



CITY OF
LINDSAY, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

**THE CITY OF LINDSAY
OKLAHOMA**

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

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CITY OF LINDSAY, OKLAHOMA
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INDEPENDENT AUDITOR'S REPORT

To the 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, each major fund, and the aggregate remaining fund information of the City of Lindsay, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Lindsay, Oklahoma'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 has been furnished to us, and our opinion, insofar as it relates to the amounts included for Lindsay Municipal Hospital Authority. 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lindsay, Oklahoma, as of June 30, 2020, 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 (pages 7-14), budgetary comparison information (pages 61-62), and pension plan information (pages 63-67) 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 of Lindsay Oklahoma's basic financial statements. The combining and individual nonmajor fund financial statements, federal/state awards information, and schedule of debt service coverage requirements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, federal/state awards information, and 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 and individual nonmajor fund financial statements, federal/state awards information, and schedule of debt service coverage requirements 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 June 9, 2021, on our consideration of the City of Lindsay, Oklahoma'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 City of Lindsay, Oklahoma's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma
June 9, 2021

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
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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, 2020. 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 \$444,429 and the assets and deferred outflows of the City exceed its liabilities and deferred inflows at June 30, 2020, by \$16,750,199 (net position). Of this amount, \$1,202,631 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2020, the City's governmental funds reported combined ending fund balances of \$2,792,209.
- At the end of fiscal year 2020, unassigned fund balance for the General Fund was in a deficit position, in the amount of (\$21,485).

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, 2020, net position for the governmental and business-type activities increased \$444,429.

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>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>	
Current and other assets	\$ 2,585	\$ 3,091	-16%	\$ 2,938	\$ 3,490	-16%	\$ 5,523	\$ 6,581	-16%
Capital assets, net	6,699	6,647	1%	8,634	7,698	12%	15,333	14,345	7%
Total assets	<u>9,284</u>	<u>9,738</u>	-5%	<u>11,572</u>	<u>11,188</u>	3%	<u>20,856</u>	<u>20,926</u>	0%
Deferred outflows of resources	671	786	-15%	102	86	18%	773	872	-11%
Current liabilities	377	359	5%	919	817	12%	1,296	1,176	10%
Non-current liabilities	2,803	3,485	-20%	385	781	-51%	3,188	4,266	-25%
Total liabilities	<u>3,180</u>	<u>3,844</u>	-17%	<u>1,304</u>	<u>1,598</u>	-18%	<u>4,484</u>	<u>5,442</u>	-18%
Deferred inflows of resources	670	372	80%	161	115	40%	831	487	71%
Net position									
Net investment in capital assets	5,365	5,143	4%	8,234	7,011	17%	13,599	12,154	12%
Restricted	1,758	1,706	3%	191	28	582%	1,949	1,734	12%
Unrestricted (deficit)	(1,018)	(541)	88%	1,784	2,522	-29%	766	1,981	-61%
Total net position	<u>\$ 6,105</u>	<u>\$ 6,308</u>	-3%	<u>\$10,209</u>	<u>\$ 9,561</u>	7%	<u>\$ 16,314</u>	<u>\$ 15,869</u>	3%

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 16% decrease in governmental activities current and other assets from the prior year is primarily due to the decrease in capital assets purchased and the net pension asset of the state's police pension system. Non-current liabilities decreased 20% due to the reduction in the non-current portion of long-term debt and the decrease in the OPEB liability in FY20. Deferred inflows of resources increased 80% in governmental activities due to changes in the pension actuary and the deferral of amortized cost. The 88% increase in the unrestricted net position deficit is due to an increase in expenditures and transfers out and a slight decrease in revenues during FY20.

The 43% increase in business-type activities deferred inflows of resources is due to changes in the pension actuary and the deferral of amortized cost. The 51% decrease in non-current liabilities is due to

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reduction in the current portion of long-term debt. The 570% increase in restricted net position is related to the approval of an infrastructure fee charge on utility bills during FY20 to be used by the city for infrastructure improvements.

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

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>	
Revenues									
Charges for service	\$ 558	\$ 496	13%	\$ 4,891	\$ 4,873	0%	\$ 5,449	\$ 5,369	1%
Operating grants and contributions	421	347	21%	-	-	0%	421	347	21%
Capital grants and contributions	29	-	100%	42	100	-58%	71	100	-29%
Taxes	3,402	3,590	-5%	-	-	0%	3,402	3,590	-5%
Investment income	7	7	0%	6	5	20%	13	12	8%
Miscellaneous	155	140	11%	-	-	0%	155	140	11%
Total revenues	<u>4,572</u>	<u>4,580</u>	0%	<u>4,939</u>	<u>4,978</u>	-1%	<u>9,511</u>	<u>9,558</u>	0%
Expenses									
General government	258	228	13%	-	-	-	258	228	13%
Public safety	3,237	2,843	14%	-	-	-	3,237	2,843	14%
Streets	49	56	-13%	-	-	-	49	56	-13%
Culture, parks and recreation	279	326	-14%	-	-	-	279	326	-14%
Cemetery	107	78	37%	-	-	-	107	78	37%
Airport	116	114	2%	-	-	-	116	114	2%
Electric	-	-	-	2,962	2,851	4%	2,962	2,851	4%
Water	-	-	-	917	894	3%	917	894	3%
Sewer	-	-	-	365	388	-6%	365	388	-6%
Sanitation	-	-	-	478	474	1%	478	474	1%
Golf	-	-	-	223	216	3%	223	216	3%
Pool	-	-	-	75	52	44%	75	52	44%
Total expenses	<u>4,046</u>	<u>3,645</u>	11%	<u>5,020</u>	<u>4,875</u>	3%	<u>9,066</u>	<u>8,520</u>	6%
Excess (deficiency) before transfers	526	935	-44%	(81)	103	-179%	445	1,038	-57%
Transfers	(729)	(680)	7%	729	680	7%	-	-	-
Change in net position	(203)	255	-180%	648	783	-17%	445	1,038	-57%
Beginning net position	6,308	6,053	4%	9,561	8,778	9%	15,869	14,831	7%
Ending net position	<u>\$ 6,105</u>	<u>\$ 6,308</u>	-1%	<u>\$ 10,209</u>	<u>\$ 9,561</u>	7%	<u>\$ 16,314</u>	<u>\$ 15,869</u>	3%

Governmental Activities

The City's governmental activities had a decrease in net position of \$203,203. Explanations for the more significant changes are as follows:

- 5% decrease in tax revenue due mainly to the effects of the COVID pandemic.
- 14% increase in public safety expenses due to increase in personnel benefit, overtime expenses and capital asset purchases.
- 37% increase in cemetery expenditures due to increase in salaries and benefit expenses.
- 13% increase in General Government expenses related to increase in Fleet, Property and Liability Insurance.

