



CITY OF LINDSAY, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS

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

**THE CITY OF LINDSAY
OKLAHOMA**

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

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

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Lindsay, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lindsay, Oklahoma (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lindsay Municipal Hospital Authority, a discretely presented component unit. Those statements were audited by other auditors whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lindsay Municipal Hospital Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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, 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.

Other 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 nonmajor governmental fund financial statements, schedule of federal and state awards information, and the schedule of debt service coverage information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental fund financial statements, the schedule of federal and state awards, and the schedule of debt service coverage requirements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor governmental fund financial statements, the schedule of federal and state awards information, and the schedule of debt service coverage information are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



April 2, 2020

CITY OF LINDSAY, OKLAHOMA
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The management of the City of Lindsay is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the year ended June 30, 2019. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$1,039,138 and the assets and deferred outflows of the City exceed its liabilities and deferred inflows at June 30, 2019, by \$15,869,615 (net position). Of this amount, \$1,980,892 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2019, the City's governmental funds reported combined ending fund balances of \$2,399,353.
- At the end of fiscal year 2019, unassigned fund balance for the General Fund was \$150,554.

ABOUT THE CITY

The City of Lindsay is an incorporated municipality with a population of approximately 2,828 located in Garvin County in central Oklahoma. The City is a Council/Manager form of government and operates under home-rule charter that provides for three branches of government:

- Legislative – the City Council is a seven-member 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 an attorney appointed by the City Manager

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation, and through its Public Works Authority, Hospital Authority and Industrial Authority (when active), certain utility services including electric, water, wastewater, and sanitation, along with health care and industrial development.

The City's Financial Reporting Entity

This annual report includes all activities for which the City of Lindsay City Council is financially accountable. 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 following separate legal entities.

- **The City of Lindsay** – an incorporated City that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the City – reported as the primary government
- **The Lindsay Public Works Authority (LPWA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater, electric and sanitation services of the City, with the

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City Council members serving as the trustees (presented as a blended component unit, and considered part of the primary government)

- **The Lindsay Municipal Hospital Authority (LMHA)** – public trust created pursuant to 60 O.S. § 176 to provide health care services to the residents of the City of Lindsay and Garvin County (presented as a discretely-presented component unit)
- **The Lindsay Industrial Development Authority (LIDA)** – public trust created pursuant to 60 O.S. § 176 to promote, develop, and secure industrial development within the City of Lindsay (presented as a discretely-presented component unit).

In addition, as required by state law, all debt obligations incurred by the trusts must be approved by two-thirds vote of the City Council. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trust within the City’s financial reporting entity. The Lindsay Public Works Authority does not issue separate annual financial statements. Separate audited component unit financial statements are issued by the Lindsay Municipal Hospital Authority. This report may be obtained by contacting the City’s administrative offices.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Lindsay (the “City”), the Lindsay Public Works Authority (the “Public Works Authority”), the Lindsay Municipal Hospital Authority (“LMHA”) and the Lindsay Industrial Development Authority (“LIDA”). Included in this report are government wide statements for each of the two categories of activities - governmental and business-type, and separate columns for the discretely-presented component units.

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

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions to ask about the City’s finances is, “Has the City’s overall financial condition improved, declined or remained steady as a result of the year’s activities?” 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. You will need to consider other non-financial factors, however, such as changes in the City’s sales tax base, the condition of the City’s roads, and quality of service to assess the overall health of the City. 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.

In the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities: *Governmental activities* - Most of the City’s basic services are reported here, including the police, fire, administration, and streets. Sales taxes, franchise fees, fines, and state and federal grants

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finance most of these activities; and *Business-type activities* – Activities where the City charges a fee to customers to help cover all or most of the cost of certain services it provides are reported here. The City's electric, water, sewer, and sanitation utilities are reported as business-type activities. *Discretely-presented component units* – These account for activities of the City's reporting entity that do not meet the criteria for blending, and include the Hospital Authority and the Industrial Development Authority.

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

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant (major) funds -- not the City as a whole. Some funds are required to be established by State law and by debt covenants. However, the City Council may also establish certain 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. The City's two kinds of funds – *governmental and proprietary* - use different accounting approaches.

Governmental funds - All 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. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary funds - The City operates one proprietary fund, the Lindsay Public Works Authority (a major enterprise fund). When the City, through the Public Works Authority, charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the government-wide financial statements. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability. The City's proprietary fund is the Lindsay Public Works Authority that accounts for the operation of the electric, water, sewer, sanitation, golf, and pool activities.

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 27-59 of this report.

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Other Information

In addition to the basic financial statements and accompanying notes, this report also presents Budgetary Comparison Schedules for the General Fund and the EMS Fund, combining and individual fund financial statements and schedules, a federal and state award schedule, and a debt service coverage requirement schedule.

THE CITY AS A WHOLE

For the year ended June 30, 2019, net position for the governmental and business-type activities increased \$1,039,138.

Following is a summary of net position reported for the City of Lindsay.

The City of Lindsay Net Position (in thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>	
Current and other assets	\$ 3,091	\$ 3,139	-2%	\$ 3,490	\$ 3,192	9%	\$ 6,581	\$ 6,331	4%
Capital assets, net	6,647	5,911	12%	7,698	7,606	1%	14,345	13,517	6%
Total assets	<u>9,738</u>	<u>9,050</u>	8%	<u>11,188</u>	<u>10,798</u>	4%	<u>20,926</u>	<u>19,848</u>	5%
Deferred outflows of resources	786	494	59%	86	101	-15%	872	595	46%
Current liabilities	359	368	-2%	817	955	-14%	1,176	1,323	-11%
Non-current liabilities	3,485	2,847	22%	781	1,083	-28%	4,266	3,930	9%
Total liabilities	<u>3,844</u>	<u>3,215</u>	20%	<u>1,598</u>	<u>2,038</u>	-22%	<u>5,442</u>	<u>5,253</u>	4%
Deferred inflows of resources	372	276	35%	115	83	41%	487	359	36%
Net position									
Net investment in capital assets	5,143	4,931	4%	7,011	6,549	7%	12,154	11,480	6%
Restricted	1,706	1,790	-5%	28	108	-74%	1,734	1,898	-9%
Unrestricted (deficit)	(541)	(668)	-19%	2,521	2,121	19%	1,980	1,453	36%
Total net position	<u>\$ 6,308</u>	<u>\$ 6,053</u>	4%	<u>\$ 9,561</u>	<u>\$ 8,778</u>	9%	<u>\$ 15,869</u>	<u>\$ 14,831</u>	7%

The largest portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding.

The 12% increase in governmental activities net capital assets from the prior year is primarily due to the increase in capital assets purchased and the net pension asset of the state's police pension system. Non-current liabilities increased 22% due to the increase in long term debt related note for the Fire department ladder truck and the increase in the OPEB liability in FY19. Deferred outflows of resources increased 59% in governmental activities due to changes in the pension actuary and the deferral of amortized cost. The 41% increase in business-type activities deferred inflows of resources is due to changes in the pension actuary and the deferral of amortized cost. The 28% decrease in non-current liabilities is due to reduction in the current portion of long-term debt.

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The City of Lindsay's Revenues, Expenses and Changes in Net Position (in thousands)

	<u>Governmental Activities</u>		<u>% Inc. (Dec.)</u>	<u>Business-Type Activities</u>		<u>% Inc. (Dec.)</u>	<u>Total</u>		<u>% Inc. (Dec.)</u>
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>	
Revenues									
Charges for service	\$ 496	\$ 529	-6%	\$ 4,873	\$ 4,552	7%	\$ 5,369	\$ 5,081	6%
Operating grants and contributions	347	321	8%	-	-	0%	347	321	8%
Capital grants and contributions	-	-	0%	100	-	100%	100	-	100%
Taxes	3,590	3,581	0%	-	-	0%	3,590	3,581	0%
Investment income	7	5	40%	5	4	25%	12	9	33%
Miscellaneous	140	76	84%	-	6	-100%	140	82	71%
Total revenues	<u>4,580</u>	<u>4,512</u>	2%	<u>4,978</u>	<u>4,562</u>	9%	<u>9,558</u>	<u>9,074</u>	5%
Expenses									
General government	228	254	-10%	-	-	-	228	254	-10%
Public safety	2,843	2,768	3%	-	-	-	2,843	2,768	3%
Streets	56	53	6%	-	-	-	56	53	6%
Culture, parks and recreation	326	325	0%	-	-	-	326	325	0%
Cemetery	78	43	81%	-	-	-	78	43	81%
Airport	114	117	-3%	-	-	-	114	117	-3%
Electric	-	-	-	2,851	2,862	0%	2,851	2,862	0%
Water	-	-	-	894	824	8%	894	824	8%
Sewer	-	-	-	388	329	18%	388	329	18%
Sanitation	-	-	-	474	467	1%	474	467	1%
Golf	-	-	-	216	195	11%	216	195	11%
Pool	-	-	-	52	50	4%	52	50	4%
Total expenses	<u>3,645</u>	<u>3,560</u>	2%	<u>4,875</u>	<u>4,727</u>	3%	<u>8,520</u>	<u>8,287</u>	3%
Excess (deficiency) before transfers	935	952	-2%	103	(165)	162%	1,038	787	32%
Transfers	(680)	(934)	-27%	680	934	-27%	-	-	-
Change in net position	255	18	1317%	783	769	2%	1,038	787	32%
Beginning net position	6,053	6,035	0%	8,778	8,008	10%	14,831	14,043	6%
Ending net position	<u>\$ 6,308</u>	<u>\$ 6,053</u>	6%	<u>\$ 9,561</u>	<u>\$ 8,778</u>	9%	<u>\$ 15,869</u>	<u>\$ 14,831</u>	7%

Governmental Activities

The City's governmental activities had an increase in net position of \$255,276. Explanations for the more significant changes are as follows:

- 84% increase in miscellaneous revenue due mainly to an increase in donation monies.
- 40% increase in investment income due to an increase in cash account balances throughout the year.
- 27% decrease in net transfers due to completion of city projects in previous year.
- 81% increase in cemetery expenditures due to increase in salaries and benefit expenses.

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Business-Type Activities

The business-type activities had an increase in net position of \$783,862. Explanations for the more significant changes are as follows:

- Business-type capital grants and contributions increased 100% due to grant award for sewer lift station upgrade.
- Net transfers decreased by 27% due to completion of city projects in previous year.

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>	
General Government	\$ 228	\$ 254	-10%	\$ (196)	\$ (217)	-10%
Public Safety	2,843	2,768	3%	(2,107)	(2,032)	4%
Highways and Streets	56	53	6%	(30)	(28)	7%
Culture and Recreation	326	325	0%	(322)	(318)	1%
Cemetery	78	43	81%	(39)	(2)	1850%
Airport	114	117	-3%	(108)	(114)	-5%
Total	<u>\$ 3,645</u>	<u>\$ 3,560</u>	2%	<u>\$ (2,802)</u>	<u>\$ (2,711)</u>	3%

The 81% increase in cemetery expenses is due to increase in salary and benefit costs in the current year. The 1850% increase in cemetery net expense is due to reduced cemetery revenue collections and increase in expenditures.

