral; 3) have applicable court costs and costs incurred to sell the vehicles paid; 4) appoint a receiver; and 5) obtain a judgment for any deficiency remaining. Remaining proceeds to be drawn is \$49,992 at the end of fiscal year 2023. 219,339

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\$525,000 note payable direct borrowing debt with Santander Bank, dated August 10, 2021, for the acquisition of a fire engine and related equipment, due in annual installments of \$60,441 and maturing August 10, 2031, secured by the fire engine, and the interest rate of the debt is 2.65%. In the event of default the lender may: 1) declare the entire indebtedness immediately due and payable, 2) force the surrender and/or sale of the vehicles provided by collateral; 3) have applicable court costs and costs incurred to sell the vehicles paid; 4) appoint a receiver; and 5) obtain a judgment for any deficiency remaining. 430,675

\$255,132 note payable direct borrowing debt with FNB Community Bank, dated January 30, 2024, for the acquisition of five police vehicles and related equipment, due in monthly installments of \$4,254 and maturing February 1, 2031, secured by the police vehicles, and the interest rate of the debt is 5.25%. In the event of default the lender may: 1) declare the entire indebtedness immediately due and payable, 2) force the surrender and/or sale of the vehicles provided by collateral; 3) have applicable court costs and costs incurred to sell the vehicles paid; 4) appoint a receiver; and 5) obtain a judgment for any deficiency remaining.

Total Notes Payable (Direct Borrowings)	282,894
	\$ 962,007
Current portion	\$ 141,249
Non-current portion	820,758
Total	\$ 962,007

Accrued Compensated Absences:

Accrued compensated absences reported in the governmental activities are comprised of accrued vacation leave, sick leave, and compensatory time.

	\$ 201,621
	\$ 201,621
Current portion	\$ 20,162
Non-current portion	181,459
Total	\$ 201,621

Business-type Activities Long-Term Debt

At June 30, 2024, the business-type activities long-term debt consisted of the following:

Revenue Notes Payable:

\$3,105,000 Choctaw Utilities Authority Utility System and Sales Tax Revenue Note Refunding Series 2013B, dated June 1, 2013, with proceeds used to finance street improvements and pay for issuance costs, due in semi-annual principal installments ranging from \$10,000 to \$200,000 through September 1, 2023 with interest at 3.20% until March 1 2028, when it converts to a variable rate of SOFR plus 2.50%, and it is secured by a lien against net utility revenues and a sales tax pledge.

	\$ 2,525,000
	\$ 2,525,000
Current Portion	\$ 325,000
Non-current Portion	2,200,000
Total	\$ 2,525,000

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Notes Payable (Direct Borrowings):

\$9,775,000 Clean Water SFR, Series 2017, note payable direct borrowing debt with the Oklahoma Water Resources Board (OWRB), dated January 19, 2017, for the engineering, planning, and construction in connection with certain wastewater system improvements, payable in semi-annual principal installments of varying amounts through March 15, 2043, secured by a lien against net utility revenues and a sales tax pledge, and the interest rate of the debt is 2.62%. In the event of default, the lender may: 1) file suit for specific performance covenants; 2) accelerate the payment of principal and interest accrued on all notes; 3) appoint temporary trustees to take over, operate, and maintain the system; 4) file suite to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement; and increase the interest rate to 14% from the date of default until the date of payment.

\$ 9,614,419

\$1,400,000 Clean Water SFR, Series 2017A, note payable direct borrowing debt with the OWRB, dated February 23, 2017, for the construction and making of necessary improvements to the water system, payable in semi-annual principal installments of varying amounts through September 15, 2027, secured by a lien against net utility revenues and a sales tax pledge, and the interest rate of the debt is 2.20%. In the event of default, the lender may: 1) file suit for specific performance covenants; 2) accelerate the payment of principal and interest accrued on all notes; 3) appoint temporary trustees to take over, operate, and maintain the system; 4) file suite to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement; and increase the interest rate to 14% from the date of default until the date of payment.

790,000

\$1,425,000 Clean Water SFR, Series 2017C, note payable direct borrowing debt with the OWRB, dated November 19, 2017, for making improvements to the wastewater treatment plant, payable in semi-annual principal installments of varying amounts through March 15, 2044, secured by a lien against net utility revenues and a sales tax pledge, and the interest rate of the debt is 2.70%. In the event of default, the lender may: 1) file suit for specific performance covenants; 2) accelerate the payment of principal and interest accrued on all notes; 3) appoint temporary trustees to take over, operate, and maintain the system; 4) file suite to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement; and increase the interest rate to 14% from the date of default until the date of payment.

1,380,000

\$5,335,000 CUA, Series 2020, note payable direct borrowing debt with the OWRB, dated December 1, 2020, for making improvements to the water and wastewater systems, payable in semi-annual principal installments of varying amounts through October 1, 2050, secured by a lien against net utility revenues and a sales tax pledge, and the interest rate of the debt ranges from 2.33% to 4.20%. In the event of default, the lender may: 1) file suit for specific performance covenants; 2) accelerate the payment of principal and interest accrued on all notes; 3) appoint temporary trustees to take over, operate, and maintain the system; 4) file suite to enforce or enjoin action or inaction of parties under provisions of the note or sales tax agreement; and increase the interest rate to 14% from the date of default until the date of payment.

5,035,000

\$1,245,000 non-recourse promissory note payable direct borrowing debt with an Oklahoma Company, dated November 18, 2016, for the purchase of the golf course, payable in monthly installments of \$9,845 through November 15, 2031, secured by a mortgage on the real property, and the interest rate of the debt is 5.00%.