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Business-Type Activities

The business-type activities had an increase in net position of \$647,632. Explanations for the more significant changes are as follows:

- Business-type sewer department expenses decreased 6% due to less equipment repairs and capital outlay purchases.
- Electric, Water, Sanitation and Golf department expenses increased at 4% or less while revenues decreased 1%.

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>	
General Government	\$ 258	\$ 228	13%	\$ (102)	\$ (196)	-48%
Public Safety	3,237	2,843	14%	(2,489)	(2,107)	18%
Highways and Streets	49	56	-13%	(25)	(31)	-19%
Culture and Recreation	279	326	-14%	(276)	(322)	-14%
Cemetery	107	78	37%	(66)	(39)	69%
Airport	116	114	2%	(81)	(108)	-25%
Total	<u>\$ 4,046</u>	<u>\$ 3,645</u>	11%	<u>\$ (3,039)</u>	<u>\$ (2,803)</u>	8%

The 69% increase in cemetery net services is due to increase in salary and benefit costs in the current year and a slight decrease in revenue collections. The 92% increase in Highways & streets net services is due to a decrease in 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>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>	
Electric	\$ 2,962	\$ 2,851	4%	304	\$ 488	-38%
Water	917	894	3%	(335)	(350)	-4%
Sewer	365	388	-6%	72	81	-11%
Sanitation	478	474	1%	98	73	34%
Golf	223	215	4%	(191)	(169)	13%
Pool	75	52	44%	(35)	(25)	40%
Total	<u>\$ 5,020</u>	<u>\$ 4,874</u>	3%	<u>\$ (87)</u>	<u>\$ 98</u>	-189%

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The 38% decrease in electric net revenue is primarily due to an increase in personnel expenses and electricity purchases. The 40% increase in pool net expenses is due to increased personnel expense and general operating expenses.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2020 fiscal year, the governmental funds reported a combined fund balance of \$2,792,209. For the year ended June 30, 2020, the General Fund's total fund balance decreased by \$581,550. The EMS Fund reported an increase in fund balance of \$40,305 and the proprietary funds reported a combined net position balance of \$10,209,115. During FY20, the LPWA's total net position increased by \$647,632.

Budgetary Highlights

For the year ended June 30, 2020, the General Fund reported actual budgetary basis revenues over final estimates by \$24,558 or a 0.58% positive variance. General Fund actual expenditures were over final appropriations by \$170,193 a 3.7% negative variance.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2020, the City had approximately \$15.3 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, 2020.

Capital Assets (In Thousands) (Net of accumulated depreciation)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 400	400	\$ 836	\$ 556	\$ 1,236	\$ 956
Buildings	1,266	1,293	335	249	1,601	1,542
Land Improvements	2	3	-	-	2	3
Machinery, furniture and equipment	1,668	1,633	666	557	2,334	2,190
Infrastructure	3,002	3,208	4,642	4,703	7,644	7,911
Construction in progress	362	110	2,154	1,633	2,516	1,743
Totals	<u>\$ 6,700</u>	<u>\$ 6,647</u>	<u>\$ 8,633</u>	<u>\$ 7,698</u>	<u>\$ 15,333</u>	<u>\$ 14,345</u>

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

- Power Load Cot System and Life-pack Cardiac Monitors for the Ambulance department
- South Lift Station Rehabilitation
- Purchase of Dutton Property for new electrical substation

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Debt Administration

At year-end, the City had \$2.1 million in long-term debt outstanding, a decrease from the prior year, due primarily to payments on long term debt. Accrued compensated absences liability increased 13.3% due to an increase in leave balances.

Long-Term Debt (In Thousands)							
	Governmental		Business-Type		Total		Total
	<u>Activities</u>		<u>Activities</u>		<u>Total</u>		<u>Percentage</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2019-2020</u>
Capital Lease payable	\$ 1,334	\$ 1,504	\$ -	\$ -	\$ 1,334	\$ 1,504	-11.3%
Notes payable - private placement	-	-	399	687	399	687	-41.9%
Meter deposit liability	-	-	232	221	232	221	5.0%
Accrued compensated absences	100	94	62	49	162	143	13.3%
Totals	<u>\$ 1,434</u>	<u>\$ 1,598</u>	<u>\$ 693</u>	<u>\$ 957</u>	<u>\$ 2,127</u>	<u>\$ 2,555</u>	-16.8%

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

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

As expected, Lindsay had a decrease in sales tax revenue this year due to the coronavirus and decreased activity throughout the oil and gas industry. Lindsay will continue its economic downturn and expects a decrease in oil and gas activity in the immediate Lindsay area. This continued decline in activity will also continue to decrease related sales and use tax in Lindsay through 2020-2021.

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, 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 streets and utility maintenance program throughout the City. The City will continue work on the drainage system, flood control and DEQ required improvements to the Wastewater Treatment Facility. The City received an ODOC grant to replace \$600,000 in water lines in FY21.

The City continues to maintain adequate reserves in both the City and LPWA with the excellent money management by all of the staff.