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>	
Electric	\$ 2,851	\$ 2,862	0%	488	\$ 245	99%
Water	894	824	8%	(350)	(346)	1%
Sewer	388	329	18%	81	34	138%
Sanitation	474	467	1%	73	59	24%
Golf	216	195	11%	(169)	(145)	-17%
Pool	52	50	0%	(25)	(21)	-19%
Total	<u>\$ 4,875</u>	<u>\$ 4,727</u>	3%	<u>\$ 98</u>	<u>\$ (174)</u>	-156%

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The 99% increase in electric net revenue is primarily due to an increase in electric revenue and decrease in expenses. The 138% increase in sewer net revenue is due to capital grant revenue received in the current year.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS*

As the City completed its 2019 fiscal year, the governmental funds reported a combined fund balance of \$2,399,353. For the year ended June 30, 2019, the General Fund's total fund balance decreased by \$137,018. The EMS Fund reported a decrease in fund balance of \$111,453 and the proprietary funds reported a combined net position balance of \$9,561,483. During FY19, the LPWA's total net position increased by \$783,862.

Budgetary Highlights

For the year ended June 30, 2019, the General Fund reported actual budgetary basis revenues over final estimates by \$731,298 or an 18.9% positive variance. General Fund actual expenditures were over final appropriations by \$923,800 a 20.1% negative variance.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2019, the City had approximately \$14.3 million in capital assets (net of accumulated depreciation), including land, buildings, machinery and equipment, and infrastructure. Below are details regarding the City's capital assets for the year ended June 30, 2019.

Capital Assets (In Thousands) (Net of accumulated depreciation)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 400	366	\$ 556	\$ 515	\$ 956	\$ 881
Buildings	1,293	1,295	249	258	1,542	1,553
Land Improvements	3	5	-	-	3	5
Machinery, furniture and equipment	1,633	796	557	624	2,190	1,420
Infrastructure	3,207	3,406	4,703	4,848	7,910	8,254
Construction in progress	110	43	1,633	1,361	1,743	1,404
Totals	<u>\$ 6,646</u>	<u>\$ 5,911</u>	<u>\$ 7,698</u>	<u>\$ 7,606</u>	<u>\$ 14,344</u>	<u>\$ 13,517</u>

This year's more significant capital asset additions include the following:

- Aerial Ladder Truck for the Fire department
- 2019 Ambulance
- 2019 Water Line Replacements

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Debt Administration

At year-end, the City had \$2.5 million in long-term debt outstanding, an increase from the prior year, due primarily to the financing of the Aerial Ladder Fire Truck. Accrued compensated absences liability increased 14.4% due to increase in leave balances.

Long-Term Debt (In Thousands)							Total Percentage Change
Governmental Activities		Business-Type Activities		Total			
2019	2018	2019	2018	2019	2018		
						2018-2019	
Capital Lease payable	\$ 1,504	\$ 980	\$ -	\$ -	\$ 1,504	\$ 980	53.5%
Notes payable - private placement	-	-	687	1,057	687	1,057	-35.0%
Meter deposit liability	-	-	221	212	221	212	4.2%
Accrued compensated absences	94	84	49	41	143	125	14.4%
Totals	\$ 1,598	\$ 1,064	\$ 957	\$ 1,310	\$ 2,555	\$ 2,374	7.6%

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

The following information outlines significant factors that will affect subsequent year finances:

As expected Lindsay had a slight increase in sales tax revenue this year due to increased economic outreach and steady activity throughout the oil and gas industry. The City will continue its economic outreach and expects a slight increase in oil and gas activity in the immediate Lindsay area. This continued activity should allow for stable related sales and use tax in Lindsay through 2019-2020.

The Cities current long term debt obligations continue to be principally related to outstanding notes through the OWRB for water and wastewater improvements which were completed in 2017 and the purchase of the old REC building and a new Aerial ladder truck for the Fire department. Major projects for the next fiscal year include continued work on the street and utility maintenance program, bike and walkways throughout the city and park system and flood control and DEQ required improvements to the Wastewater Treatment Facility.

The City continues to maintain adequate reserves in both the City and LPWA. The City of Lindsay does expect the need to acquire third party financing in the next fiscal year to start construction of the new electrical substation.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office at P.O. Box 708, Lindsay, Oklahoma 73572 or telephone at 405-756-3430.

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

BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND ACTIVITIES

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

Statement of Net Position – June 30, 2019

	Component Units				
	Governmental Activities	Business-type Activities	Total	Lindsay Municipal Hospital Authority	Lindsay Industrial Development Authority
ASSETS					
Cash and cash equivalents	\$ 2,412,986	\$ 1,142,797	\$ 3,555,783	\$ 2,340,043	\$ 65,020
Short-term investments	-	-	-	1,835,385	-
Long-term investments	-	-	-	-	-
Accounts receivable, net of allowance	170,412	1,058,096	1,228,508	2,330,872	100,000
Other receivable	-	-	-	100,000	-
Internal balances	(359,434)	359,434	-	-	-
Due from other governmental agencies	433,206	50,000	483,206	-	-
Inventories	-	161,476	161,476	-	-
Prepaid expenses	-	-	-	406,680	-
Restricted cash and cash equivalents	-	253,151	253,151	-	-
Restricted investments	-	94,000	94,000	-	-
Net pension asset	433,689	371,005	804,694	-	-
Capital assets:					
Land and construction in progress	509,887	2,189,101	2,698,988	26,674	443
Other capital assets, net of depreciation	6,137,155	5,509,324	11,646,479	1,634,489	-
Total assets	9,737,901	11,188,384	20,926,285	8,674,143	165,463
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to pensions	786,481	86,227	872,708	-	-
LIABILITIES					
Accounts payable and accrued expenses	176,566	469,081	645,647	952,402	-
Due to other governments	20	7,137	7,157	-	-
Due to bondholders	1,601	-	1,601	-	-
Accrued interest payable	2,446	3,528	5,974	-	-
Long-term liabilities:					
Due within one year	178,851	337,634	516,485	-	-
Due in more than one year	1,419,438	619,981	2,039,419	-	-
Total OPEB liability	337,592	160,758	498,350	-	-
Net pension liability	1,727,829	-	1,727,829	-	-
Total liabilities	3,844,343	1,598,119	5,442,462	952,402	-
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to pensions	371,907	115,009	486,916	-	-
NET POSITION					
Net investment in capital assets	5,142,737	7,011,225	12,153,962	1,661,163	443
Restricted for:					
City donation	155,952	-	155,952	-	-
Debt service	-	28,494	28,494	-	-
Emergency medical services	1,239,030	-	1,239,030	-	-
Other	311,285	-	311,285	-	-
Unrestricted (deficit)	(540,872)	2,521,764	1,980,892	6,060,578	165,020
Total net position	\$ 6,308,132	\$ 9,561,483	\$ 15,869,615	\$ 7,721,741	\$ 165,463

See accompanying notes to these financial statements.

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

Statement of Activities – Year Ended June 30, 2019

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Lindsay Municipal Hospital Authority	Lindsay Industrial Development Authority
Primary government									
Governmental Activities									
General Government	\$ 228,450	\$ 12,620	\$ 19,950	\$ -	\$ (195,880)	\$ -	\$ (195,880)	\$ -	\$ -
Public Safety	2,842,674	437,721	298,214	-	(2,106,739)	-	(2,106,739)	-	-
Highways and Streets	55,620	-	25,106	-	(30,514)	-	(30,514)	-	-
Culture and Recreation	325,575	-	3,294	-	(322,281)	-	(322,281)	-	-
Cemetery	78,561	39,851	-	-	(38,710)	-	(38,710)	-	-
Airport	114,083	5,900	-	-	(108,183)	-	(108,183)	-	-
Total governmental activities	3,644,963	496,092	346,564	-	(2,802,307)	-	(2,802,307)	-	-
Business-type Activities:									
Electric	2,851,178	3,339,113	-	-	-	487,935	487,935	-	-
Water	893,683	543,635	-	-	-	(350,048)	(350,048)	-	-
Sewer	387,921	369,110	-	100,000	-	81,189	81,189	-	-
Sanitation	474,219	547,190	-	-	-	72,971	72,971	-	-
Golf Course	215,223	46,069	-	-	-	(169,154)	(169,154)	-	-
Pool	52,215	27,651	-	-	-	(24,564)	(24,564)	-	-
Total business-type activities	4,874,439	4,872,768	-	100,000	-	98,329	98,329	-	-
Total primary government	\$ 8,519,402	\$ 5,368,860	\$ 346,564	\$ 100,000	(2,802,307)	98,329	(2,703,978)	-	-
Component unit:									
Lindsay Municipal Hospital Authority	\$ 13,923,926	\$ 14,303,569	\$ 8,644	\$ -				388,287	-
Lindsay Industrial Authority	2,565	-	-	-				-	(2,565)
Total component unit	\$ 13,926,491	\$ 14,303,569	\$ 8,644	\$ -				388,287	(2,565)
General revenues:									
Taxes:									
Sales and use taxes					3,480,769	-	3,480,769	-	-
Franchise taxes and public service taxes					109,095	-	109,095	-	-
Unrestricted investment earnings					7,715	5,449	13,164	18,398	215
Miscellaneous					127,510	-	127,510	-	-
Gain on disposal of capital assets					12,578	-	12,578	-	-
Transfers					(680,084)	680,084	-	-	-
Total general revenues and transfers					3,057,583	685,533	3,743,116	18,398	215
Change in net position					255,276	783,862	1,039,138	406,685	(2,350)
Net position - beginning, restated for LIDA					6,052,856	8,777,621	14,830,477	7,315,056	167,813
Net position - ending					\$ 6,308,132	\$ 9,561,483	\$ 15,869,615	\$ 7,721,741	\$ 165,463

See accompanying notes to these financial statements.

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

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

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

Governmental Funds Balance Sheet – June 30, 2019

	General Fund	EMS Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 668,916	\$ 1,190,829	\$ 553,241	\$ 2,412,986
Receivable from other governments	342,509	88,448	2,249	433,206
Due from other funds	17,265	-	12,651	29,916
Court fines receivable, net	63,065	-	-	63,065
Ambulance receivable, net	68,758	-	-	68,758
Other receivables	37,869	-	720	38,589
Total assets	<u>\$ 1,198,382</u>	<u>\$ 1,279,277</u>	<u>\$ 568,861</u>	<u>\$ 3,046,520</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 57,035	\$ -	\$ 116	\$ 57,151
Accrued payroll payable	118,478	-	-	118,478
Due to other funds	380,616	-	8,734	389,350
Due to other governments	20	-	-	20
Due to bondholders	1,601	-	-	1,601
Other payables	937	-	-	937
Total liabilities	<u>558,687</u>	<u>-</u>	<u>8,850</u>	<u>567,537</u>
Deferred Inflows:				
Deferred revenue	<u>79,630</u>	<u>-</u>	<u>-</u>	<u>79,630</u>
Fund balances:				
Restricted for:				
Street and Alley	-	-	219,180	219,180
City Donation	-	-	155,952	155,952
Public Works	-	-	321	321
Grants	-	-	37,030	37,030
Social Services	596	-	-	596
Cemetery	-	-	54,158	54,158
Emergency Medical Services	-	1,239,030	-	1,239,030
Assigned to:				
Subsequent Year Budget	408,915	-	-	408,915
Capital Improvements	-	-	259	259
Street and Alley	-	-	3,287	3,287
Public Works	-	-	13,401	13,401
Library	-	-	188	188
Airport	-	-	18,983	18,983
Grants	-	-	450	450
Cemetery	-	-	56,802	56,802
Emergency Medical Services	-	40,247	-	40,247
Unassigned	150,554	-	-	150,554
Total fund balances	<u>560,065</u>	<u>1,279,277</u>	<u>560,011</u>	<u>2,399,353</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,198,382</u>	<u>\$ 1,279,277</u>	<u>\$ 568,861</u>	<u>\$ 3,046,520</u>

See accompanying notes to these financial statements.