730,864

Total Notes Payable (Direct Borrowings) \$ 17,550,283

Current portion	\$ 408,498
Non-current portion	17,141,785
Total	<u>\$ 17,550,283</u>

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Deposits Subject to Refund:

Outstanding deposits for utility services as reported in the business-type activities are refundable only upon the termination of services.

\$ 176,990

Current portion
Non-current portion
Total

\$ -
176,990
\$ 176,990

Accrued Compensated Absences:

Accrued compensated absences reported in the business-type activities are comprised of accrued vacation leave, sick leave, and compensatory time.

\$ 26,936

Current portion
Non-current portion
Total

\$ 2,694
24,242
\$ 26,936

Debt Service Requirements to Maturity:

GOVERNMENTAL ACTIVITY DEBT

<u>Year Ending June 30,</u>	<u>Revenue Notes Payable</u>		<u>Notes Payable - Direct Borrowing</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	735,000	108,935	\$ 141,249	\$ 36,200
2026	780,000	82,728	127,187	30,713
2027	815,000	54,887	128,779	25,549
2028	555,000	29,827	134,141	20,187
2029	585,000	16,946	139,787	14,540
2030-2032	300,000	3,435	290,864	14,095
Totals	<u>\$ 3,770,000</u>	<u>\$ 296,758</u>	<u>\$ 962,007</u>	<u>\$ 141,284</u>

BUSINESS-TYPE ACTIVITY DEBT

<u>Year Ending June 30,</u>	<u>Revenue Notes Payable</u>		<u>Notes Payable (Direct Obligations)</u>	
	<u>Principal</u>	<u>Interest</u>		
2025	325,000	78,240	408,498	503,381
2026	335,000	67,760	422,770	487,491
2027	350,000	56,880	432,260	471,117
2028	360,000	45,600	456,980	452,094
2029	370,000	34,000	481,942	434,666
2030-2034	785,000	31,520	3,593,414	1,876,174
2035-2039	-	-	4,750,000	1,257,334
2040-2044	-	-	5,430,000	602,039
2045-2049	-	-	1,175,000	142,663
2050-2051	-	-	515,000	13,326
Totals	<u>\$ 2,525,000</u>	<u>\$ 314,000</u>	<u>\$ 17,665,864</u>	<u>\$ 6,240,285</u>
Left to be drawn			(115,581)	
Balance at June 30, 2024			<u>\$ 17,550,283</u>	

Defeased Bonds Outstanding

The City, through its public trust, has, in substance, defeased certain outstanding bond issues by placing deposits in an irrevocably trust escrow account for the purchase of U.S. Government securities to pay the principal and interest on the refunded bonds as they are due and payable.

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For financial reporting purposes both the defeased bonds outstanding and the escrowed securities have been excluded from the financial statements. As of June 30, 2024, the remaining outstanding defeased bonds were as follows:

2005 Utility System Revenue Bonds \$ 65,000

Pledge of Future Revenues

Sales Tax Pledge – The City has entered into Sales Tax Agreements to pledge two cents of future sales tax revenues to repay Revenue Notes (Series 2007A, Series 2013B, and Series 2014), and OWRB Notes (Series 2017, Series 2017A, Series 2017C, and Series 2020). These payments run through 2050. Proceeds from the notes provided financing for construction of various capital projects. The total principal and interest payable for the current remaining life of the notes is \$29,935,667. Pledged sales tax received in the current year was \$4,328,162. Scheduled debt service payments of \$2,037,947 for the current fiscal year were 47.1% of pledged sales tax. The 2016 Tax Increment Revenue Note created a subordinate lien on the sales tax previously pledged.

Utility Net Revenue Pledge – The City has pledged future net revenues from the water and sanitary sewer systems to repay the OWRB Notes (Series 2017, Series 2017A, Series 2017C, and Series 2020). These payments run through 2050. Proceeds from the notes provided funding for improvements and expansion of the water and sanitary sewer systems. The total principal and interest payable for the current remaining life of the notes is \$23,029,910. Water and sewer net revenues received in the current year were \$1,095,364. Scheduled debt service payments of \$795,712 for the current fiscal year were 72.6% of pledged water and sewer net revenues.

6. Net Position and Fund Balances

The following tables show the fund balance classifications as shown on the Governmental Balance Sheet:

	General Fund	Dedicated Sales Tax Fund	Town Square Fund	Other Governmental Funds	TOTAL
Restricted for:					
Capital improvements	\$ -	\$ -	\$ -	\$ 65,643	\$ 65,643
Debt service	-	-	-	17,008	17,008
Debt service or capital outlay	-	6,420,898	3,884,726	-	10,305,624
Public safety	-	-	-	269,331	269,331
Economic development	-	-	-	196,962	196,962
Street	-	-	-	490,038	490,038
Parks and recreation	-	-	-	1,090,306	1,090,306
Cemetery	-	-	-	327,691	327,691
Sub-total Restricted	-	6,420,898	3,884,726	2,456,979	12,762,603
Committed to:					
Stabilization reserve	348,421	-	-	-	348,421
Sub-total Committed	348,421	-	-	-	348,421
Assigned to:					
Capital improvements	-	-	-	798,865	798,865
Sub-total Assigned	-	-	-	798,865	798,865
Unassigned:	10,261,384	-	-	-	10,261,384
TOTAL FUND BALANCES	\$ 10,609,805	\$ 6,420,898	\$ 3,884,726	\$ 3,255,844	\$ 24,171,273

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Stabilization Reserve Fund

On June 18, 2019, the City Council adopted an ordinance with established requirements for a stabilization reserve. This ordinance requires that the General Fund (and other funds as deemed appropriate by resolution of the City Council) set aside a certain amount each year which will be committed for the for the purpose of stabilization. Amounts held in the stabilization reserve fund are to be designed by purpose for use only by the fund from which the funds were contributed.