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, 2020

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, 2020

Statement of Net Position – June 30, 2020

	Component Units					
	Governmental	Business-type		Lindsay	Lindsay	
	Activities	Activities	Total	Municipal	Industrial	
				Hospital	Development	
				Authority	Authority	
ASSETS						
Cash and cash equivalents	\$ 2,033,945	\$ 707,892	\$ 2,741,837	\$ 8,614,201	\$ 161,193	
Short-term investments	-	-	-	1,586,621	-	
Long-term investments	-	-	-	255,683	-	
Accounts receivable, net of allowance	189,196	957,480	1,146,676	1,362,241	-	
Other receivable	-	-	-	95,000	-	
Internal balances	(438,686)	438,686	-	-	-	
Due from other governmental agencies	520,026	42,000	562,026	-	-	
Inventories	-	170,088	170,088	-	-	
Prepaid expenses	-	-	-	469,472	-	
Restricted cash and cash equivalents	-	266,043	266,043	-	-	
Restricted investments	-	94,000	94,000	-	-	
Net pension asset	280,579	262,169	542,748	-	-	
Capital assets:						
Land and construction in progress	761,777	2,990,220	3,751,997	148,222	443	
Other capital assets, net of depreciation	5,937,440	5,643,369	11,580,809	1,662,633	-	
Total assets	9,284,277	11,571,947	20,856,224	14,194,073	161,636	
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amounts related to pensions	670,725	101,543	772,268	-	-	
LIABILITIES						
Accounts payable and accrued expenses	191,154	564,056	755,210	4,706,771	-	
Due to other governments	24	7,735	7,759	-	-	
Estimated amounts due to third-party payers	-	-	-	-	-	
Due to bondholders	1,891	-	1,891	-	-	
Unearned revenue	-	-	-	-	-	
Accrued interest payable	2,199	2,010	4,209	-	-	
Long-term liabilities:						
Due within one year	181,538	344,924	526,462	754,629	-	
Due in more than one year	1,252,788	348,280	1,601,068	861,948	-	
Total OPEB liability	74,756	36,583	111,339	-	-	
Net pension liability	1,475,546	-	1,475,546	-	-	
Total liabilities	3,179,896	1,303,588	4,483,484	6,323,348	-	
DEFERRED INFLOWS OF RESOURCES						
Deferred amounts related to OPEB	292,847	143,308	436,155	-	-	
Deferred amounts related to pensions	377,330	17,479	394,809	-	-	
	670,177	160,787	830,964	-	-	
NET POSITION						
Net investment in capital assets	5,364,774	8,234,137	13,598,911	1,629,868	443	
Restricted for:						
City donation	142,675	-	142,675	-	-	
Debt service	-	32,397	32,397	-	-	
Economic development	-	-	-	-	-	
Emergency medical services	1,275,253	-	1,275,253	-	-	
Capital	-	158,504	158,504	-	-	
Other	339,828	-	339,828	-	-	
Unrestricted (deficit)	(1,017,601)	1,784,077	766,476	6,240,857	161,193	
Total net position	\$ 6,104,929	\$ 10,209,115	\$ 16,314,044	\$ 7,870,725	\$ 161,636	

See accompanying notes to these financial statements.

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Statement of Activities – Year Ended June 30, 2020

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	\$ 258,285	\$ 13,537	\$ 143,230	\$ -	\$ (101,518)	\$ -	\$ (101,518)	\$ -	\$ -
Public Safety	3,237,061	497,537	250,515	-	(2,489,009)	-	(2,489,009)	-	-
Highways and Streets	49,078	-	24,369	-	(24,709)	-	(24,709)	-	-
Culture and Recreation	279,084	-	2,826	-	(276,258)	-	(276,258)	-	-
Cemetery	106,824	40,500	-	-	(66,324)	-	(66,324)	-	-
Airport	116,158	6,851	-	28,530	(80,777)	-	(80,777)	-	-
Total governmental activities	4,046,490	558,425	420,940	28,530	(3,038,595)	-	(3,038,595)	-	-
Business-type Activities:									
Electric	2,961,957	3,266,337	-	-	-	304,380	304,380	-	-
Water	917,338	582,122	-	-	-	(335,216)	(335,216)	-	-
Sewer	365,409	395,264	-	42,000	-	71,855	71,855	-	-
Sanitation	477,659	575,901	-	-	-	98,242	98,242	-	-
Golf Course	222,540	31,124	-	-	-	(191,416)	(191,416)	-	-
Pool	74,537	39,946	-	-	-	(34,591)	(34,591)	-	-
Total business-type activities	5,019,440	4,890,694	-	42,000	-	(86,746)	(86,746)	-	-
Total primary government	\$ 9,065,930	\$ 5,449,119	\$ 420,940	\$ 70,530	(3,038,595)	(86,746)	(3,125,341)	-	-
Component unit:									
Lindsay Municipal Hospital Authority	\$ 14,778,831	\$ 14,806,393	\$ 95,138	\$ -				122,700	-
Lindsay Industrial Authority	3,973	-	-	-				-	(3,973)
Total component unit	\$ 14,782,804	\$ 14,806,393	\$ 95,138	\$ -				122,700	(3,973)
Taxes:									
Sales and use taxes					3,290,474	-	3,290,474	-	-
Franchise taxes and public service taxes					110,998	-	110,998	-	-
Unrestricted investment earnings					7,024	5,816	12,840	26,284	146
Miscellaneous					155,458	-	155,458	-	-
Gain on disposal of capital assets					-	-	-	-	-
Miscellaneous rents and royalties					-	-	-	-	-
Transfers					(728,562)	728,562	-	-	-
Total general revenues and transfers					2,835,392	734,378	3,569,770	26,284	146
Change in net position					(203,203)	647,632	444,429	148,984	(3,827)
Net position - beginning					6,308,132	9,561,483	15,869,615	7,721,741	167,813
Net position - ending					\$ 6,104,929	\$ 10,209,115	\$ 16,314,044	\$ 7,870,725	\$ 161,636

See accompanying notes to these financial statements.