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

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

City of Lindsay
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	<u>General Fund</u>	<u>EMS Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 2,747,730	\$ 784,001	\$ -	\$ 3,531,731
Intergovernmental	336,808	-	28,205	365,013
Charges for services	391,546	-	13,863	405,409
Fines and forfeitures	60,200	-	-	60,200
Licenses and permits	10,108	-	-	10,108
Investment income	1,550	4,546	1,619	7,715
Miscellaneous	162,401	-	33,516	195,917
Total revenues	<u>3,710,343</u>	<u>788,547</u>	<u>77,203</u>	<u>4,576,093</u>
EXPENDITURES				
Current:				
General government	174,008	-	1,137	175,145
Public Safety	1,734,245	-	15,876	1,750,121
Highway and streets	26,631	-	-	26,631
Culture and recreation	213,577	-	15,168	228,745
Airport	-	-	1,135	1,135
Cemetery	72,532	-	-	72,532
Public Health and Welfare	1,046,241	-	-	1,046,241
Capital Outlay	1,283,646	-	3,995	1,287,641
Debt Service:				
Principal	255,578	-	-	255,578
Interest and other charges	14,637	-	-	14,637
Total Expenditures	<u>4,821,095</u>	<u>-</u>	<u>37,311</u>	<u>4,858,406</u>
Excess (deficiency) of revenues over expenditures	<u>(1,110,752)</u>	<u>788,547</u>	<u>39,892</u>	<u>(282,313)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	779,882	-	-	779,882
Transfers in	1,080,000	-	-	1,080,000
Transfers out	(886,148)	(900,000)	-	(1,786,148)
Total other financing sources and uses	<u>973,734</u>	<u>(900,000)</u>	<u>-</u>	<u>73,734</u>
Net change in fund balances	(137,018)	(111,453)	39,892	(208,579)
Fund balances - beginning	<u>697,083</u>	<u>1,390,730</u>	<u>520,119</u>	<u>2,607,932</u>
Fund balances - ending	<u>\$ 560,065</u>	<u>\$ 1,279,277</u>	<u>\$ 560,011</u>	<u>\$ 2,399,353</u>

See accompanying notes to these financial statements.

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

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Total fund balance, governmental funds	\$ 2,399,353
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 fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	6,647,042
Certain long-term assets are not available to pay current fund liabilities and, therefore are deferred in the funds:	
Grants receivable	29,577
Court fines receivable	50,053
Certain other long-term assets and deferred outflows are not available to pay current fund liabilities and therefore are deferred, or not presented at all in the funds:	
Net pension asset	433,689
Pension related deferred outflows	786,481
Some liabilities are not due and payable in the current period and are not included in the fund financial statement, and along with deferred inflows, are included in the governmental activities of the Statement of Net Position	
Accrued compensated absences liability	(93,985)
Notes payable	(1,504,304)
Interest payable	(2,446)
Pension related deferred inflows	(371,907)
Net pension liability	(1,727,829)
Total OPEB liability	(337,592)
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 6,308,132</u></u>

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

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds: (208,579)

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

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

Capital asset purchases capitalized	1,292,584
Depreciation expense	(520,667)

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain or loss on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold:

Net book value of capital assets disposed	(35,432)
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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.

285,865

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

Change in deferred revenue	40,285
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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:

Proceeds from long term debt	(779,882)
Capital lease obligation principal payments	255,578

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	(2,446)
Change in accrued compensated absences	(10,013)
Change in total OPEB Liability	(62,017)

Change in net position of governmental activities	<u>\$ 255,276</u>
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See accompanying notes to these financial statements.

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

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

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

Proprietary Funds Statement of Net Position – June 30, 2019

	<u>Lindsay Public Works Authority</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,142,797
Restricted:	
Cash and cash equivalents	76,248
Due from other funds	361,174
Accounts receivable, net	1,051,738
Due from other governments	50,000
Other receivables	6,358
Inventories	161,476
Total current assets	<u>2,849,791</u>
Non-current assets:	
Restricted:	
Cash and cash equivalents	176,903
Investments	94,000
Net pension asset	371,005
Capital Assets:	
Land and construction in progress	2,189,101
Other capital assets, net of accumulated depreciation	5,509,324
Total non-current assets	<u>8,340,333</u>
Total assets	<u>11,190,124</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>86,227</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	405,853
Salaries payable	63,228
Accrued interest payable	3,528
Due to other governments	7,137
Due to other funds	1,740
Compensated absences	4,928
Due to depositors	44,226
Notes payable	288,480
Total current liabilities	<u>819,120</u>
Non-current liabilities:	
Compensated absences	44,358
Due to depositors	176,903
Notes payable	398,720
Total OPEB liability	160,758
Total non-current liabilities	<u>780,739</u>
Total liabilities	<u>1,599,859</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>115,009</u>
NET POSITION	
Net investment in capital assets	7,011,225
Restricted for debt service	28,494
Unrestricted	2,521,764
Total net position	<u>\$ 9,561,483</u>

See accompanying notes to these financial statements.

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

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

	Lindsay Public Works Authority
OPERATING REVENUES	
Electric	\$ 2,994,653
Water	523,144
Sewer	350,106
Sanitation	526,565
Golf course	31,407
Pool	27,651
Miscellaneous	172,125
Total operating revenues	<u>4,625,651</u>
OPERATING EXPENSES	
Billing	152,841
Electric	2,308,395
Water	601,271
Sewer	206,727
Sanitation	389,981
Administration/Legal	288,655
Golf Course	196,720
Pool	52,215
General government	241,370
Depreciation expense	421,029
Total operating expenses	<u>4,859,204</u>
Operating income (loss)	<u>(233,553)</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	5,449
Gain on sale of capital assets	247,117
Grant revenue	100,000
Interest expense and fiscal agent fees	<u>(15,235)</u>
Total non-operating revenue	<u>337,331</u>
Income before transfers	103,778
Transfers in	680,084
Change in net position	783,862
Total net position - beginning	8,777,621
Total net position - ending	<u>\$ 9,561,483</u>

See accompanying notes to these financial statements.

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

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

	Lindsay Public Works Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 4,488,316
Payments to suppliers	(3,401,383)
Payments to employees	(1,152,563)
Interfund receipts	(88,104)
Receipts of customer meter deposits	52,296
Refunds of customer meter deposits	(42,925)
Net cash provided by (used in) operating activities	<u>(144,363)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	680,084
Net cash provided by noncapital financing activities	<u>680,084</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(517,648)
Proceeds from sale of capital assets	251,114
Principal paid on debt	(369,563)
Interest and fiscal agent fees paid on debt	(17,680)
Net cash provided by (used in) capital and related financing activities	<u>(653,777)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	5,449
Net cash provided by investing activities	<u>5,449</u>
Net increase (decrease) in cash and cash equivalents	(112,607)
Balances - beginning of year	<u>1,508,555</u>
Balances - end of year	<u><u>\$ 1,395,948</u></u>
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 1,142,797
Restricted cash and cash equivalents - current	76,248
Restricted cash and cash equivalents - noncurrent	176,903
Total cash and cash equivalents, end of year	<u><u>\$ 1,395,948</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (233,553)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation expense	421,029
Grant revenue	100,000
Change in assets and liabilities:	
Due from other funds	(78,511)
Due from other governments	(50,000)
Due to other funds	(9,593)
Due to other governments	(1,306)
Accounts receivable	(180,977)
Other receivables	(6,358)
Inventory	17,745
Net pension asset	(102,746)
Total OPEB liability	26,175
Deferred outflows related to pensions	14,828
Accounts payable	(119,430)
Accrued payroll payable	9,168
Deposits subject to refund	9,371
Accrued compensated absences	7,891
Deferred inflows related to pensions	31,904
Net cash provided by (used in) operating activities	<u><u>\$ (144,363)</u></u>

See accompanying notes to these financial statements.

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

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

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

Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

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

The City's financial reporting entity includes the primary government (City of Lindsay), a blended component unit and two discretely presented component units.

The City of Lindsay— that operates the public safety, streets and highways, parks and recreation, and administrative activities.

The City of Lindsay is a Council/Manager form of government with a population of approximately 2,802 located in Garvin County in south-central Oklahoma. The City is governed by a five-member council and operates under state law and City ordinances through the three branches of democratic government:

- Legislative – the City Council is a seven-member governing body elected by the citizens at large
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Manager

The City provides typical municipal services such as public safety, culture and recreation, cemetery, streets and public works.

Blended Component Unit [City Council serves as governing body (trustees)]:

The City of Lindsay Public Works Authority – that operates the electric, water, wastewater, sanitation, golf and pool services of the City

The blended component unit (LPWA) has the City Council as their governing body (trustees) and the City is able to impose its will on the LPWA through required approval of all debt obligations issued by these entities.

Discretely Presented Component Units [Separate governing body (trustees) from the City Council]:

Lindsay Municipal Hospital Authority – that provides health care services to the residents of Lindsay and Garvin County

Lindsay Industrial Development Authority – that promotes industrial development within the City of Lindsay

Complete financial statements for the Lindsay Municipal Hospital Authority may be obtained at the City's administrative offices.

The City provides typical municipal services such as public safety, street and alley maintenance, parks and recreation, and, through its public trusts, certain utility services including electric, water, wastewater, and sanitation, and industrial development activities.

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

The component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authorities. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

2. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statements of net position and activities are reported on the accrual basis of accounting and the economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

Program revenues within the Statement of Activities are derived directly from each activity or from parties outside of the City's taxpayers. The City has the following program revenues in each activity:

- General Government – license and permits, and capital grants
- Public Safety – fines and forfeitures, fire run charges, ambulance runs, restricted operating grants and restricted capital grants
- Streets and Highways – commercial vehicle and gasoline excise tax shared by the State
- Culture and recreation – operating grants and donations
- Cemetery – cemetery openings/closings and lot sales
- Airport – hangar rentals, land leases and capital grants
- Utilities – charges services for electric, water, sewer and sanitation

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

Governmental Funds:

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

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds
- Emergency 1¢ Fund – a special revenue fund that accounts for a 1 cent dedicated sales tax to be used for all emergency services including EMS, Fire and Police

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

Special Revenue Funds:

- City Donation – accounts for donations received for various purposes
- Street and Alley Fund – accounts for state shared gasoline excise and commercial vehicle taxes legally restricted for street and alley purposes
- LPWA Donation Fund – accounts for donations received for the Public Works Authority
- Library Fund – accounts for revenues received from library fines, copies, etc. Funds are used for operations of the library
- Grant Fund – accounts for various grants for the city

Capital Project Funds:

- Cemetery Care Fund – accounts for 25 percent of cemetery revenues restricted by City Ordinance for cemetery capital improvements
- Airport Fund – a capital project fund that accounts for revenues and expenditures for airport operations
- Capital Improvement Fund – a capital project fund that accounts for capital expenditures of all departments, in all funds.

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

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

The General Fund and Emergency 1¢ Fund are considered major funds and are therefore displayed in separate columns. All other governmental funds are considered non-major funds and are aggregated under the column Other Governmental Funds.

Proprietary Funds:

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

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

- Lindsay Public Works Authority (LPWA) – a major enterprise fund that accounts for the operation of the electric, water, sewer, sanitation, golf course and swimming pool activities

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

3. Cash, Cash Equivalents, Deposits and Investments

For the purposes of the statements of net position, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less. Revenue bond and promissory note trust account investments in open-ended mutual fund shares are also considered cash equivalents and are reported at the funds' current share prices.

Investments consist of non-negotiable certificates of deposit whose original maturity term exceeds three months and mutual funds. These non-negotiable certificates of deposit are carried at cost. Marketable investments are carried at fair value.