The ordinance also established a minimum and maximum amount that must be set aside for this purpose. The amount committed for stabilization for each fund should be between 10% of the previous year's carryover balance and \$2,000,000. If the amounts committed for stabilization are less than the minimum required amounts, then 5% of budgeted carryover balance in the General Fund must be set aside each year until such minimum is met.

This funding is to be transferred annually from the participating funds to the stabilization reserve fund, as authorized by City Council.

Amounts committed for stabilization may be used only in certain limited and unusual circumstances that must be declared to exist by a 4/5th majority the City Council. The circumstances differ depending on whether the amounts to be used are in excess of the minimum required balance or below this level.

For amounts in excess of the minimum required balances, one of the following criteria must be declared by the City Council:

- Expenditures for emergency situations for life, health, or public safety issues for which no existing appropriation exists.
- Situations where a significant revenue decline arises that could not have reasonably been foreseen, and for which new revenue is not available and transfers of existing appropriations are not considered feasible or appropriate in maintaining existing service levels.
- Correcting the results of an inaccurate estimate, accounting error, or budgeting error.
- Expenditures where the proposed use is of a non-operational nature involving capital or technical purchases having a useful life of greater than five years that will improve the efficiency of the City government. These efficiency improvements should result in tangible benefits that can be measured financially, through better service to the citizens, or in increased productivity for City employees.
- Expenditures where the proposed use if of a nonrecurring nature, such as a study, start-up costs of a program whose ongoing costs are otherwise funded, or matching funds for a grant. These expenditures should result in tangible benefits that can be measured financially, through better service to the citizens, or in increased productivity for City employees.

For amounts that are below the minimum required balances, one of the following criteria must be declared by the City Council.

- Expenditures for emergency situations for life, health, or public safety issues for which no existing appropriation exists.

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- Situations where a significant revenue decline arises that could not have reasonably been foreseen, and for which new revenue is not available and transfers of existing appropriations are not considered feasible or appropriate in maintaining existing service levels.
- Correcting the results of an inaccurate estimate, accounting error, or budgeting error.

As of June 30, 2024, the City has the following balances committed for stabilization:

General Fund	\$348,421
10% of 2023 carryover balance	<u>650,588</u>
Amount under minimum balance	<u>\$(302,167)</u>

Within the same ordinance, there were requirements established for a capital reserve fund. The fund is to be used only for the purpose of accumulating funds for the purpose of making purchases of capital items. The contributions are to be made by the water operating fund, wastewater operating fund, the sanitation operating fund, and other funds as deemed appropriate by resolution of the City Council.

The funding level will be determined in accordance with a long-term capital plan adopted specific to each participating fund. Funding will be transferred annually from the participating funds. The amounts held in the capital reserve fund are designated by purpose for use only by the fund from which the funds were contributed.

The capital reserve funds can only be expended in accordance with a multi-year capital plan. Certain criteria outlining parameters of acceptable uses outside of the multi-year capital plan are outlined below. These must be approved by a majority vote of the governing body establishing that one or more of these criteria exists:

- Situations in which an unexpected capital need has arisen outside of the bounds of the established multi-year capital plan that could not have reasonably been foreseen;
- Circumstances when amounts included in the capital reserve fund are determined to be in excess of amounts needed to fund the current multi-year capital plan and a need for other capital items outside of the current capital plan exists;
- Expenditures for emergency situations for life, health, or public safety issues that involved public infrastructure for which no existing appropriation exists. Also, under these circumstances, capital reserve balances could be borrowed for a definite period of time for other purposes.

The initial funds required to participate in the capital reserve fund for which no current long-term capital plan exists, were intended to create a long-term capital plan prior to the adoption of the fiscal year 2022-2023 budget. These funds will begin contributing to the capital reserve fund at that time. Funds that are required to participate by a Resolution of the City Council shall be given fifteen months from the adoption of the resolution to create a long-term capital plan and will begin participating in the budget year immediately following the adoption of the capital plan.

No action was noted to be taken by the City Council in regards to the capital reserve fund during fiscal year 2024.

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7. Interfund Balances and Activities

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

Transfers:

Internal transfers between funds, accounts and activities for the year ended June 30, 2024 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
General Fund	Capital Improvement Fund	\$ 329	Debt service
Dedicated Sales Tax Fund	Choctaw Utilities Authority (Debt Service)	399,240	Debt service
Dedicated Sales Tax Fund	Golf Course	118,145	Debt service
Total		<u>\$ 517,714</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 329	\$ (517,714)	\$ (517,385)
Proprietary Funds	517,385	-	517,385
	<u>\$ 517,714</u>	<u>\$ (517,714)</u>	<u>\$ -</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ 517,385
Transfer of capital outlay to business-type activities	401,270
Transfers - internal activity	<u>\$ 918,655</u>

8. Sales Tax

Sales tax revenue represents a 4.25 cents tax on each dollar of taxable sales of which is recorded as follows:

- 3 cents is recorded in the General Fund for general operational purposes.
- 1 cent is recorded in the General Fund and then transferred to the Dedicated Sales Tax Fund for capital expenditures and for the payment of debt service in connection with obligations issued to finance specified capital expenditures.
- .25 cents is recorded in the General Fund and then transferred to the Dedicated Sales Tax Fund for park and recreation related capital expenditures and for payment of debt service in connection with obligations issued to finance specified capital expenditures.

9. 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 – Covered through purchased insurance with no deductible.