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Governmental Funds Balance Sheet – June 30, 2020

	General Fund	EMS Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 228,225	\$ 1,241,896	\$ 563,824	\$ 2,033,945
Receivable from other governments	436,646	77,686	5,694	520,026
Due from other funds	26,150	-	22,892	49,042
Court fines receivable, net	92,289	-	-	92,289
Ambulance receivable, net	89,386	-	-	89,386
Other receivables	7,521	-	-	7,521
Total assets	<u>\$ 880,217</u>	<u>\$ 1,319,582</u>	<u>\$ 592,410</u>	<u>\$ 2,792,209</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 73,098	\$ -	\$ -	\$ 73,098
Accrued payroll payable	118,056	-	-	118,056
Due to other funds	478,032	-	9,696	487,728
Due to other governments	24	-	-	24
Due to bondholders	1,891	-	-	1,891
Other payables	-	-	-	-
Total liabilities	<u>671,101</u>	<u>-</u>	<u>9,696</u>	<u>680,797</u>
Deferred Inflows:				
Deferred revenue	<u>230,601</u>	<u>-</u>	<u>3,600</u>	<u>234,201</u>
Fund balances:				
Restricted for:				
Street and Alley	-	-	243,549	243,549
City Donation	-	-	142,675	142,675
Library	-	-	28	28
Grants	-	-	37,030	37,030
Cemetery	-	-	59,221	59,221
Emergency Medical Services	-	1,275,253	-	1,275,253
Assigned to:				
Capital Improvements	-	-	261	261
Street and Alley	-	-	3,993	3,993
Public Works	-	-	13,443	13,443
Library	-	-	192	192
Airport	-	-	15,905	15,905
Grants	-	-	602	602
Cemetery	-	-	62,215	62,215
Emergency Medical Services	-	44,329	-	44,329
Unassigned (deficit)	<u>(21,485)</u>	<u>-</u>	<u>-</u>	<u>(21,485)</u>
Total fund balances	<u>(21,485)</u>	<u>1,319,582</u>	<u>579,114</u>	<u>1,877,211</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 880,217</u>	<u>\$ 1,319,582</u>	<u>\$ 592,410</u>	<u>\$ 2,792,209</u>

See accompanying notes to these financial statements.

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance – Year Ended June 30, 2020

City of Lindsay
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	<u>General Fund</u>	<u>EMS Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 2,600,000	\$ 736,223	\$ -	\$ 3,336,223
Intergovernmental	321,004	-	52,075	373,079
Charges for services	432,811	-	16,016	448,827
Fines and forfeitures	69,732	-	-	69,732
Licenses and permits	11,215	-	-	11,215
Investment income	1,212	4,082	1,730	7,024
Miscellaneous	149,797	-	26,535	176,332
Total revenues	<u>3,585,771</u>	<u>740,305</u>	<u>96,356</u>	<u>4,422,432</u>
EXPENDITURES				
Current:				
General government	201,999	-	1,995	203,994
Public Safety	1,834,361	-	7,514	1,841,875
Highway and streets	20,892	-	-	20,892
Culture and recreation	168,667	-	3,069	171,736
Airport	-	-	3,210	3,210
Cemetery	99,673	-	-	99,673
Public Health and Welfare	1,081,330	-	-	1,081,330
Capital Outlay	545,511	-	61,465	606,976
Debt Service:				
Principal	169,860	-	-	169,860
Interest and other charges	20,355	-	-	20,355
Total Expenditures	<u>4,142,648</u>	<u>-</u>	<u>77,253</u>	<u>4,219,901</u>
Excess (deficiency) of revenues over expenditures	<u>(556,877)</u>	<u>740,305</u>	<u>19,103</u>	<u>202,531</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	800,000	-	-	800,000
Transfers out	(824,673)	(700,000)	-	(1,524,673)
Total other financing sources and uses	<u>(24,673)</u>	<u>(700,000)</u>	<u>-</u>	<u>(724,673)</u>
Net change in fund balances	(581,550)	40,305	19,103	(522,142)
Fund balances - beginning	<u>560,065</u>	<u>1,279,277</u>	<u>560,011</u>	<u>2,399,353</u>
Fund balances - ending	<u>\$ (21,485)</u>	<u>\$ 1,319,582</u>	<u>\$ 579,114</u>	<u>\$ 1,877,211</u>

See accompanying notes to these financial statements.

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Total fund balance, governmental funds	\$	1,877,211
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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.		6,699,217
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Certain long-term assets are not available to pay current fund liabilities and, therefore are deferred in the funds:

Grants receivable		156,457
Court fines receivable		77,744

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		280,579
Pension related deferred outflows		670,725

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		(99,883)
Notes payable		(1,334,443)
Interest payable		(2,199)
Pension related deferred inflows		(377,330)
OPEB related deferred inflows		(292,847)
Net pension liability		(1,475,546)
Total OPEB liability		(74,756)

Net Position of Governmental Activities in the Statement of Net Position	<u>\$</u>	<u>6,104,929</u>
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CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds: (522,142)

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	598,538
Depreciation expense	(546,365)

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.

(22,006)

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	154,571
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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:

Capital lease obligation principal payments	169,863
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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	247
Change in accrued compensated absences	(5,898)
Change in total OPEB Liability	(30,011)

Change in net position of governmental activities	<u>\$ (203,203)</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, 2020

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Proprietary Funds Statement of Net Position – June 30, 2020

	<u>Lindsay Public Works Authority</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 707,892
Restricted:	
Cash and cash equivalents	80,734
Due from other funds	450,667
Accounts receivable, net	952,066
Due from other governments	42,000
Other receivables	5,414
Inventories	170,088
Total current assets	<u>2,408,861</u>
Non-current assets:	
Restricted:	
Cash and cash equivalents	185,309
Investments	94,000
Net pension asset	262,169
Capital Assets:	
Land and construction in progress	2,990,220
Other capital assets, net of accumulated depreciation	5,643,369
Total non-current assets	<u>9,175,067</u>
Total assets	<u>11,583,928</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>101,543</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	497,316
Salaries payable	66,740
Accrued interest payable	2,010
Due to other governments	7,735
Due to other funds	11,981
Compensated absences	6,212
Due to depositors	46,327
Notes payable	292,385
Total current liabilities	<u>930,706</u>
Non-current liabilities:	
Compensated absences	55,906
Due to depositors	185,308
Notes payable	107,066
Total OPEB liability	36,583
Total non-current liabilities	<u>384,863</u>
Total liabilities	<u>1,315,569</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to OPEB	143,308
Deferred amounts related to pensions	<u>17,479</u>
NET POSITION	
Net investment in capital assets	8,234,137
Restricted for debt service	32,397
Restricted for Capital	158,504
Unrestricted	1,784,077
Total net position	<u>\$ 10,209,115</u>

See accompanying notes to these financial statements.