For the year ended June 30, 2019, the City recognized \$13,164 of investment income. Due to the minimal rates of return on allowable investments in the current environment, most of the City's deposits are in demand and short-term time deposits.

At June 30, 2019, the primary government held the following deposits and investments:

PRIMARY GOVERNMENT:

Type	Maturities	Credit Rating	Fair Value Valuation Level	Carrying/Fair Value
Deposits:				
Petty cash				\$ 500
Demand deposits				3,776,412
Time deposits	May 2020			94,000
				<u>3,870,912</u>
Investments:				
Invesco Prem US Gov Money-Inst #1949		Aaa	N/A	32,022
				<u>32,022</u>
Total deposits and investments				<u>\$ 3,902,934</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents				\$ 3,555,783
Restricted cash and cash equivalents				253,151
Restricted Investments				94,000
				<u>\$ 3,902,934</u>

See accompanying footnotes to this schedule.

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Custody Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. The City is governed by the State Public Deposit Act which requires that the City obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered in the name of the government, and if held by a counterparty or a counterparty's trust, department or agent, but not in the government's name.

As of June 30, 2019, the City and the LPWA were not exposed to custodial credit risk as defined above.

As of June 30, 2019, the deposits and investments for the Lindsay Municipal Hospital Authority were \$4,204,891. Of this amount, \$3,455,000 was exposed to custodial risk.

Investment Interest Rate Risk - 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.

Investment Credit Risk - The City has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investments in: (1) full faith and credit, direct obligations of the U. S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; (2) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; (3) negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; (4) county, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district; and government money market funds regulated by the SEC. These investment limitations do not apply to the City's public trusts.

As of June 30, 2019, the City's investments consisted of \$32,022 of money market open-ended mutual funds invested in U.S. Treasury securities with a credit rating of AAA as rated by Standard and Poor's.

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 are significant unobservable inputs. There were no investments within the hierarchy at June 30, 2019.

Concentration of Investment Credit Risk - the City places no limit on the amount it may invest in any one issuer.

Restricted Cash and Investments – The amounts reported as restricted assets on the statement of net position are comprised of amounts restricted for debt service, or deposits held for others. The restricted assets as of June 30, 2019 are as follows:

<u>Type of Restricted Asset</u>	<u>Current Cash and cash equivalents</u>	<u>Noncurrent Cash and cash equivalents</u>	<u>Investments</u>	<u>Total</u>
Utility Deposits	\$ 44,226	\$ 176,903	\$ 94,000	\$315,129
2012 Note Trustee Accounts	32,022	-	-	32,022
Total	<u>\$ 76,248</u>	<u>\$ 176,903</u>	<u>\$ 94,000</u>	<u>\$347,151</u>

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4. Accounts Receivable

Accounts Receivable - Accounts receivable of the business-type activities consist of customers utilities services provided, both billed and unbilled, due at year end, reported net of allowance for uncollectible amounts. The governmental activities receivables include ambulance, franchise and court fines receivables.

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Ambulance receivable	\$ 254,120	\$ 185,362	\$ 68,758
Court fines	315,321	252,256	63,065
Other receivables	50,739	12,150	38,589
Total Governmental Activities	<u>\$ 620,180</u>	<u>\$ 449,768</u>	<u>\$ 170,412</u>
Business-Type Activities:			
Utilities	\$ 1,797,561	\$ 745,823	\$ 1,051,738
Other receivables	6,358	-	6,358
Total Business-Type Activities	<u>\$ 1,803,919</u>	<u>\$ 745,823</u>	<u>\$ 1,058,096</u>
Lindsay Municipal Hospital Authority:			
Patient receivable	\$ 2,749,872	\$ 419,000	\$ 2,330,872
Total Lindsay Municipal Hospital Authority	<u>\$ 2,749,872</u>	<u>\$ 419,000</u>	<u>\$ 2,330,872</u>
Lindsay Industrial Development Authority:			
Other receivables	100,000	-	100,000
Total Lindsay Industrial Development Authority	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>

5. Capital Assets and Depreciation

Capital Assets:

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. A capitalization threshold of \$1,000 is used to report capital assets. Capital assets are reported at actual or estimated historical cost. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2003. Prior to July 1, 2003, governmental funds' infrastructure assets, such as streets, bridges, drainage systems and traffic signal systems were not capitalized. Infrastructure assets acquired since that date are recorded at cost. Donated capital assets are recorded at their fair value at the date of donation.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	50
Infrastructure	30
Vehicles	5
Computer equipment	5
Machinery and equipment	10

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

Primary Government:

	Balance at July 1, 2018	Additions	Disposals	Balance at June 30, 2019
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 365,750	\$ 34,143	\$ -	\$ 399,893
Construction in progress	42,535	67,459	-	109,994
Total capital assets not being depreciated	408,285	101,602	-	509,887
Other capital assets:				
Buildings	2,293,479	81,590	-	2,375,069
Land Improvements	27,500	-	-	27,500
Computers & Electronics	117,720	1,560	-	119,280
Furniture & Fixtures	31,604	-	-	31,604
Vehicles	1,950,615	1,011,807	66,121	2,896,301
Infrastructure	6,488,204	12,064	6,772	6,493,496
Machinery & Equipment	1,339,179	83,961	45,500	1,377,640
Total other capital assets at historical cost	12,248,301	1,190,982	118,393	13,320,890
Less accumulated depreciation for:				
Buildings	998,007	83,768	-	1,081,775
Land Improvements	22,304	1,833	-	24,137
Computers & Electronics	117,719	260	-	117,979
Furniture & Fixtures	29,408	171	-	29,579
Vehicles	1,580,645	137,243	35,575	1,682,313
Infrastructure	3,082,596	205,631	2,032	3,286,195
Machinery & Equipment	915,350	91,761	45,354	961,757
Total accumulated depreciation	6,746,029	520,667	82,961	7,183,735
Other capital assets, net	5,502,272	670,315	35,432	6,137,155
Governmental activities capital assets, net	\$ 5,910,557	\$ 771,917	\$ 35,432	\$ 6,647,042
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 515,003	41,483	\$ -	\$ 556,486
Construction in progress	1,361,074	413,701	142,160	1,632,615
Total capital assets not being depreciated	1,876,077	455,184	142,160	2,189,101
Other capital assets:				
Buildings	816,141	-	-	816,141
Computers & Electronics	113,512	-	-	113,512
Furniture & Fixtures	8,840	-	-	8,840
Vehicles	536,773	-	-	536,773
Machinery & equipment	1,497,613	62,463	12,394	1,547,682
Infrastructure	18,287,605	142,160	641,000	17,788,765
Total other capital assets at historical cost	21,260,484	204,623	653,394	20,811,713
Less accumulated depreciation for:				
Buildings	557,901	9,295	-	567,196
Computers & Electronics	107,326	2,183	-	109,509
Furniture & Fixtures	8,840	-	-	8,840
Vehicles	489,234	8,918	-	498,152
Machinery and equipment	927,908	113,775	8,397	1,033,286
Infrastructure	13,439,548	286,858	641,000	13,085,406
Total accumulated depreciation	15,530,757	421,029	649,397	15,302,389
Other capital assets, net	5,729,727	(216,406)	3,997	5,509,324
Business-type activities capital assets, net	\$ 7,605,804	\$ 238,778	\$ 146,157	\$ 7,698,425

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	Balance at July 1, 2018	Additions	Disposals	Balance at June 30, 2019
<i>Lindsay Municipal Hospital Authority:</i>				
Capital assets not being depreciated:				
Land	\$ 14,164	\$ -	\$ -	\$ 14,164
Construction in progress	14,920	12,510	14,920	12,510
Total capital assets not being depreciated	29,084	12,510	14,920	26,674
Other capital assets:				
Buildings	3,019,348	46,951	-	3,066,299
Land Improvements	34,266	-	-	34,266
Machinery & Equipment	2,902,748	74,094	161,828	2,815,014
Total other capital assets at historical cost	5,956,362	121,045	161,828	5,915,579
Less accumulated depreciation for:				
Buildings	2,017,109	63,356	-	2,080,465
Land Improvements	34,266	-	-	34,266
Machinery & Equipment	1,992,437	317,450	143,528	2,166,359
Total accumulated depreciation	4,043,812	380,806	143,528	4,281,090
Other capital assets, net	1,912,550	(259,761)	18,300	1,634,489
Municipal Hospital capital assets, net	<u>\$ 1,941,634</u>	<u>\$ (247,251)</u>	<u>\$ 33,220</u>	<u>\$ 1,661,163</u>
<i>Lindsay Industrial Development Authority:</i>				
Capital assets not being depreciated:				
Land - restated	\$ 443	\$ -	\$ -	\$ 443
Other capital assets:				
Buildings	800	-	-	800
Furniture & Fixtures	256	-	-	256
Total other capital assets at historical cost	1,056	-	-	1,056
Less accumulated depreciation for:				
Buildings	800	-	-	800
Furniture & Fixtures	256	-	-	256
Total accumulated depreciation	1,056	-	-	1,056
Other capital assets, net	-	-	-	-
Industrial Authority activities capital assets, net	<u>\$ 443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 443</u>

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

Governmental Activities:

General government	\$ 53,305
Public safety	224,817
Highways and streets	28,989
Culture and recreation	95,925
Cemetery	4,683
Airport	112,948
	<u>\$ 520,667</u>

Business-Type Activities:

Electric	\$ 77,438
Water	203,617
Sewer	119,057
Sanitation	2,414
Golf Course	18,503
	<u>\$ 421,029</u>

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6. Long-Term Debt and Debt Service Requirements

<u>Type of Debt</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
Governmental Activities:					
Capital Lease payable	\$ 980,000	\$ 779,882	255,578	\$ 1,504,304	\$ 169,452
Accrued compensated absences	\$ 83,972	10,013	-	93,985	\$ 9,399
Total Governmental Activities	<u>\$ 1,063,972</u>	<u>\$ 789,895</u>	<u>\$ 255,578</u>	<u>1,598,289</u>	<u>\$ 178,851</u>
			Total OPEB liability	337,592	
			Net pension liability	<u>1,727,829</u>	
				<u>\$ 3,663,710</u>	
Business-Type Activities:					
Notes payable - direct borrowings	\$ 1,056,763	\$ -	\$ 369,563	\$ 687,200	\$ 288,480
Meter deposit liability	211,758	9,371	-	221,129	44,226
Accrued compensated absences	41,395	7,891	-	49,286	4,928
Total Business-Type Activities	<u>1,309,916</u>	<u>17,262</u>	<u>369,563</u>	<u>957,615</u>	<u>337,634</u>
			Total OPEB liability	<u>160,758</u>	
				<u>\$ 1,118,373</u>	
Total Long-Term Debt	<u>\$ 2,373,888</u>	<u>\$ 807,157</u>	<u>\$ 625,141</u>	<u>\$ 4,782,083</u>	<u>\$ 516,485</u>
Reconciliation to Statement of Net Position:					
Due within one year				\$ 516,485	
Due in more than one year				2,039,419	
Total OPEB liability				498,350	
Net pension liability				<u>1,727,829</u>	
Total long-term liabilities				<u>\$ 4,782,083</u>	

It should be noted that compensated absences are normally liquidated with resources from General Fund and Lindsay Public Works Authority enterprise fund. In addition, meter deposit liabilities are liquidated with resources from the Lindsay Public Works Authority enterprise fund.