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- Physical Property – Covered through purchased insurance with a \$2,500 deductible, per occurrence.
- Workers' Compensation – The City is a member of the Oklahoma Municipal Assurance Group.
- Workers' Compensation Plan (the Plan), an organization formed for the purpose of providing workers' compensation covered through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, the Plan is responsible for providing loss control services and certain fiscal activities including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the plan year. As a matter of the Plan, the City is required to pay fees set by the Plan according to an established payment schedule. The City is responsible for complying with all requirements of the Oklahoma Workers' Compensation Act. A loss fund has been established from the proceeds of the fees paid by the City. The City expenses these fees when paid. The State Insurance Fund provides coverage in excess of the loss fund so the City's liability for claim loss is limited to the balance of that fund. However, failure of the State Insurance Fund to honor its obligations could result in losses to the Plan.
- Employee's Group Medical – Covered through purchased insurance with a deductible range of \$500-\$2,500 per employee and \$1,500-\$7,500 per family.

10. Commitments and Contingencies

Litigation:

The City is 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. These statutory provisions do not apply to the City's public trust Authorities. 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 Choctaw participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. 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.

Construction Commitments:

At June 30, 2024, the City had awarded construction contracts totaling \$9,027,161 (\$2,135,746 governmental and \$6,891,415 business-type activities), and of this amount \$222,716 (\$88,941 governmental and \$133,775 business-type activities) was still outstanding at the end of the fiscal year.

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Asset Retirement Obligation:

The City has incurred certain asset retirement obligations related to the operation of its sewer utility system. The estimated liability of the legally required closure costs of the sewer utility system cannot be reasonably estimated as of June 30, 2024, 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 a subsequent fiscal year.

11. Pension Plan Participation

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

- Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan.
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan.
- City of Choctaw, Oklahoma Employee Retirement Plan – a single employer defined contribution money purchase plan.

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

	Governmental Activities
Net Pension Asset:	
Police	58,230
Total	<u>\$ 58,230</u>
Net Pension Liability:	
Firefighters	1,945,355
Total	<u>\$ 1,945,355</u>
Deferred Outflows of Resources:	
Firefighters	504,551
Police	611,697
Total	<u>\$ 1,116,248</u>
Deferred Inflows of Resources:	
Firefighters	177,139
Police	122,298
Total	<u>\$ 299,437</u>

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

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Oklahoma Firefighters Pension and Retirement System:

Plan description - The City of Choctaw, as the employer, participates in the Firefighters Pension & retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at www.ok.gov/fprs.

Benefits provided - FPRS provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan's benefits are established and amended by Oklahoma statute. Retirement provisions are as follows:

Normal Retirement:

- Hired Prior to November 1, 2013
Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.
- 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 determine 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 \$80,374.

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The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$211,949 (modified-accrual). These on-behalf payments did not meet the criteria of a special funding situation. For full-accrual reporting the amount of on-behalf payments made were \$172,321.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2024, the City reported a liability of \$1,945,355 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2023. Based upon this information, the City's proportion was 0.150773% percent.

For the year ended June 30, 2024, the City recognized pension expense of \$348,762. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 231,357	\$ 2,470
Changes of assumptions	-	3,119
Net difference between projected and actual earnings on pension plan investments	128,333	-
Changes in proportion and differences between City contributions and proportionate share of contributions	61,079	168,678
City contributions during measurement date	3,408	2,872
City contributions subsequent to the measurement date	80,374	-
Total	<u>\$ 504,551</u>	<u>\$ 177,139</u>

The \$80,374 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ 101,034
2026	(2,161)
2027	172,221
2028	<u>(24,056)</u>
Total	<u>247,038</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.50% average, including inflation

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Investment rate of return: 7.5% net of pension plan investment expense

Mortality rates were based on the Pub-2010 Public Safety Table, with adjustments for generational mortality improvement using scale MP-2018 for healthy lives and no mortality improvement for disabled lives.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.80%
Domestic equity	47%	9.49%
International equity	15%	11.55%
Real estate	10%	9.48%
Other assets	8%	6.47%

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. Prior to July 1, 2020, the plan was allocated 36% of the Statewide insurance premium tax. The State has passed legislation that changes the allocation percentage as follows:

25.2% effective September 1, 2020
36.0% effective July 1, 2021
37.8% effective July 1, 2022
36.0% effective July 1, 2027

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 city's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the city's proportionate share of the 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:

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	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employer's net pension liability	\$ 2,534,882	\$ 1,945,355	\$ 1,452,355

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.

Oklahoma Police Pension and Retirement System:

Plan description - The City of Choctaw, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/OPPRS.

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

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

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

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

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Contributions- The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% 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 \$109,849. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$106,541 and this is reported as both an expenditure and a 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 \$84,763. These on-behalf payments did not meet the criteria of a special funding situation.

Net Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2024, the City reported an asset of \$58,230 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2023. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2023. Based upon this information, the City's proportion was 0.190668%.

For the year ended June 30, 2024, the City recognized pension expense of \$165,505. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 159,404	\$ 8,980
Changes of assumptions	-	108,692
Net difference between projected and actual earnings on pension plan investments	288,506	-
Changes in proportion and differences between City contributions and proportionate share of contributions	52,469	968
City contributions during measurement date	1,469	3,658
City contributions subsequent to the measurement date	109,849	-
Total	<u>\$ 611,697</u>	<u>\$ 122,298</u>

The \$109,849 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase/decrease of the net pension liability/asset in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	\$ 64,838
2026	12,969
2027	235,500
2028	62,046
2029	4,197
	<u>\$ 379,550</u>

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Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	2.75%
Salary increases	3.5% to 12% average, including inflation
Investment rate of return	7.5% net of pension plan investment expense
Cost-of-living adjustments:	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of an increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).
Mortality rates:	Active employees (pre-retirement): PubS-2010 with rates set forward two years and projected generationally using SOA Scale MP-2021. Active employees (post-retirement) and nondisabled pensioners: PubS-2010 with rates set forward two years and projected generationally using SOA Scale MP-2021. Disabled pensioners: PubS-2010 with rates set forward two years and projected generationally using SOA Scale MP-2021.