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position – Year Ended June 30, 2020

	<u>Lindsay Public Works Authority</u>
OPERATING REVENUES	
Electric	\$ 3,030,568
Water	535,259
Sewer	366,733
Sanitation	534,332
Golf course	31,124
Pool	39,946
Miscellaneous	347,511
Total operating revenues	<u>4,885,473</u>
OPERATING EXPENSES	
Billing	172,602
Electric	2,361,485
Water	610,674
Sewer	173,307
Sanitation	383,735
Administration/Legal	319,863
Golf Course	204,509
Pool	74,537
General government	279,158
Depreciation expense	429,220
Total operating expenses	<u>5,009,090</u>
Operating income (loss)	<u>(123,617)</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	5,816
Gain on sale of capital assets	5,221
Grant revenue	42,000
Interest expense and fiscal agent fees	<u>(10,350)</u>
Total non-operating revenue	<u>42,687</u>
Income (loss) before transfers	<u>(80,930)</u>
Transfers in	<u>728,562</u>
Change in net position	647,632
Total net position - beginning	9,561,483
Total net position - ending	<u><u>\$ 10,209,115</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, 2020

Proprietary Funds Statement of Cash Flows – Year Ended June 30, 2020

	Lindsay Public Works Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 5,036,089
Payments to suppliers	(3,176,180)
Payments to employees	(1,288,774)
Interfund receipts	(79,252)
Receipts of customer meter deposits	55,520
Refunds of customer meter deposits	(45,013)
Net cash provided by operating activities	502,390
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	728,562
Net cash provided by noncapital financing activities	728,562
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(1,394,423)
Proceeds from sale of capital assets	35,260
Principal paid on debt	(287,750)
Interest and fiscal agent fees paid on debt	(11,868)
Net cash provided by (used in) capital and related financing activities	(1,658,781)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	5,816
Net cash provided by investing activities	5,816
Net increase (decrease) in cash and cash equivalents	(422,013)
Balances - beginning of year	1,395,948
Balances - end of year	\$ 973,935
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 707,892
Restricted cash and cash equivalents - current	80,734
Restricted cash and cash equivalents - noncurrent	185,309
Total cash and cash equivalents, end of year	\$ 973,935
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (123,617)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation expense	429,220
Grant revenue	42,000
Change in assets and liabilities:	
Due from other funds	(89,492)
Due from other governments	8,000
Due to other funds	10,241
Due to other governments	598
Accounts receivable	99,672
Other receivables	944
Inventory	(8,612)
Net pension asset	108,836
Total OPEB liability	(124,175)
Deferred outflows related to pensions	(15,316)
Accounts payable	91,463
Accrued payroll payable	3,512
Deposits subject to refund	10,506
Accrued compensated absences	12,832
Deferred inflows related to pensions	45,778
Net cash provided by operating activities	\$ 502,390

See accompanying notes to these financial statements.

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

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
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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, 2020, the City recognized \$12,840 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, 2020, 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				3,007,380
Time deposits	May 2020			94,000
Total deposits and investments				<u>\$ 3,101,880</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents				\$ 2,741,837
Restricted cash and cash equivalents				266,043
Restricted Investments				94,000
				<u>\$ 3,101,880</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, 2020, the City and the LPWA were not exposed to custodial credit risk as defined above.

As of June 30, 2020, the deposits and investments for the Lindsay Municipal Hospital Authority were \$10,666,587. Of this amount, \$9,917,000 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, 2020, the City's investments consisted of \$34,407 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, 2020.

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, 2020 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	\$ 46,327	\$ 185,309	\$ 94,000	\$325,636
2012 Note Trustee Accounts	34,407	-	-	34,407
Total	<u>\$ 80,734</u>	<u>\$ 185,309</u>	<u>\$ 94,000</u>	<u>\$360,043</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	\$ 274,748	\$ 185,362	\$ 89,386
Court fines	461,445	369,156	92,289
Other receivables	19,671	12,150	7,521
Total Governmental Activities	<u>\$ 755,864</u>	<u>\$ 566,668</u>	<u>\$ 189,196</u>
Business-Type Activities:			
Utilities	\$ 1,764,594	\$ 812,528	\$ 952,066
Other receivables	5,414	-	5,414
Total Business-Type Activities	<u>\$ 1,770,008</u>	<u>\$ 812,528</u>	<u>\$ 957,480</u>
Lindsay Municipal Hospital Authority:			
Patient receivable	\$ 1,792,241	\$ 430,000	\$ 1,362,241
Total Lindsay Municipal Hospital Authority	<u>\$ 1,792,241</u>	<u>\$ 430,000</u>	<u>\$ 1,362,241</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, 2020, capital assets balances changed as follows:

Primary Government:

	Balance at July 1, 2019	Additions	Disposals	Balance at June 30, 2020
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 399,892	\$ -	\$ -	\$ 399,892
Construction in progress	109,995	251,890	-	361,885
Total capital assets not being depreciated	509,887	251,890	-	761,777
Other capital assets:				
Buildings	2,375,069	59,531	-	2,434,600
Land Improvements	27,500	-	-	27,500
Computers & Electronics	119,280	-	-	119,280
Furniture & Fixtures	31,604	-	-	31,604
Vehicles	2,896,302	39,393	-	2,935,695
Infrastructure	6,493,497	-	-	6,493,497
Machinery & Equipment	1,377,640	247,724	-	1,625,364
Total other capital assets at historical cost	13,320,892	346,648	-	13,667,540
Less accumulated depreciation for:				
Buildings	1,081,775	87,074	-	1,168,849
Land Improvements	24,137	1,833	-	25,970
Computers & Electronics	117,979	312	-	118,291
Furniture & Fixtures	29,579	171	-	29,750
Vehicles	1,682,313	140,840	-	1,823,153
Infrastructure	3,286,195	205,019	-	3,491,214
Machinery & Equipment	961,757	111,116	-	1,072,873
Total accumulated depreciation	7,183,735	546,365	-	7,730,100
Other capital assets, net	6,137,157	(199,717)	-	5,937,440
Governmental activities capital assets, net	\$ 6,647,044	\$ 52,173	\$ -	\$ 6,699,217
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 556,486	280,000	-	\$ 836,486
Construction in progress	1,632,615	691,414	170,296	2,153,733
Total capital assets not being depreciated	2,189,101	971,414	170,296	2,990,219
Other capital assets:				
Buildings	816,141	96,417	-	912,558
Computers & Electronics	113,512	2,060	-	115,572
Furniture & Fixtures	8,840	-	-	8,840
Vehicles	536,773	79,198	-	615,971
Machinery & equipment	1,547,683	191,545	38,760	1,700,468
Infrastructure	17,788,765	224,084	-	18,012,849
Total other capital assets at historical cost	20,811,714	593,304	38,760	21,366,258
Less accumulated depreciation for:				
Buildings	567,196	10,235	-	577,431
Computers & Electronics	109,509	2,355	-	111,864
Furniture & Fixtures	8,840	-	-	8,840
Vehicles	498,152	14,386	-	512,538
Machinery and equipment	1,033,286	117,081	8,721	1,141,646
Infrastructure	13,085,407	285,163	-	13,370,570
Total accumulated depreciation	15,302,390	429,220	8,721	15,722,889
Other capital assets, net	5,509,324	164,084	30,039	5,643,369
Business-type activities capital assets, net	\$ 7,698,425	\$ 1,135,498	\$ 200,335	\$ 8,633,588