Governmental Activities:

At June 30, 2019, the governmental activities long-term payable from taxes and other general revenues include the following:

Long-Term Capital Lease Commitment

Capital Lease Payable to Rural Electric Coop dated December 12, 2017, original amount \$1,000,000 with no interest, due in yearly installments of principal \$100,000 beginning January 1, 2018, final installment due January 2, 2027. Yearly payments are to be budgeted and appropriated by the City.

\$ 800,000

Capital Lease Payable to First National Bank dated September 27, 2018, original amount \$779,882.46 with interest rate of 2.94%, due in yearly installments of \$90,215.10 beginning May 18, 2019, final installment due May 18, 2028. Yearly payments are to be budgeted and appropriated by the City.

\$ 704,304

Total Capital Lease Payable \$ 1,504,304

Current portion 169,452
Noncurrent portion 1,334,852

Total Capital Lease Payable \$ 1,504,304

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Accrued Compensated Absences

Current portion	\$	9,399
Noncurrent portion		84,586
Total Accrued Compensated Absences	\$	<u>93,985</u>

Total OPEB Liability

Current portion	\$	-
Noncurrent portion		337,592
Total OPEB Liability	\$	<u>337,592</u>

Net Pension Liability

Current portion	\$	-
Noncurrent portion		1,727,829
Total Net Pension Liability	\$	<u>1,727,829</u>

Business-Type Activities:

Long-term debt commitments payable from net revenues generated by the utility resources or other resources pledged to City's business-type activities at June 30, 2019, includes the following:

Long-Term Notes Payable Commitments (Direct Borrowings):

OWRB-DWSRF Promissory Note dated March 2001, original amount \$3,195,000, due in semi-annual principal installments each March 15 and September 15, final installment due September 15, 2021, interest rate of 3.58%. The note is secured by a pledge of net utility revenues. In the event of default, the lender may: 1) file suit for specific performance of covenants, 2) acceleration of payment of principal and interest accrued on all bonds, 3) appoint temporary trustees to take over, operate, and maintain the System, 4) file suit to enforce or enjoin action or inaction of parties under provisions of the Indenture.

\$ 477,095

Note payable to Bank of Oklahoma dated August 9, 2012, original amount of \$630,000, due in semi-annual principal installments each March 1 and September 1, final installment due September 1, 2022, interest rate of 2.71%. Note is secured by a pledge of one percent sales tax. In the event of default, the lender may: 1) file suit for specific performance of covenants, 2) acceleration of the payment of principal of and interest accrued on all notes; 3) appoint temporary trustees to take over, operate and maintain the System, or 4) file suit to enforce or enjoin action or inaction of parties under provisions of the Indenture.

205,000

Note payable to Oklahoma Dept of Commerce dated September 1, 2000, original amount of \$87,500, payable in monthly installments of \$365 with a 0% interest rate, final payment due October 2020. Secured by water revenues. In the event of default, the lender may: 1) accelerate maturity; 2) all indebtedness will become due and payable.

\$ 5,105

Total Notes Payable (Direct Borrowings)

\$ 687,200

Current portion	288,480
Noncurrent portion	398,720
Total Notes Payable (Direct Borrowings)	<u>\$ 687,200</u>

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Meter Deposit Liability

Current portion	\$	44,226
Noncurrent portion		176,903
Total Meter Deposit Liability	\$	<u>221,129</u>

Accrued Compensated Absences

Current portion	\$	4,928
Noncurrent portion		44,358
Total Accrued Compensated Absences	\$	<u>49,286</u>

Total OPEB Liability

Current portion	\$	-
Noncurrent portion		160,758
Total OPEB Liability	\$	<u>160,758</u>

Long-term debt service requirements to maturity are as follows:

Year Ended June 30,	Governmental		Business-Type	
	Capital Lease Payable		Notes Payable (direct borrowings)	
	Principal	Interest	Principal	Interest
2020	169,452	20,763	288,480	10,197
2021	171,550	18,665	291,654	5,241
2022	173,654	16,561	107,066	731
2023	175,819	14,396	-	-
2024	178,015	12,200	-	-
2024-2027	635,814	25,047	-	-
Total	<u>1,504,304</u>	<u>\$ 107,632</u>	<u>\$ 687,200</u>	<u>\$ 16,169</u>

Compensated Absences

The City's policies regarding vacation time permits employees to accumulate earned but unused vacation leave, as well as sick and comp time benefits. Beginning December 1, 2014, the city's policy regarding accumulated sick leave permits employees to accumulate unused sick leave to a maximum of 240 hours. Beginning July 1, 2012, the city's policy regarding accumulated vacation leave is a maximum of 240 hours of vacation for all employees. All vacation and comp pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental and proprietary funds.

Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge - The City has pledged one cent (or 25%) of future sales tax revenues and net utility revenues to repay \$3,195,000, and \$630,000, Series 2000 DWSRF OWRB, and Series 2012 Promissory Notes, respectively. Proceeds from the notes provided financing for capital assets. The notes are payable from pledged sales tax revenues and net utility revenues and are payable through 2022. The total principal and interest payable for the remainder of the life of these notes is \$698,264. Pledged sales taxes received in the current year were \$886,148 and net utility revenues were \$271,316. Debt service payments of \$394,480 for the current fiscal year were 34.1% of both pledged sales taxes and net utility revenues of \$1,157,464.

7. Net Position and Fund Balances

Net Position:

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

- a. *Net investment in capital assets* - Consists of capital assets and related accounts, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

Fund Balances

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

- a. *Nonspendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. *Restricted* – consists of fund balance with constraints placed on the use of resources either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Committed* – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance. The City currently reports no committed fund balance.

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- d. Assigned – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City’s policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City’s policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Proprietary fund equity is classified the same as in the government-wide statements.

Enterprise Funds:

Debt service and reserve for promissory notes:	
Cash and investments	\$32,022
Less: accrued interest payable	<u>(3,528)</u>
Total Enterprise Fund Restriction for Debt Service	<u>\$28,494</u>

Beginning net Position was restated for The Lindsay Industrial Development Authority, discretely-presented component unit, as of July 1, 2018 as follows:

	<u>Component Unit</u>
	<u>LIDA</u>
Beginning net position, as previously reported	\$ 269,813
Restatement of Assets	<u>(102,000)</u>
Beginning net position, restated	<u>\$ 167,813</u>

8. Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

9. Sales Tax Revenue

Sales tax revenue represents a 4 cent tax on each dollar of taxable sales of which 1 cent is transferred to the Lindsay Public Works Authority and used to secure debt payments and 1 cent is voter restricted (Ordinance #452) for Emergency Services.

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Tax Abatements:

The City entered into a sales tax rebate agreement with a local business as allowed in the Oklahoma State Constitution, Article 10, Section 14. Under this law, the City may establish economic development programs and provide sales tax increments for development as part of its economic development plan.

The sales tax rebate program allows a developer to receive rebated sales tax in the amount equal to 25% of the sales tax collected and paid to the Oklahoma Tax Commission by the business. To be eligible for this program, the business shall operate a hotel business providing quality jobs in the City.

Due to confidentiality laws in Oklahoma statutes Title 68, Section 1354.11, the amounts of sales taxes rebated will not be disclosed. The following business had a rebate agreement with the City as of June 30, 2019:

- A local hotel chain received rebated sales tax during 2018-2019. The agreement is for the City to pay quarterly incentive payments to the operator equal to 25% of the municipal sales tax actually collected from the hotel business and paid to the Oklahoma Tax Commission. This agreement continues for 5 years from the opening date unless the business is sold to another company at which time the sales tax rebate agreement will end. The hotel was sold in during 2018-2019, therefore, the tax rebate agreement ended.

10. Internal Balances and Transfers between Legal Entities

The City's policy is to eliminate inter-fund 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. Inter-fund transfers and balances between funds are not eliminated in the fund financial statements.

Internal balances between fund and legal entities are comprised of the following:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
Grant Fund	General Fund	4,000	grant activity
General Fund	LPWA	59,586	expenses paid on behalf of General Fund
General Fund	LPWA	302,151	sales tax
General Fund	Donation Fund	6,356	operating revenue
LPWA	Airport Fund	1,740	deposit correction
LPWA Donation Fund	LPWA	179	expense paid on behalf of LPWA Donation
Grant Fund	Donation Fund	4,555	deposit correction
Police Bond	CLEET Fund	2,049	court activity
General Fund	Police Bond	5,072	court activity
CLEET Fund	General Fund	5,402	sales tax
Total		<u>\$ 391,090</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 29,916	\$ (389,350)	\$ (359,434)
Proprietary Funds	361,174	(1,740)	359,434
Total	<u>\$ 391,090</u>	<u>\$ (391,090)</u>	<u>\$ -</u>

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Transfers between funds and legal entities are comprised of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
LPWA	General Fund	\$ 180,000	debt service activity
LPWA Designated Sales Tax Fund	General Fund	900,000	sales tax transfer
General Fund	LPWA	680,084	sales tax transfer
Total		<u>\$ 1,760,084</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>GW Capital Asset Purchases</u>	<u>Net Transfers</u>
Governmental Funds	\$ 1,080,000	\$ (1,786,148)	\$ 26,064	\$ (680,084)
Proprietary Funds	680,084	-	-	\$ 680,084
	<u>\$ 1,760,084</u>	<u>\$ (1,786,148)</u>	<u>\$ (26,064)</u>	<u>\$ -</u>

11. 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, Fleet Coverage, and Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool.
- Workers' Compensation – Workers' compensation is covered through purchase of commercial insurance – Oklahoma Municipal Assurance Group.
- Employee's Group Health and Life – Covered through purchase of commercial insurance – United Health Care.

The City's risk is transferred to the risk entity pool except for claim deductible amounts. The risk pool maintains deposits for claims reserves and other purposes for the benefit of the city. Management believes such insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City, and such claims have not exceeded the coverage over the past three fiscal years.

12. Retirement Plan Participation

The City participates in three employee retirement plans:

- Oklahoma Firefighter's Pension and Retirement System (FPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Oklahoma Municipal Retirement Fund Defined Benefit Plan – a defined benefit plan

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

	Governmental Activities	Business-type Activities	Plan Totals
Net Pension Asset:			
Police	\$ 43,754	\$ -	\$ 43,754
OkMRF	389,935	371,005	760,940
Total	<u>\$ 433,689</u>	<u>\$ 371,005</u>	<u>\$ 804,694</u>
Net Pension Liability:			
Firefighters	\$ 1,727,829	\$ -	\$ 1,727,829
Total	<u>\$ 1,727,829</u>	<u>\$ -</u>	<u>\$ 1,727,829</u>
Deferred Outflows of Resources:			
OkMRF	\$ 102,650	\$ 86,227	\$ 188,877
Police	81,000	-	81,000
Firefighters	602,831	-	602,831
Total	<u>\$ 786,481</u>	<u>\$ 86,227</u>	<u>\$ 872,708</u>
Deferred Inflows of Resources:			
OkMRF	\$ 114,399	\$ 115,009	\$ 229,408
Police	45,727	-	45,727
Firefighters	211,781	-	211,781
Total	<u>\$ 371,907</u>	<u>\$ 115,009</u>	<u>\$ 486,916</u>
Pension Expense:			
OkMRF	\$ 3,385	\$ (1,923)	\$ 1,462
Police	29,650	-	29,650
Firefighters	24,511	-	24,511
Total	<u>\$ 57,546</u>	<u>\$ (1,923)</u>	<u>\$ 55,623</u>

Oklahoma Firefighters' Pension and Retirement System:

Plan description - The City of Lindsay, 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 retirement, disability, and death benefits based on members' final average compensation, age, and terms 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.