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

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	5.78%
Domestic equity	7.73%
International equity	11.55%
Real estate	7.66%
Private Equity	11.64%

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The current allocation policy is that approximately 65% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 20% 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 (asset)	\$ 549,786	\$ (58,230)	\$ (573,029)

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.

City of Choctaw, Oklahoma Retirement Plan:

Plan Description - The City of Choctaw, Oklahoma Employee Retirement Plan (the Plan), is a single employer defined contribution money purchase pension plan covering City employees not covered by other plans. The Plan operates as a trust administered by Ameritas Life Insurance. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. All regular, full-time City employees not covered by other plans are eligible to participate in the Plan after six months of service. Benefits vest after five years of service, as follows:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than five	0%
Five	50%
Six	60%
Seven	70%
Eight	80%
Nine	90%
Ten	100%

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Benefits to be paid to employees at a future date are dependent on the sum of the employee contributions with interest, the City financed contributions with interest, and the respective employee vesting percentage as established by the plan. There are no guaranteed retirement benefits in the plan, and the City disclaims any liability between the employer and the employee regarding benefits in the plan. Any and all claims of the employee may be satisfied only out of the funds held in the plan under the individual employee's account. Each employee receives a year-end statement of their account and selects how the funds are invested.

Funding Policy - The employee contributes 3% of compensation to the Plan, and the employer contributes 8% of employee compensation. Contributions to the Plan for the year ended June 30, 2024, for employees and employer were \$62,261 and \$166,029, respectively. For the year ended June 30, 2024, the City's covered payroll was \$2,075,359. Covered payroll refers to all compensation paid by the City of Choctaw to active employees covered by the Plan on which contributions are based.

City Manager Defined Contribution Plan:

The City has also provided a defined contribution plan and trust known as the City of Choctaw City Manager Retirement Plan and Trust (the CMO Plan). The CMO plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the CMO Plan's provisions and contribution requirements rests with the City Council. This plan is available only to the City Manager. The employee does not contribute to the plan and the employer makes variable contributions to the fund. For the current year, the employer contribution was \$13,962.

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.

Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditor's report which is the date the financial statements were available to be issued.

On February 11, 2025, the citizens Choctaw approved a proposition for the City to levy and assess an additional excise tax (sales tax) of one percent. This tax will begin to be levied on July 1, 2025, and there is no stated termination date. The proceeds shall be used to fund capital expenditures for water, wastewater, and roads benefiting the City, and any public trust having the City as beneficiary, and/or for payment of debt service in connection with obligations issued by the City and any public trust having the City as beneficiary to finance or refinance said capital expenditures and related costs.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule – Year Ended June 30, 2024

	GENERAL FUND			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
REVENUES				
Taxes	\$ 7,026,895	\$ 7,026,895	7,418,769	\$ 391,874
Fees and fines	145,000	145,000	187,421	42,421
Licenses and permits	259,500	259,500	404,075	144,575
Intergovernmental	462,000	484,215	393,272	(90,943)
Investment earnings	20,000	20,000	1,108,786	1,088,786
Miscellaneous	100,600	(56,474)	284,514	340,988
Transfers from other funds	50,000	346,711	296,711	(50,000)
Total revenues	8,063,995	8,225,847	10,093,548	1,867,701
EXPENDITURES				
Administration	1,671,000	1,691,083	1,417,819	273,264
General government	304,292	309,792	121,869	187,923
Development services	595,760	603,295	555,064	48,231
Municipal court	124,759	123,759	104,436	19,323
Police	1,879,017	1,940,533	1,876,859	63,674
Fire	1,227,328	1,279,183	1,219,553	59,630
Streets	903,800	894,264	757,201	137,063
Fleet maintenance	159,228	159,228	145,461	13,767
Parks	449,500	453,249	376,393	76,856
Community center	17,300	36,800	23,354	13,446
Transfers to other funds	200,000	47,833	-	47,833
Total Expenditures	7,531,984	7,539,019	6,598,009	941,010
Excess (deficiency) of revenues over expenditures	532,011	686,828	3,495,539	2,808,711
Net change in fund balances	532,011	686,828	3,495,539	2,808,711
Fund balances - beginning	6,505,881	6,505,881	6,505,881	-
Fund balances - ending	\$ 7,037,892	\$ 7,192,709	\$ 10,001,420	\$ 2,808,711

See accompanying footnotes to this schedule.