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	Balance at July 1, 2019	Additions	Disposals	Balance at June 30, 2020
<i>Lindsay Municipal Hospital Authority:</i>				
Capital assets not being depreciated:				
Land	\$ 14,164	\$ -	\$ -	\$ 14,164
Construction in progress	12,510	121,548	-	134,058
Total capital assets not being depreciated	26,674	121,548	-	148,222
Other capital assets:				
Buildings	3,066,299	97,577	-	3,163,876
Land Improvements	34,266	-	-	34,266
Machinery & Equipment	2,815,014	317,625	27,526	3,105,113
Total other capital assets at historical cost	5,915,579	415,202	27,526	6,303,255
Less accumulated depreciation for:				
Buildings	2,080,465	65,876	-	2,146,341
Land Improvements	34,266	-	-	34,266
Machinery & Equipment	2,166,359	321,182	27,526	2,460,015
Total accumulated depreciation	4,281,090	387,058	27,526	4,640,622
Other capital assets, net	1,634,489	28,144	-	1,662,633
Municipal Hospital capital assets, net	\$ 1,661,163	\$ 149,692	\$ -	\$ 1,810,855
<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	\$ 443	\$ -	\$ -	\$ 443

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	\$ 54,291
Public safety	245,827
Highways and streets	28,186
Culture and recreation	99,801
Cemetery	5,311
Airport	112,949
	<u>\$ 546,365</u>

Business-Type Activities:

Electric	\$ 76,963
Water	208,950
Sewer	123,654
Sanitation	1,622
Golf Course	18,031
	<u>\$ 429,220</u>

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6. Long-Term Debt and Debt Service Requirements

<u>Type of Debt</u>	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
Governmental Activities:					
Capital Lease payable	\$ 1,504,303	\$ -	169,860	\$ 1,334,443	\$ 171,550
Accrued compensated absences	93,985	5,898	-	99,883	9,988
Total Governmental Activities	<u>\$ 1,598,288</u>	<u>\$ 5,898</u>	<u>\$ 169,860</u>	<u>1,434,326</u>	<u>\$ 181,538</u>
			Total OPEB liability	74,756	
			Net pension liability	<u>1,475,546</u>	
				<u>\$ 2,984,628</u>	
Business-Type Activities:					
Notes payable - direct borrowings	\$ 687,201	\$ 140,000	\$ 427,750	\$ 399,451	\$ 292,385
Meter deposit liability	221,129	55,520	45,014	231,635	46,327
Accrued compensated absences	49,286	12,832	-	62,118	6,212
Total Business-Type Activities	<u>957,616</u>	<u>208,352</u>	<u>472,764</u>	<u>693,204</u>	<u>344,924</u>
			Total OPEB liability	36,583	
				<u>\$ 729,787</u>	
Total Long-Term Debt	<u>\$ 2,555,904</u>	<u>\$ 214,250</u>	<u>\$ 642,624</u>	<u>\$ 3,714,415</u>	<u>\$ 526,462</u>
Reconciliation to Statement of Net Position:					
Due within one year				\$ 526,462	
Due in more than one year				1,601,068	
Total OPEB liability				111,339	
Net pension liability				<u>1,475,546</u>	
Total long-term liabilities				<u>\$ 3,714,415</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, 2020, 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.

\$ 700,000

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.

\$ 634,443

Total Capital Lease Payable \$ 1,334,443

Current portion 171,550

Noncurrent portion 1,162,893

Total Capital Lease Payable \$ 1,334,443

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Accrued Compensated Absences

Current portion	\$ 9,988
Noncurrent portion	89,895
Total Accrued Compensated Absences	<u>\$ 99,883</u>

Total OPEB Liability

Current portion	\$ -
Noncurrent portion	74,756
Total OPEB Liability	<u>\$ 74,756</u>

Net Pension Liability

Current portion	\$ -
Noncurrent portion	1,475,546
Total Net Pension Liability	<u>\$ 1,475,546</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, 2020, 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.

\$ 288,721

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.

110,000

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.