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- 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-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-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

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

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$59,916. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$156,106 during the calendar year and this is reported as both a revenue and an expenditure 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 \$154,008. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the City reported a net pension liability of \$1,727,829 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2018. Based upon this information, the City's proportion was 0.153497%.

For the year ended June 30, 2019, the City recognized pension expense of \$24,511. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 360,895	\$ -
Net difference between projected and actual earnings on pension plan investments	-	143,568
Changes in proportion	182,020	63,241
City's contribution during the measurement date	-	4,972
City contributions subsequent to the measurement date	59,916	-
Total	<u>\$ 602,831</u>	<u>\$ 211,781</u>

The \$59,916 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	100,347
2021	81,496
2022	29,441
2023	76,562
2024	43,288
Total	<u>\$ 331,134</u>

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, are summarized in the following table:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	4.53%
Domestic equity	47%	5.86%
International equity	15%	8.83%
Real estate	10%	6.58%
Other assets	8%	5.06%

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

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

	<u>1% Decrease 6.5%</u>	<u>Current Discount Rate 7.5%</u>	<u>1% Increase 8.5%</u>
Employers' net pension liability	\$ 2,263,116	\$ 1,727,829	\$ 1,278,274

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 Lindsay, 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

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benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered. Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

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

Contributions - The contributions requirements of the Plan are at an established rate 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 \$36,731. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$34,372 during the calendar year and this is reported as both a revenue and an expenditure 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 \$35,849. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the City reported an asset of \$43,754 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2018. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2018. Based upon this information, the City's proportion was 0.091854%.

For the year ended June 30, 2019, the City recognized pension expense of \$29,650. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 258	\$ 40,998
Changes of assumptions	19,109	-
Net difference between projected and actual earnings on pension plan investments	22,785	-
Changes in proportion	2,117	4,095
City contributions during measurement date	-	634
City contributions subsequent to the measurement date	36,731	-
Total	<u>\$ 81,000</u>	<u>\$ 45,727</u>

The \$36,731 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	21,608
2021	8,078
2022	(24,100)
2023	(8,194)
2024	1,150
Total	<u>\$ (1,458)</u>

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

Inflation:	2.75%
Salary increases:	3.5% to 10% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Cost-of-living adjustments:	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).

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Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.
	Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.
	Disabled pensioners RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, are summarized in the following table:

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

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

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

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability(asset)	\$ 202,963	\$ (43,754)	\$ (252,327)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at www.ok.gov/OPPRS.

Oklahoma Municipal Retirement Fund Defined Benefit Plan

Plan description - The City contributes to the OkMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: www.okmrf.org/reports.html. Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

Summary of Significant Accounting Policies - For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans' fiduciary net position is available in the separately issued OkMRF financial report.

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Eligibility Factors and Benefit Provisions-

Provision	OkMRF Plan
Date of Last Actuarial Valuation	July 1, 2018
a. Eligible to Participate	Full-time, non-uniformed employees of the City upon hire.
b. Contribution Requirements:	
-Authorization	By City ordinance
-Actuarially Determined	Yes
-Employer Rate	4.84% of covered payroll
-Employee Rate	3.75% of earnings
c. Period Required to Vest	10 years of credited service
d. Eligibility for Distribution	-Normal retirement at age 65 with 10 years of service -Early retirement at age 55 with 10 years of service -Disability retirement with 10 years of service -Marital death benefit with 10 years of service
e. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	
-Normal Retirement	2.25% of final average salary multiplied by credited years of service
-Early Retirement	Actuarially reduced benefit based upon age and years of service at termination
-Disability Retirement	Same as normal retirement
-Death Benefit	50% of employee's accrued benefit, but terminates upon spouse remarriage
-Prior to 10 Years Service	Return of employee contributions with accrued interest
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent.

Employees Covered by Benefit Terms –

Active Employees	38
Deferred Vested Former Employees	1
Disabled Participants	2
Retirees or Retiree Beneficiaries	<u>16</u>
Total	<u>57</u>

Contribution Requirements – The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 4.84% of covered payroll as of 7-1-19; however, management elected to contribute 8.00% of covered payrolls as of 7-1-19. For the year ended June 30, 2019, the City recognized \$160,415 of employer contributions to the plan which is more than the actuarially determined amount based on covered payroll of \$1,729,119. Employees contribute 3.75% of covered payroll as of July 1, 2019.

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Actuarial Assumptions –

Date of Last Actuarial Valuation	July 1, 2018
a. Actuarial Cost Method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.75%
c. Projected Salary Increase	Varies between 7.5% and 4.5% based on age
d. Post Retirement Cost-Of-Living Increase	None
e. Inflation Rate	3%
f. Mortality Table	UP 1994, with projected mortality improvement
g. Percent of Married Employees	100%
h. Spouse Age Difference	3 years (female spouses younger)
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are added during the first 5 years: Year 1: 225 Year 2: 140 Year 3: 100 Year 4: 70 Year 5: 40
j: Date of Last Experience Study	September 2012 for fiscal years 2007 thru 2011

Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.75% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments.

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

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 (2.75%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of July 1, 2018 are summarized in the following table:

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	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
Large cap stocks S&P 500	25%	5.80%	1.45%
Small/mid cap stocks Russell 2500	10%	6.40%	0.64%
Long/short equity MSCI ACWI	10%	5.00%	0.50%
International stocks MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds Barclay's Capital Aggregate	30%	2.30%	0.69%
Real estate NCREIF	5%	4.60%	0.23%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
TOTAL	<u>100%</u>		
Average Real Return			4.75%
Inflation			2.75%
Long-term expected return			<u>7.50%</u>

Changes in Net Pension Liability (Asset) –

	<u>SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)</u>		
	<u>Increase (Decrease)</u>		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances Beginning of Year	\$ 3,879,836	\$ 4,460,115	\$ (580,279)
Changes for the Year:			
Service cost	161,164	-	161,164
Interest expense	279,474	-	279,474
Difference between expected & actual experience	(105,690)		(105,690)
Contributions--City	-	136,407	(136,407)
Contributions--members	-	57,963	(57,963)
Net investment income	-	330,518	(330,518)
Benefits paid	(312,677)	(312,677)	-
Plan administrative expenses	-	(9,279)	9,279
Net Changes	<u>22,271</u>	<u>202,932</u>	<u>(180,661)</u>
Balances End of Year	<u>\$ 3,902,107</u>	<u>\$ 4,663,047</u>	<u>\$ (760,940)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate –

	<u>1% Decrease 6.50%</u>	<u>Current Discount Rate 7.50%</u>	<u>1% Increase 8.50%</u>
Net Pension Liability (Asset)	\$ (268,596)	\$ (760,940)	\$ (1,163,325)

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The City reported \$1,462 in pension expense for the year ended June 30, 2019. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 211,890
Changes of assumptions	9,045	-
Net difference between projected and actual earnings on pension plan investments	34,700	
Changes in proportion and differences between City contributions and proportionate share of contributions	34,189	17,518
City contributions subsequent to the measurement date	110,943	-
Total	<u>\$ 188,877</u>	<u>\$ 229,408</u>

Amortization of Pension Deferrals –\$110,943 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase/reduction of the net pension liability/asset in the year ended June 30, 2020. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ (2,757)
2021	(40,352)
2022	(89,563)
2023	(18,802)
2024	-
thereafter	-
	<u>\$ (151,474)</u>

13. Other Post-Employment Benefits

Plan description – The City’s defined benefit OPEB plan provides OPEB to eligible retirees and their dependents. The plan is a single employer defined benefit OPEB plan administered by the City. The City’s Council has the authority to establish and amend benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided – The Plan covers all current retirees of the City and provides for employee and dependent healthcare coverage from the date of retirement to life, provided the participant was covered by the Plan before retiring. The City provides postretirement medical benefits through the Plan if the retiree and spouse pay the full active premium. Participants can elect medical, dental and vision.

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Employees covered by benefit terms - At June 30, 2019 the following employees were covered by the benefit terms:

Active Employees	62
Inactive or beneficiaries currently receiving benefit payments	<u>6</u>
Total	<u>68</u>

Total OPEB Liability – The City’s total OPEB liability of \$498,350 was measured as of June 30, 2019 with roll forward procedures of the actuarial valuation as of June 30, 2018.

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

- Attribution Method – Alternative Measurement Method
- Actuarial Cost Method - Entry Age Normal Level Percentage of Salary
- Medical Chained CPI - 2.00%
- Salary Scale – 3.50%
- Discount Rate – 3.87% and 3.58%, based on June 30, 2018 and June 30, 2017 published Bond Buyer 20-Bond General Obligation Index Rate
- Plan Participation – Assumed 25% of all employees and their dependents will participate in the retiree medical plan.
- Retirement Age – Employees are assumed to retire at the latest of age 62 or the age that they first become eligible for benefits
- Termination rates – rate of withdrawal is based on the assumption used in the Oklahoma Municipal Retirement fund July 1, 2018 actuarial valuation
- Healthcare cost trend rates -

Year	Med/Rx	Year	Med/Rx
1	5.5%	7	5.19%
2	5.4%	8	5.19%
3	5.3%	9	5.19%
4	5.2%	10	5.19%
5	5.2%	11	5.19%
6	5.2%	12	5.19%

- Age Adjusted Premiums – Pre-Medicare - \$14,050, Medicare - \$20,030
- Mortality Rates - RP-2014 projected to 2030 using Scale MP-14, applied on a gender-specific basis. Based on this table, average life expectancy for the City participants is 86 years of age.

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Changes in Total OPEB Liability –The following table reports the components of changes in total OPEB liability:

	Total OPEB Liability
Balances Beginning of Year	<u>\$ 410,159</u>
Changes for the Year:	
Service cost	75,610
Interest expense	18,568
Changes of assumptions	-
Benefits paid	<u>(5,987)</u>
Net Changes	<u>88,191</u>
Balances End of Year	<u><u>\$ 498,350</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the employer calculated using the discount rate of 3.87%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.87%) or 1-percentage-point higher (4.87) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Employers' total OPEB liability	\$ 609,921	\$ 498,350	\$ 349,589

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the total OPEB Liability of the employer calculated using the healthcare cost trend rate of 5.50% decreasing to 5.19% as well as what the Plans' total OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower (4.50% decreasing to 4.19%) or 1 percentage-point higher (6.50% decreasing to 6.19%) than the current rate:

	1% Decrease (4.50% decreasing to 4.19%)	Healthcare Cost Trend Rates (5.50% decreasing to 5.19%)	1% Increase (6.50% decreasing to 6.19%)
Employers' total OPEB liability	\$ 351,076	\$ 498,350	\$ 606,946

OPEB Expense- For the year ended June 30, 2019 the City recognized OPEB expense of \$94,178.

14. Commitments and Contingencies

Litigation:

The City and its public trusts are parties to various legal proceedings or have threatened litigation which normally occurs in the course of municipal governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State Constitution and statutes provide for the levy of an ad valorem tax over a three-year period by a Sinking Fund for the payment of any court assessed judgment rendered against the City. (This provision is not available to public trusts.) While the outcome of the above noted proceedings or threatened litigation 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 Lindsay participates in various federal or state grant/loan programs from year to year. In 2019, the City's involvement in federal and state award programs was not material. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

DEQ Consent Order:

The City of Lindsay is currently under consent order case 16-239 related to the waste water facility with the Oklahoma Department of Environmental Quality. Timely compliance with the consent order is needed to avoid any fines. On March 27, 2019, the DEQ requested an approvable plans and specifications for a construction permit and the associated fees for the construction proposed in the approved engineering report from Addendum A by July 1, 2019 and start construction on the WWPT improvement by Jan 1, 2020 with completion of construction by October 1, 2020 to correct violations since July 2016 as described in consent order.