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Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedule is reported on a non-GAAP budgetary basis that report revenues and expenditures on a cash basis. For budgetary purposes expenditures are recorded in the period when paid and revenues are recorded in the period received.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Manager. 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
Total revenue- budgetary basis	\$ 10,093,548
Total expense- budgetary basis	(6,598,009)
Change in fund balance-budgetary basis	3,495,539
Revenue accruals	505,796
Expenditures accruals	(269,314)
Change in fund balance-GAAP basis	\$ 3,732,021

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Proportionate Share of the Net Pension Liability

Oklahoma Firefighters Pension & Retirement System

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City's proportion of the net pension liability	0.107400%	0.105100%	0.110868%	0.111984%	0.141419%	0.159475%	0.161016%	0.174613%	0.167470%	0.150773%
City's proportionate share of the net pension liability	\$ 1,104,620	\$ 1,115,064	\$ 1,354,490	\$ 1,408,450	\$ 1,591,878	\$ 1,685,123	\$ 1,983,578	\$ 1,149,946	\$ 2,190,075	\$ 1,945,355
City's covered payroll	\$ 286,764	\$ 287,036	\$ 310,121	\$ 318,300	\$ 420,607	\$ 502,543	\$ 507,600	\$ 550,464	\$ 604,121	\$ 574,097
City's proportionate share of the net pension liability as a percentage of its covered payroll	385%	388%	436%	442%	378%	335%	391%	209%	363%	339%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%	69.49%	70.85%

Schedule of City Contributions

Oklahoma Firefighters Pension & Retirement System

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contribution	\$ 40,147	\$ 40,185	\$ 43,417	\$ 44,562	\$ 58,885	\$ 70,356	\$ 71,064	\$ 77,065	\$ 84,577	\$ 80,374
Contributions in relation to the statutorily required contribution	40,147	40,185	43,417	44,562	58,885	70,356	71,064	77,065	84,577	80,374
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 286,764	\$ 287,036	\$ 310,121	\$ 318,300	\$ 420,607	\$ 502,543	\$ 507,600	\$ 550,464	\$ 604,121	\$ 574,097
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

CITY OF CHOCTAW, OKLAHOMA
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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
City's proportion of the net pension liability (asset)	0.174100%	0.216900%	0.205300%	0.211000%	0.223833%	0.233713%	0.211588%	0.224836%	0.218275%	0.190668%
City's proportionate share of the net pension liability (asset)	\$ (58,617)	\$ 8,842	\$ 314,405	\$ 16,230	\$ (106,623)	\$ (14,920)	\$ 242,998	\$ (1,078,576)	\$ (175,039)	\$ (58,230)
City's covered payroll	\$ 487,054	\$ 611,962	\$ 605,592	\$ 629,208	\$ 682,754	\$ 708,877	\$ 732,531	\$ 781,846	\$ 727,992	\$ 844,992
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	12.04%	1.44%	51.92%	2.58%	15.62%	2.10%	-33.17%	137.95%	24.04%	6.89%
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%

Schedule of City Contributions

Oklahoma Police Pension & Retirement System

Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contribution	\$ 63,317	\$ 79,555	\$ 78,727	\$ 81,797	\$ 88,758	\$ 92,154	\$ 95,229	\$101,640	\$ 94,639	\$109,849
Contributions in relation to the statutorily required contribution	63,317	79,555	78,727	81,797	88,758	92,154	95,229	101,640	94,639	109,849
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$487,054	\$611,962	\$605,592	\$629,208	\$682,754	\$708,877	\$732,531	\$781,846	\$727,992	\$844,992
Contributions as a percentage of covered payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

CITY OF CHOCTAW, OKLAHOMA
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OTHER SUPPLEMENTARY INFORMATION

CITY OF CHOCTAW, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2024

	Street & Alley Fund	Public Recreation Fund	Public Safety Fund	Industrial Park Fund	Cemetery Perpetual Care	Sinking Fund	Capital Improvement	Community Development	Library Construction	Total Governmental Funds
ASSETS										
Cash and cash equivalents	\$ 490,038	\$ 1,065,513	\$ 258,700	\$ 196,962	\$ 327,691	\$ 17,008	\$ 743,202	\$ 54,456	\$ 11,187	\$ 3,164,757
Due from other funds	-	2,664	17,852	-	-	-	10,711	-	-	31,227
Due from other governments	-	31,208	-	-	-	-	84,280	-	-	115,488
Other receivables	-	9,110	-	-	-	-	-	-	-	9,110
Total assets	490,038	1,108,493	276,552	196,962	327,691	17,008	838,193	54,456	11,187	3,320,580
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	-	15,388	7,221	-	-	-	-	-	-	22,609
Accrued payroll payable	-	2,799	-	-	-	-	-	-	-	2,799
Accrued interest payable	-	-	-	-	-	-	10,118	-	-	10,118
Total liabilities	-	18,187	7,221	-	-	-	10,118	-	-	35,528
Deferred inflows of resources:										
Unavailable revenue	-	-	-	-	-	-	29,210	-	-	29,210
Fund balances:										
Restricted	490,038	1,090,306	269,331	196,962	327,691	17,008	-	54,456	11,187	2,456,979
Assigned	-	-	-	-	-	-	798,865	-	-	798,865
Total fund balance	490,038	1,090,306	269,331	196,962	327,691	17,008	798,865	54,456	11,187	3,255,844
Total liabilities and fund balance	\$ 490,038	\$ 1,108,493	\$ 276,552	\$ 196,962	\$ 327,691	\$ 17,008	\$ 838,193	\$ 54,456	\$ 11,187	\$ 3,320,580