	\$ 730
Total Notes Payable (Direct Borrowings)	<u>\$ 399,451</u>

Current portion	292,385
Noncurrent portion	107,066
Total Notes Payable (Direct Borrowings)	<u>\$ 399,451</u>

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Meter Deposit Liability

Current portion	\$	46,327
Noncurrent portion		185,308
Total Meter Deposit Liability	\$	<u>231,635</u>

Accrued Compensated Absences

Current portion	\$	6,212
Noncurrent portion		55,906
Total Accrued Compensated Absences	\$	<u>62,118</u>

Total OPEB Liability

Current portion	\$	-
Noncurrent portion		36,583
Total OPEB Liability	\$	<u>36,583</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)	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	171,550	18,665	292,385	5,241
2022	173,654	16,561	107,066	731
2023	175,819	14,396	-	-
2024	178,015	12,200	-	-
2025	180,342	9,873	-	-
2026-2028	<u>455,063</u>	<u>15,173</u>	<u>-</u>	<u>-</u>
Total	<u>1,334,443</u>	<u>\$ 86,868</u>	<u>\$ 399,451</u>	<u>\$ 5,972</u>

<u>Type of Debt</u>	Balance			Balance	Due Within
<u>Component Unit:</u>	<u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2020</u>	<u>One Year</u>
Lindsay Municipal Hospital Authority:					
Paycheck Protection Program loan	\$ -	\$ 1,452,256	\$ -	\$ 1,452,256	\$ 720,383
Capital lease obligation	-	180,987	16,666	\$ 164,321	34,246
Total Lindsay Municipal Hospital	<u>\$ -</u>	<u>\$ 1,633,243</u>	<u>\$ 16,666</u>	<u>\$ 1,616,577</u>	<u>\$ 754,629</u>

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Lindsay Municipal Hospital Authority Paycheck Protection Program Loan

In April 2020, the Authority received a loan of \$1,452,256 under the Paycheck Protection Program (PPP). The loan matures in March 2022 with payments beginning in October 2020 including the principal and interest at 1% per annum. The Authority expects the full balance of the loan to be forgiven under the terms of the PPP.

Year Ended	Lindsay Municipal Hospital Authority	
	Paycheck Protection Program Loan	
	Principal	Interest
June 30,		
2021	720,383	14,565
2022	731,873	2,985
Total	1,452,256	\$ 17,550

Year Ended	Capital Lease Obligation- present value of future minimum lease payments
June 30,	
2021	39,619
2022	39,619
2023	39,619
2024	39,619
2025	19,809
Total minimum lease payments	178,285
Less amount representing interest	(13,964)
Present value of future minimum lease payments	164,321

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 \$405,423. Pledged sales taxes received in the current year were \$724,673 and net utility revenues were \$368,798. Debt service payments of \$427,750 for the current fiscal year were 39% of both pledged sales taxes and net utility revenues of \$1,093,471.

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.
- 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.

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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	\$34,407
Less: accrued interest payable	<u>(2,010)</u>
Total Enterprise Fund Restriction for Debt Service	<u>\$32,397</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.

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.

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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	9,196	grant activity
General Fund	LPWA	68,394	expenses paid on behalf of General Fund
General Fund	LPWA	381,773	sales tax
General Fund	Donation Fund	10,911	donation monies
LPWA Donation Fund	LPWA	500	donation monies
LPWA	Airport Fund	4,770	Airport grant monies
LPWA	Airport Fund	7,211	deposit correction
Police Bond	CLEET Fund	3,948	court activity
General Fund	Police Bond	13,006	court activity
Total		<u>\$ 499,709</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 49,042	\$ (487,728)	\$ (438,686)
Proprietary Funds	450,667	(11,981)	438,686
Total	<u>\$ 499,709</u>	<u>\$ (499,709)</u>	<u>\$ -</u>

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	700,000	sales tax transfer
LPWA Designated Sales Tax Fund	General Fund	100,000	debt service activity
General Fund	LPWA	728,562	sales tax transfer
Total		<u>\$ 1,528,562</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	\$ 800,000	\$ (1,524,673)	\$ (3,889)	\$ (728,562)
Proprietary Funds	728,562	-	-	\$ 728,562
	<u>\$ 1,528,562</u>	<u>\$ (1,524,673)</u>	<u>\$ (3,889)</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.

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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

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	\$ 5,547	\$ -	\$ 5,547
OkMRF	275,032	262,169	537,201
Total	<u>\$ 280,579</u>	<u>\$ 262,169</u>	<u>\$ 542,748</u>
Net Pension Liability:			
Firefighters	\$ 1,475,546	\$ -	\$ 1,475,546
Total	<u>\$ 1,475,546</u>	<u>\$ -</u>	<u>\$ 1,475,546</u>
Deferred Outflows of Resources:			
OkMRF	\$ 115,521	\$ 101,543	\$ 217,064
Police	109,236	-	109,236
Firefighters	445,968	-	445,968
Total	<u>\$ 670,725</u>	<u>\$ 101,543</u>	<u>\$ 772,268</u>
Deferred Inflows of Resources:			
OkMRF	\$ 13,644	\$ 17,479	\$ 31,123
Police	28,773	-	28,773
Firefighters	334,913	-	334,913
Total	<u>\$ 377,330</u>	<u>\$ 17,479</u>	<u>\$ 394,809</u>
Pension Expense:			
OkMRF	\$ 54,088	\$ 46,331	\$ 100,419
Police	65,019	-	65,019
Firefighters	228,552	-	228,552
Total	<u>\$ 347,659</u>	<u>\$ 46,331</u>	<u>\$ 393,990</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.

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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.
- 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 \$58,824. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$146,717 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 \$142,015. These on-behalf payments did not meet the criteria of a special funding situation.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a net pension liability of \$1,475,546 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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, 2019. Based upon this information, the City's proportion was 0.139641%.

For the year ended June 30, 2020, the City recognized pension expense of \$228,552. At June 30, 2020, 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	\$ 247,080	\$ 30,013
Changes of assumptions	\$ -	37,906
Net difference between projected and actual earnings on pension plan investments	-	106,812
Changes in proportion	140,064	156,008
City's contribution during the measurement date	-	4,174
City contributions subsequent to the measurement date	58,824	-
Total	<u>\$ 445,968</u>	<u>\$ 334,913</u>

The \$58,824 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 subsequent year. 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:

2021	38,107
2022	(9,387)
2023	34,316
2024	2,849
2025	(13,654)
Total	<u>\$ 52,231</u>

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2019, 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

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For 2019, mortality rates were based on:

Active members—Pub-2010 Public Safety Table with generational mortality improvement using MP-2018.

Retired members—Pub-2010 Public Safety Below Median Table with generational mortality improvement using Scale MP-2018.

Disabled members—Pub-2010 Public Safety Disabled Table set forward 2 years

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	4.90%
Domestic equity	47%	7.09%
International equity	15%	9.19%
Real estate	10%	7.99%
Other assets	8%	5.57%

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	\$ 1,905,539	\$ 1,475,546	\$ 1,003,582

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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 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 \$37,630. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$34,826 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.