Asset Retirement Obligation:

The City has incurred certain asset retirement obligations related to the operations of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonable estimated as of June 30, 2019, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs and obtaining an estimate of those costs in the subsequent fiscal year.

Lindsay Municipal Hospital Authority:

Net Patient Service Revenue

The Lindsay Municipal Hospital Authority (the “Hospital Authority”) has agreements with third-party payers that provide for payments to the Authority at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and include estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

The Hospital Authority has agreements with third-party payers that provide for payments to the Authority at amounts different from its established rates. The payment arrangements include:

- **Medicare** - Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Hospital Authority is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital Authority and audits thereof by the Medicare administrative contractor.
- **Medicaid** - The Hospital Authority has also been reimbursed for services rendered to patients covered by the state Medicaid program on a prospective determined rate with no retroactive adjustment. These payment rates vary according to a patient classification system that is based on clinical, diagnostic and other factors.
- **Department of Corrections** - Inpatient and outpatient services rendered to the Department of Corrections patients are reimbursed under a cost-reimbursement methodology. The Hospital Authority is reimbursed for certain services at tentative rates with settlements based on quarterly filings.

Less than 10% of net patient service revenues are from participation in the Medicare and state sponsored Medicaid programs for the year ended June 30, 2019. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term. Approximately 77% of net patient service revenues are from patients covered under agreements with the Department of Corrections for the year ended June 30, 2019.

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

Charity Care

The Hospital Authority provides charity care to patients who are unable to pay for services. The amount of charity care is included in net patient service revenue and is not separately classified from the provision for uncollectible accounts.

Medical Malpractice Claims

The Hospital Authority purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. Accounting principles generally accepted in the United States of American require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probably ultimate costs of the incidents. At June 30, 2019, the Authority accrued approximately \$7,000 on its claims experience for these claims. It is reasonably possible that this estimate could change materially in the near term.

Contracts with the Oklahoma Department of Corrections

During 2001, the Hospital Authority entered into three agreements with the Oklahoma Department of Corrections (DOC) related to services to be provided by the Hospital Authority. Those agreements were the Occupancy Agreement, the Contract for Inpatient Medical Services and the Outpatient Medical Services Contract. Each agreement was for an initial period of ten years, with two five-year renewal options. New agreements were signed by the Authority and the ODOC effective September 1, 2011, for a period of 10 years, with the five-year renewal options.

Under the Occupancy Agreement, the Hospital Authority granted to ODOC exclusive rights to occupy 22 beds of the Authority and certain outpatient facilities for provision of medical services to prisoners of the ODOC. The Occupancy Agreement signed in 2011 was expanded to 22 beds.

Effective September 1, 2012, under both the Contract for Inpatient Medical Services and the Outpatient Medical Services Contract, ODOC agreed to reimburse the Hospital Authority at cost plus an 8% administrative fee from September 1, 2012 to August 31, 2015. All reimbursement from ODOC under these contracts is reflected as net patient service revenue on the accompanying statements of revenues, expenses and changes in net position.

Effective September 1, 2015, ODOC and the Hospital Authority agreed to extend the Contract for Inpatient Medical Services and the Outpatient Medical Services Contract through August 31, 2018, including a continuation of the 8% administration fee.

Effective January 1, 2016, ODOC and the Authority agreed to modify the Contract for Inpatient Medical Services and Outpatient Medical Services Contract through December 31, 2016, reducing the administrative fee to 5%. After December 31, 2016, the administrative fee returned to 8% through August 31, 2018, under both ODOC contracts.

Effective January 1, 2017, ODOC and the Authority agreed to modify the Contract for Inpatient Medical Services and the Outpatient Medical Services Contract, including a continuation of the 8% administrative fee. There have been no further amendments to the contract during 2019.

Subsequent Events:

Due to the recent down turn in the oil industry, revenues have seen a decline. Expenses have also increased due to Covid-19 pandemic related to the disinfection of city premises, equipment, etc. and for protective gear and equipment for staff.

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REQUIRED SUPPLEMENTAL INFORMATION

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Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2019

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts,	Variance with
	Original	Final	Budgetary Basis	Final Budget - Positive (Negative)
Beginning Budgetary Fund Balance	\$ 724,398	\$ 724,398	\$ 697,083	\$ (27,315)
Resources (Inflows)				
Taxes	1,826,000	1,883,198	2,747,730	864,532
Intergovernmental	71,700	125,202	146,330	21,128
Charges for services	328,000	328,000	391,546	63,546
Fines and forfeitures	240,796	166,000	60,200	(105,800)
Licenses and permits	6,500	6,500	10,108	3,608
Investment income	632	1,345	1,550	205
Miscellaneous	46,750	134,822	162,401	27,579
Transfers in	1,228,865	1,223,500	1,080,000	(143,500)
Sub-total Resources (Inflows)	3,749,243	3,868,567	4,599,865	731,298
Amounts Available for Appropriation	4,473,641	4,592,965	5,296,948	703,983
Charges to Appropriations (Outflows)				
Public safety	1,924,229	2,054,460	2,617,238	(562,778)
Streets	324,400	324,400	26,631	297,769
Culture & recreation	354,999	362,269	259,183	103,086
General government	282,000	285,250	394,915	(109,665)
Cemetery	122,914	172,914	80,913	92,001
Health & public safety -ambulance	1,303,620	1,310,172	1,251,737	58,435
Transfers out	163,973	83,500	886,148	(802,648)
Total Charges to Appropriations	4,476,135	4,592,965	5,516,765	(923,800)
Fund balances - ending	\$ (2,494)	\$ -	\$ (219,817)	\$ (219,817)

	EMS FUND			
	Budgeted Amounts		Actual Amounts,	Variance with
	Original	Final	Budgetary Basis	Final Budget - Positive (Negative)
Beginning Budgetary Fund Balance	\$ -	\$ 435,927	\$ 1,390,730	\$ 954,803
Resources (Inflows)				
Taxes	800,000	800,000	784,001	(15,999)
Investment income	3,000	3,000	4,546	1,546
Amounts Available for Appropriation	803,000	1,238,927	2,179,277	940,350
Charges to Appropriations (Outflows)				
Health & Public Safety -Ambulance	23,927	23,927	-	23,927
Transfers out	779,073	1,215,000	900,000	315,000
Total Charges to Appropriations	803,000	1,238,927	900,000	338,927
Fund balances - ending	\$ -	\$ -	\$ 1,279,277	\$ 1,279,277

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Budgetary Comparison Schedules – Year Ended June 30, 2019, (Cont.)

Footnotes to Budgetary Comparison Schedules:

1. The City prepares its budgets for all funds on the modified accrual basis of accounting with the exception of certain expenditures and revenues related to on-behalf payments for police and fire pensions and capital leases. For budgetary purposes expenditures are recorded in the period the invoice is received. All unexpended encumbrances lapse at year-end and therefore are not recorded as expenditures for budgetary purposes.
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. The City exceeded the approved budget in these areas:

Public Safety	\$562,778
General Government	\$109,665
Transfers out	\$802,648

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

	<u>General Fund</u>
Total budgetary resources (inflows)	\$ 4,599,865
Add: On-behalf payments	190,478
Add: Proceeds from long-term debt	779,882
Total resources as recorded on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 5,570,225</u>

Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balances:

Total revenues	\$ 3,710,343
Proceeds from long-term debt	779,882
Transfers in	1,080,000
Total Resources	<u>\$ 5,570,225</u>

Total budgetary expenditures and transfers	\$ 5,516,765
Add: On-behalf payments	190,478
Add: Capital outlay recorded for REC building financed	-
Total expenditures as recorded on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 5,707,243</u>

Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balances:

Total expenditures	\$ 4,821,095
Transfers out	886,148
Total Expenditures	<u>\$ 5,707,243</u>

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Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.153497%	0.134337%	0.136979%	0.144398%	0.143005%
City's proportionate share of the net pension liability	\$1,727,829	\$ 1,689,579	\$ 1,673,479	\$ 1,532,645	\$1,470,589
City's covered-employee payroll	\$ 433,052	\$ 376,262	\$ 375,600	\$ 385,957	\$ 362,586
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	399%	449%	446%	397%	406%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	68.27%	68.12%

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

Notes to Schedule:

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorially required contribution	59,916	\$ 60,627	\$ 52,677	\$ 52,584	\$ 54,034
Contributions in relation to the statutorially required contribution	<u>59,916</u>	<u>60,627</u>	<u>52,677</u>	<u>52,584</u>	<u>54,034</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	427,973	\$ 433,052	\$ 376,262	\$ 375,600	\$ 385,957
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%

Notes to Schedule:

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

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Schedules of Required Supplementary Information

SCHEDULE OF THE CITY OF LINDSAY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.0919%	0.0830%	0.0893%	0.0787%	0.0882%
City's proportionate share of the net pension liability (asset)	\$ (43,754)	\$ 6,382	\$ 136,711	\$ 3,208	\$ (29,686)
City's covered-employee payroll	\$ 280,181	\$ 247,628	\$ 263,262	\$ 222,377	\$ 241,600
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	15.62%	2.58%	51.93%	1.44%	12.29%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.82%	101.53%

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

Notes to Schedule:

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

SCHEDULE OF CITY CONTRIBUTIONS

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorially required contribution	\$ 36,731	\$ 36,424	\$ 32,162	\$ 34,224	\$ 28,909
Contributions in relation to the statutorially required contribution	<u>36,731</u>	<u>36,424</u>	<u>32,162</u>	<u>34,224</u>	<u>28,909</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 282,246	\$ 280,181	\$ 247,628	\$ 263,262	\$ 222,377
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%

Notes to Schedule:

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

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Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Employer Contributions	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	136,407	\$ 101,907	\$ 90,076	\$ 117,172	\$ 106,544
Contributions in relation to the actuarially determined contribution	160,415	157,249	154,716	165,241	160,218
Contribution deficiency (excess)	<u>\$ (24,008)</u>	<u>\$ (55,342)</u>	<u>\$ (64,640)</u>	<u>\$ (48,069)</u>	<u>\$ (53,674)</u>
Covered employee payroll	1,729,119	\$ 2,105,526	\$ 1,550,364	\$ 1,647,985	\$ 1,601,333
Contributions as a percentage of covered-employee payroll	9.28%	7.47%	9.98%	10.03%	10.01%

Notes to Schedule:

1. Only the last five fiscal years are presented because 10-year data is not yet available
2. Actuarially determined contribution rate is calculated as of July 1, 2018 and is 4.84%.
3. Methods and assumptions used to determine contribution rates:
 - Actuarial cost method - Entry age normal
 - Amortization method - Level percent of payroll, closed
 - Remaining amortization period - 28 years
 - Asset valuation method - Actuarial:
 - Smoothing period - 4 years
 - Recognition method - Non-asymptotic
 - Corridor - 70% - 130%
 - Salary increases - 4.00% to 7.42% (varies by attained age)
 - Investment rate of return - 7.75%