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2024

	Street & Alley Fund	Public Recreation Fund	Public Safety Fund	Industrial Park Fund	Cemetery Perpetual Care	Sinking Fund	Capital Improvement	Community Development	Library Construction	Total-Other Governmental Funds
REVENUES										
Taxes	\$ -	\$ 245,523	\$ -	\$ -	\$ -	\$ 122,953	\$ 325,279	\$ -	\$ -	\$ 693,755
Intergovernmental	-	-	16,861	-	-	-	-	-	-	16,861
Charges for services	115,573	232,918	-	-	51,716	-	109,253	-	-	509,460
Fines and forfeitures	-	-	66,331	-	-	-	-	-	-	66,331
Miscellaneous	-	21,887	-	-	-	-	45,152	-	-	67,039
Total revenues	115,573	500,328	83,192	-	51,716	122,953	479,684	-	-	1,353,446
EXPENDITURES										
Current:										
General government	-	-	-	-	-	623	-	-	-	623
Parks	-	282,845	-	-	-	-	-	-	-	282,845
Cemetery	-	-	-	-	3,432	-	-	-	-	3,432
Streets	-	-	-	-	-	-	2,020	-	-	2,020
Capital Outlay	-	33,802	14,221	-	-	-	598,300	-	-	646,323
Debt Service:										
Principal	-	-	-	-	-	120,000	110,545	-	-	230,545
Interest	-	-	-	-	-	6,100	13,818	-	-	19,918
Total Expenditures	-	316,647	14,221	-	3,432	126,723	724,683	-	-	1,185,706
Excess (deficiency) of revenues over expenditures	115,573	183,681	68,971	-	48,284	(3,770)	(244,999)	-	-	167,740
OTHER FINANCING SOURCES (USES)										
Proceeds from long-term debt	-	-	-	-	-	-	347,642	-	-	347,642
Total other financing sources and uses	-	-	-	-	-	-	347,642	-	-	347,642
Net change in fund balance	115,573	183,681	68,971	-	48,284	(3,770)	102,643	-	-	515,382
Fund balance - beginning	374,465	906,625	200,360	196,962	279,407	20,778	696,222	54,456	11,187	2,740,462
Fund balance - ending	\$ 490,038	\$ 1,090,306	\$ 269,331	\$ 196,962	\$ 327,691	\$ 17,008	\$ 798,865	\$ 54,456	\$ 11,187	\$ 3,255,844

CITY OF CHOCTAW, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

Combining Balance Sheet – General Fund Accounts – June 30, 2024

	<u>General Fund</u>	<u>Internal Service Account</u>	<u>Stabilization Reserve Account</u>	<u>Municipal Court</u>	<u>Total General Fund Accounts</u>
ASSETS					
Cash and cash equivalents	\$ 9,401,673	\$ 23,482	\$ 893,569	\$ 1,108	\$ 10,319,832
Due from other funds	(4,467)	-	-	4,467	-
Due from other governments	1,341,246	-	-	-	1,341,246
Other receivables	102,628	-	-	-	102,628
Total assets	<u>10,841,080</u>	<u>23,482</u>	<u>893,569</u>	<u>5,575</u>	<u>11,763,706</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE					
Liabilities:					
Accounts payable	166,529	-	20,000	3,115	189,644
Accrued payroll payable	73,694	-	-	-	73,694
Deposits subject to refund	166,155	-	-	2,460	168,615
Due to other funds	45,764	-	-	-	45,764
Unearned revenue	150,678	-	525,148	-	675,826
Total liabilities	<u>602,820</u>	<u>-</u>	<u>545,148</u>	<u>5,575</u>	<u>1,153,543</u>
Deferred Inflows of resources:					
Unavailable revenue	<u>358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>358</u>
Fund Balance:					
Committed	-	-	348,421	-	348,421
Unassigned	10,237,902	23,482	-	-	10,261,384
Total fund balance	<u>10,237,902</u>	<u>23,482</u>	<u>348,421</u>	<u>-</u>	<u>10,609,805</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 10,841,080</u>	<u>\$ 23,482</u>	<u>\$ 893,569</u>	<u>\$ 5,575</u>	<u>\$ 11,763,706</u>

CITY OF CHOCTAW, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – For the Year Ended June 30, 2024

	<u>General Fund</u>	<u>Internal Service Account</u>	<u>Stabilization Reserve Account</u>	<u>Municipal Court</u>	<u>Total General Fund Accounts</u>
REVENUES					
Taxes	\$ 7,665,933	\$ -	\$ -	\$ -	\$ 7,665,933
Intergovernmental	828,261	-	601,149	-	1,429,410
Licenses and permits	404,075	-	-	-	404,075
Fines and forfeitures	192,233	-	-	-	192,233
Investment income	1,108,786	-	-	-	1,108,786
Miscellaneous	103,345	-	-	-	103,345
Total revenues	<u>10,302,633</u>	<u>-</u>	<u>601,149</u>	<u>-</u>	<u>10,903,782</u>
EXPENDITURES					
Current:					
General government	1,527,544	1,166	-	-	1,528,710
Development services	540,171	-	-	-	540,171
Municipal court	104,139	-	-	-	104,139
Fire	1,412,892	-	-	-	1,412,892
Fleet maintenance	122,492	-	-	-	122,492
Parks	365,599	-	-	-	365,599
Police	1,932,203	-	-	-	1,932,203
Community center	6,411	-	-	-	6,411
Streets	746,031	-	-	-	746,031
Capital outlay	42,866	-	601,149	-	644,015
Debt Service:					
Principal	50,526	-	-	-	50,526
Interest	16,449	-	-	-	16,449
Total Expenditures	<u>6,867,323</u>	<u>1,166</u>	<u>601,149</u>	<u>-</u>	<u>7,469,638</u>
Excess (deficiency) of revenues over expenditures	<u>3,435,310</u>	<u>(1,166)</u>	<u>-</u>	<u>-</u>	<u>3,434,144</u>
OTHER FINANCING SOURCES (USES)					
Intra-account transfers in	296,711	-	-	-	296,711
Intra-account transfers out	-	(296,711)	-	-	(296,711)
Total other financing sources and uses	<u>296,711</u>	<u>(296,711)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,732,021	(297,877)	-	-	3,434,144
Fund balances - beginning	6,505,881	321,359	348,421	-	7,175,661
Fund balances - ending	<u>\$ 10,237,902</u>	<u>\$ 23,482</u>	<u>\$ 348,421</u>	<u>\$ -</u>	<u>\$ 10,609,805</u>