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Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios					Fiscal Year
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability					
Service cost	161,164	176,742	189,500	172,099	\$ 149,157
Interest	279,474	279,848	272,680	260,188	253,634
Assumption changes	-	14,789	-	-	-
Differences between expected and actual experience	(105,690)	(106,196)	(112,059)	(23,395)	-
Benefit payments, including refunds of member contributions	<u>(312,677)</u>	<u>(189,039)</u>	<u>(323,715)</u>	<u>(174,493)</u>	<u>(163,848)</u>
Net change in total pension liability	22,271	176,144	26,406	234,399	238,943
Total pension liability - beginning	<u>3,879,836</u>	<u>3,703,692</u>	<u>3,677,286</u>	<u>3,442,887</u>	<u>3,203,944</u>
Total pension liability - ending (a)	<u><u>3,902,107</u></u>	<u><u>3,879,836</u></u>	<u><u>3,703,692</u></u>	<u><u>3,677,286</u></u>	<u><u>\$ 3,442,887</u></u>
Plan fiduciary net position					
Contributions - employer	136,407	154,657	165,204	160,195	\$ 147,521
Contributions - member	57,963	57,999	61,951	60,030	55,320
Net investment income	330,518	491,494	29,177	109,808	546,195
Benefit payments, including refunds of member contributions	<u>(312,677)</u>	<u>(189,039)</u>	<u>(323,715)</u>	<u>(174,493)</u>	<u>(163,848)</u>
Administrative expense	<u>(9,278)</u>	<u>(8,586)</u>	<u>(7,933)</u>	<u>(8,121)</u>	<u>(8,091)</u>
Net change in plan fiduciary net position	202,933	506,525	(75,316)	147,419	577,097
Plan fiduciary net position - beginning	<u>4,460,115</u>	<u>3,953,590</u>	<u>4,028,906</u>	<u>3,881,487</u>	<u>3,304,390</u>
Plan fiduciary net position - ending (b)	<u><u>4,663,048</u></u>	<u><u>4,460,115</u></u>	<u><u>3,953,590</u></u>	<u><u>4,028,906</u></u>	<u><u>\$ 3,881,487</u></u>
Net pension liability(asset) - ending (a) - (b)	<u><u>\$ (760,940)</u></u>	<u><u>\$ (580,279)</u></u>	<u><u>\$ (249,898)</u></u>	<u><u>\$ (351,620)</u></u>	<u><u>\$ (438,600)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	119.50%	114.96%	106.75%	109.56%	112.74%
Covered employee payroll	2,105,526	1,550,364	1,647,985	1,601,333	\$ 1,447,608
Net pension liability (asset) as a percentage of covered-employee payroll	36.14%	37.43%	15.16%	21.96%	30.30%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of 6/30.
Only five years are presented because 10-year data is not yet available.

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Schedule of Changes in Total OPEB Liability and Related Ratios

Last 10 Fiscal Years

	2018	2019
Total OPEB Liability		
Service cost	\$ 75,610	75,610
Interest	15,779	18,568
Change in assumptions	(10,347)	-
Benefit payments, including refunds of member contributions	(5,987)	(5,987)
Net change in total OPEB liability	<u>75,055</u>	<u>88,191</u>
Total OPEB liability - beginning	<u>335,104</u>	<u>410,159</u>
Total OPEB liability - ending	<u>\$ 410,159</u>	<u>498,350</u>
Covered employee payroll	\$ 2,069,939	2,523,678
Total OPEB liability as a percentage of covered employee payroll	19.82%	19.75%

Notes to Schedule:

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

The discount rate used for 2018 is 3.87% which represents a change in assumption from the 2017 rate of 3.58%

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SUPPLEMENTAL INFORMATION

CITY OF LINDSAY, OKLAHOMA
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As of and for the Year Ended June 30, 2019

Combining Balance Sheet – Non-Major Governmental Funds – June 30, 2019

	Special Revenue Funds					Capital Project Funds			Total Governmental Funds
	City Donation	Street & Alley	LPWA Donation	Library	Grant	Cemetery Care	Airport	Capital Improvement	
ASSETS									
Cash and cash equivalents	\$ 145,041	\$ 220,218	\$ 13,901	\$ 188	\$ 46,035	\$ 110,960	\$ 16,639	\$ 259	\$ 553,241
Receivable from other governments	-	2,249	-	-	-	-	-	-	2,249
Due from other funds	10,911	-	-	-	-	-	1,740	-	12,651
Other receivables	-	-	-	-	-	-	720	-	720
Total assets	<u>\$ 155,952</u>	<u>\$ 222,467</u>	<u>\$ 13,901</u>	<u>\$ 188</u>	<u>\$ 46,035</u>	<u>\$ 110,960</u>	<u>\$ 19,099</u>	<u>\$ 259</u>	<u>\$ 568,861</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116	\$ -	\$ 116
Due to other funds	-	-	179	-	8,555	-	-	-	8,734
Total liabilities	<u>-</u>	<u>-</u>	<u>179</u>	<u>-</u>	<u>8,555</u>	<u>-</u>	<u>116</u>	<u>-</u>	<u>8,850</u>
Fund balances:									
Restricted for:									
Street and Alley	-	219,180	-	-	-	-	-	-	219,180
City Donation	155,952	-	-	-	-	-	-	-	155,952
Library	-	-	-	-	-	-	-	-	-
Public Works	-	-	321	-	-	-	-	-	321
Fire	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	37,030	-	-	-	37,030
Airport	-	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	54,158	-	-	54,158
Emergency Medical Services	-	-	-	-	-	-	-	-	-
Assigned to:									
Capital Improvements	-	-	-	-	-	-	-	259	259
Street and Alley	-	3,287	-	-	-	-	-	-	3,287
Public Works	-	-	13,401	-	-	-	-	-	13,401
Library	-	-	-	188	-	-	-	-	188
Airport	-	-	-	-	-	-	18,983	-	18,983
Grants	-	-	-	-	450	-	-	-	450
Cemetery	-	-	-	-	-	56,802	-	-	56,802
Total fund balances	<u>155,952</u>	<u>222,467</u>	<u>13,722</u>	<u>188</u>	<u>37,480</u>	<u>110,960</u>	<u>18,983</u>	<u>259</u>	<u>560,011</u>
Total liabilities and fund balances	<u>\$ 155,952</u>	<u>\$ 222,467</u>	<u>\$ 13,901</u>	<u>\$ 188</u>	<u>\$ 46,035</u>	<u>\$ 110,960</u>	<u>\$ 19,099</u>	<u>\$ 259</u>	<u>\$ 568,861</u>

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

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds – Year Ended June 30, 2019

	Special Revenue Funds					Capital Project Funds			Total-Other Governmental Funds
	City Donation	Street & Alley	LPWA Donation	Library	Grant	Cemetery Care	Airport	Capital Improvement	
REVENUES									
Intergovernmental	\$ -	\$ 25,106	\$ -	\$ 3,099	\$ -	\$ -	\$ -	\$ -	\$ 28,205
Charges for services	-	-	-	-	-	9,963	3,900	-	13,863
Investment income	446	616	40	9	146	314	47	1	1,619
Miscellaneous	31,195	-	321	-	-	-	2,000	-	33,516
Total revenues	<u>31,641</u>	<u>25,722</u>	<u>361</u>	<u>3,108</u>	<u>146</u>	<u>10,277</u>	<u>5,947</u>	<u>1</u>	<u>77,203</u>
EXPENDITURES									
Current:									
General government	1,068	-	-	-	69	-	-	-	1,137
Public Safety	15,876	-	-	-	-	-	-	-	15,876
Culture and recreation	7,161	-	-	3,694	4,313	-	-	-	15,168
Airport	-	-	-	-	-	-	1,135	-	1,135
Capital Outlay	3,995	-	-	-	-	-	-	-	3,995
Total Expenditures	<u>28,100</u>	<u>-</u>	<u>-</u>	<u>3,694</u>	<u>4,382</u>	<u>-</u>	<u>1,135</u>	<u>-</u>	<u>37,311</u>
Excess (deficiency) of revenues over expenditures	<u>3,541</u>	<u>25,722</u>	<u>361</u>	<u>(586)</u>	<u>(4,236)</u>	<u>10,277</u>	<u>4,812</u>	<u>1</u>	<u>39,892</u>
Net change in fund balances	3,541	25,722	361	(586)	(4,236)	10,277	4,812	1	39,892
Fund balances - beginning	152,411	196,745	13,361	774	41,716	100,683	14,171	258	520,119
Fund balances - ending	<u>\$ 155,952</u>	<u>\$ 222,467</u>	<u>\$ 13,722</u>	<u>\$ 188</u>	<u>\$ 37,480</u>	<u>\$ 110,960</u>	<u>\$ 18,983</u>	<u>\$ 259</u>	<u>\$ 560,011</u>

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Schedule of Expenditures of Federal and State Awards – Year Ended June 30, 2019

Federal Grantor/Pass Through Agency Grantor/Program Title	Federal CFDA Number	Grant #	Award Amount	Awards Expended
FEDERAL AWARDS:				
<u>DEPARTMENT OF TRANSPORTATION</u>				
Federal Highway Administration:	15.916	RT18 - 109	\$ 19,950	\$ 19,950
Total U.S. DEPARTMENT OF TRANSPORTATION			<u>19,950</u>	<u>19,950</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Passed through the Oklahoma Dept of Commerce:	14.228	17257 CDBG 18	<u>44,502</u>	<u>44,502</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u>				
Community Oriented Policing Services (COP Grant)	16.710	2017 UMWX0086	<u>41,655</u>	<u>41,655</u>
Total FEMA			<u>41,655</u>	<u>41,655</u>
Total Federal Awards			<u>\$ 106,107</u>	<u>\$ 106,107</u>

Footnote to Schedule of Expenditures of Federal Awards:

1. Significant Accounting Policies - The accompanying schedule of expenditures of federal awards is prepared on the basis of accounting consistent with the definition of federal awards expended in Uniform Guidance.

State Grantor/Pass Through Agency Grantor/Program Title	Grant #	Award Amount	Awards Expended
STATE AWARDS:			
<u>OKLAHOMA DEPARTMENT OF AGRICULTURE:</u>			
Rural Fire Grant	N/A	<u>\$ 4,000</u>	<u>\$ 4,000</u>
<u>OKLAHOMA DEPARTMENT OF LIBRARIES:</u>			
State Aid 2019	N/A	<u>3,099</u>	<u>3,099</u>
<u>SOUTHERN OKLAHOMA DEVELOPMENT ASSOCIATION:</u>			
REAP Grant	REAP 18-027	50,000	50,000
REAP Grant	REAP 19-041	<u>50,000</u>	<u>50,000</u>
		<u>100,000</u>	<u>100,000</u>
Total State Awards		<u>\$ 107,099</u>	<u>\$ 107,099</u>

CITY OF LINDSAY, OKLAHOMA
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Schedule of Debt Service Coverage Requirement – Year Ended June 30, 2019

DEBT SERVICE COVERAGE:

	DWSRF 2000 & 2012 Promissory Note
GROSS REVENUE AVAILABLE:	
Charges for services (electric, water, sewer, and miscellaneous)	\$ 4,040,028
Investment income	5,449
Sales tax appropriated and transferred from the City General Fund	680,084
	<hr/>
Total Gross Revenue Available	4,725,561
	<hr/>
OPERATING EXPENSES:	
Total Operating Expenses	3,799,258
	<hr/>
Net Revenue Available for Debt Service	\$ 926,303
	<hr/>
Debt Service on all Obligations Payable:	
Average annual debt service - OWRB DWSRF 2000	161,960
Average annual debt service - 2012 Note	70,795
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	\$ 232,755
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Computed Coverage	398%
	<hr/>
Coverage Requirement	125%
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CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

INTERNAL CONTROL COMPLIANCE INFORMATION

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

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

To the Honorable Mayor and City Council
City of Lindsay, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lindsay, Oklahoma (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 2, 2020. Our report includes a reference to other auditors who audited the Lindsay Municipal Hospital Authority a discretely presented component unit, as described in our report on the City's financial statements.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Arledge & Associates, P.C.

April 2, 2020