CITY OF CHOCTAW, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

City of Choctaw
Combining Schedule of Net Position - Choctaw Utilities Authority
Proprietary Fund Accounts
June 30, 2024

	Enterprise Fund Accounts				
	CUA Operating	Solid Waste Account	Stormwater Account	Debt Service	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,785,789	\$ 90,893	\$ 163,152	\$ -	\$ 3,039,834
Restricted cash and cash equivalents	-	-	-	769,784	769,784
Due from other funds	14,208	-	-	-	14,208
Accounts Receivable, net	846,045	-	-	-	846,045
Total current assets	<u>3,646,042</u>	<u>90,893</u>	<u>163,152</u>	<u>769,784</u>	<u>4,669,871</u>
Non-current assets:					
Restricted cash and cash equivalents	176,990	-	-	-	176,990
Capital Assets:					
Land and construction in progress	3,105,746	-	-	-	3,105,746
Other capital assets, net of accumulated depreciation	18,573,136	-	-	-	18,573,136
Total non-current assets	<u>21,855,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,855,872</u>
Total assets	<u>25,501,914</u>	<u>90,893</u>	<u>163,152</u>	<u>769,784</u>	<u>26,525,743</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	278,173	-	-	145,877	424,050
Accrued payroll liability	6,410	-	-	-	6,410
Unearned revenue	97,096	-	-	-	97,096
Accrued interest payable	-	-	-	165,588	165,588
Current portion of:					
Notes payable	-	-	-	650,000	650,000
Accrued compensated absences	1,034	-	-	-	1,034
Total current liabilities	<u>382,713</u>	<u>-</u>	<u>-</u>	<u>961,465</u>	<u>1,344,178</u>
Non-current liabilities:					
Deposits subject to refund	176,989	-	-	-	176,989
Notes payable	-	-	-	19,029,780	19,029,780
Accrued compensated absences	9,309	-	-	-	9,309
Total non-current liabilities	<u>186,298</u>	<u>-</u>	<u>-</u>	<u>19,029,780</u>	<u>19,216,078</u>
Total liabilities	<u>569,011</u>	<u>-</u>	<u>-</u>	<u>19,991,245</u>	<u>20,560,256</u>
NET POSITION					
Net investment in capital assets	21,678,882	-	-	(19,204,948)	2,473,934
Restricted for debt service	-	-	-	253,741	253,741
Unrestricted (deficit)	3,254,021	90,893	163,152	(270,254)	3,237,812
Total net position	<u>\$ 24,932,903</u>	<u>\$ 90,893</u>	<u>\$ 163,152</u>	<u>\$ (19,221,461)</u>	<u>\$ 5,965,487</u>

CITY OF CHOCTAW, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

City of Choctaw
Combining Schedule of Revenues, Expenses and Changes in Net Position
Enterprise Fund Accounts
For the Year Ended June 30, 2024

	Enterprise Fund Accounts				
	CUA Operating	Solid Waste Account	Stormwater Account	Debt Service	Total
OPERATING REVENUES					
Water charges	\$ 1,430,734	\$ -	\$ -	\$ -	\$ 1,430,734
Sewer charges	1,048,753	-	-	-	1,048,753
Sanitation charges	1,315,659	25	-	-	1,315,684
Stormwater charges	390,143	-	-	-	390,143
Total operating revenues	4,185,289	25	-	-	4,185,314
OPERATING EXPENSES					
Administration - Sanitation contract	990,038	-	-	-	990,038
Stormwater	185,148	-	-	-	185,148
Water plant	756,947	-	-	2,250	759,197
Wastewater	259,075	-	-	1	259,076
Wastewater plant	365,849	-	-	-	365,849
Depreciation expense	722,013	-	-	-	722,013
Total Operating Expenses	3,279,070	-	-	2,251	3,281,321
Operating income (loss)	906,219	25	-	(2,251)	903,993
NON-OPERATING REVENUES (EXPENSES)					
Investment income	-	-	-	41,062	41,062
Interest expense and fiscal charges	-	-	-	(546,125)	(546,125)
Total non-operating revenue (expenses)	-	-	-	(505,063)	(505,063)
Income (loss) before contributions and transfers	906,219	25	-	(507,314)	398,930
Capital contributions	356,675	-	-	-	356,675
Transfers in	-	-	-	399,240	399,240
Intracccount transfers	(801,730)	-	-	801,730	-
Change in net position	461,164	25	-	693,656	1,154,845
Total net position - beginning	24,471,739	90,868	163,152	(19,915,117)	4,810,642
Total net position - ending	\$ 24,932,903	\$ 90,893	\$ 163,152	\$ (19,221,461)	\$ 5,965,487

CITY OF CHOCTAW, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

City of Choctaw
Debt Service Coverage Schedule
Series 2013B and OWRB Series 2017, 2017A, 2017C, and 2020
For the Year Ended June 30, 2024

Net Revenue Available for Debt Service:	
Pledged sales tax (2 cents)	\$ 4,328,162
System-wide net revenues (water and sewer)	<u>1,095,364</u>
Net revenues available for debt service total	<u>5,423,526</u>
Maximum Annual Debt Service Requirements Remaining:	
Revenue notes - Series 2013B	\$ 412,000
Notes payable - OWRB Series 2017	898,405
Notes payable - OWRB Series 2017A	216,340
Notes payable - OWRB Series 2017C	943,265
Notes payable - OWRB Series 2020	<u>266,520</u>
Maximum annual debt service total	<u>\$ 2,736,530</u>
Computed Coverage	<u>198%</u>
Coverage Requirement	<u>125%</u>