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Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported an asset of \$5,547 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2019. 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, 2019. Based upon this information, the City's proportion was 0.086887%.

For the year ended June 30, 2020, the City recognized pension expense of \$65,019. At June 30, 2020, 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	\$ 3,329	\$ 26,189
Changes of assumptions	14,163	-
Net difference between projected and actual earnings on pension plan investments	50,687	-
Changes in proportion	3,340	2,147
City contributions during measurement date	87	437
City contributions subsequent to the measurement date	37,630	-
Total	<u>\$ 109,236</u>	<u>\$ 28,773</u>

The \$37,630 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 (asset) in the subsequent year. 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:

2021	23,540
2022	(6,839)
2023	8,183
2024	17,034
2025	915
Total	<u>\$ 42,833</u>

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Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2019, 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).
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.

The actuarial assumptions used in the July 1, 2019, 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, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	4.79%
Domestic equity	5.74%
International equity	9.19%
Real estate	7.99%
Private equity	10.20%
Commodities	3.50%

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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.

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)	\$ 236,294	\$ (5,547)	\$ (210,026)

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.

Eligibility Factors and Benefit Provisions-

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Provision	OkMRF Plan
Date of Last Actuarial Valuation	July 1, 2020
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	3.74% 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	42
Deferred Vested Former Employees	1
Disabled Participants	1
Retirees or Retiree Beneficiaries	<u>17</u>
Total	<u>61</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 10.86% 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, 2020, the City recognized \$146,126 of employer contributions to the plan which is more than the actuarially determined

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amount based on covered payroll of \$1,797,994. Employees contribute 3.75% of covered payroll as of July 1, 2019.

Actuarial Assumptions –

Date of Last Actuarial Valuation	July 1, 2019
a. Actuarial Cost Method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.50%
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 2017 for fiscal years 2012 thru 2016

Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.5% 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, 2019 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	\$ 3,902,106	\$ 4,663,047	\$ (760,941)
Changes for the Year:			
Service cost	162,972	-	162,972
Interest expense	285,024	-	285,024
Difference between expected & actual experience	158,544		158,544
Changes of assumptions	90,542		90,542
Contributions--City	-	100,350	(100,350)
Contributions--members	-	62,421	(62,421)
Net investment income	-	320,164	(320,164)
Benefits paid	(207,333)	(207,333)	-
Plan administrative expenses	-	(9,593)	9,593
Net Changes	<u>489,749</u>	<u>266,009</u>	<u>223,740</u>
Balances End of Year	<u>\$ 4,391,855</u>	<u>\$ 4,929,056</u>	<u>\$ (537,201)</u>

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability (Asset)	\$ 32,934	\$ (537,201)	\$ (1,000,821)

The City reported \$100,419 in pension expense for the year ended June 30, 2020. At June 30, 2020, 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	\$ -	\$ 19,037
Changes of assumptions	79,203	-
Net difference between projected and actual earnings on pension plan investments	1,653	
Changes in proportion and differences between City contributions and proportionate share of contributions	33,057	12,087
City contributions subsequent to the measurement date	10,315	-
Total	<u>\$ 124,228</u>	<u>\$ 31,124</u>

Amortization of Pension Deferrals – \$10,315 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 subsequent year. 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:

2021	\$ 15,390
2022	(33,821)
2023	36,939
2024	55,743
2025	8,538
thereafter	-
	<u>\$ 82,789</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.

Employees covered by benefit terms - At June 30, 2020 the following employees were covered by the benefit terms:

Active Employees	59
Inactive or beneficiaries currently receiving benefit payments	<u>7</u>
Total	<u>66</u>

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Total OPEB Liability – The City’s total OPEB liability of \$111,339 was measured as of June 30, 2020 with roll forward procedures of the actuarial valuation as of June 30, 2019.

Actuarial Assumptions- The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2019 using the following actuarial assumptions:

- Attribution Method – Alternative Measurement Method
- Actuarial Cost Method - Entry Age Normal Level Percentage of Salary
- Service Cost – determined for each employee as the Actuarial present value of benefits allocated to the valuation year.
- Discount Rate – 2.21% (-0.79% real rate of return plus 3.00% inflation) based on June 30, 2020 published Bond Buyer 20-Bond General Obligation Index Rate
- Average Per Capita Claim Cost – range from age 50 at a cost of \$6,670 to age 80+ at a cost of \$6,287
- Healthcare cost trend rates - 4.5%
- Mortality Rates - RP-2014 projected to 2030 using Scale MP-2019
- Turnover – rates vary for non-safety employees, policemen and firemen. Turnover and retirement rates developed from assumptions used in valuing Oklahoma Municipal Retirement Fund (OkMRF), the Oklahoma Police Pension and Retirement System (OPPRS) and the Oklahoma Fire Pension and Retirement System (OFPRS).
- Disability – none assumed
- Retirement Rates –
- Retiree contributions – 100% of the monthly contribution is paid by the retiree for elected coverage
- Salary Scale – 3.50%
- Date Assumptions – Coverage – 100% of any retirees who currently have healthcare coverage will continue with the same coverage. 25% of all actives who currently have coverage will continue with individual coverage upon retirement. The plan does not have spouses covered.
- Valuation Methodology and Terminology – used GASB accounting methodology to determine the postretirement medical benefit obligations
- Valuation date – June 30, 2019
- Measurement date – June 30, 2020

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

	Total OPEB Liability
Balances Beginning of Year	\$ 498,350
Changes for the Year:	
Service cost	75,610
Interest expense	22,212
Changes of assumptions	(484,833)
Benefits paid	-
Net Changes	<u>(387,011)</u>
Balances End of Year	<u>\$ 111,339</u>

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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 2.21%, 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 (1.21%) or 1-percentage-point higher (3.21) than the current rate:

	1% Decrease (3.21%)	Current Discount Rate (2.21%)	1% Increase (1.21%)
Employers' total OPEB liability	\$ 87,906	\$ 111,339	\$ 143,888

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 4.50% 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 3.50%) or 1 percentage-point higher (4.50% increasing to 5.50%) than the current rate:

	1% Decrease (4.50% decreasing to 3.50%)	Healthcare Cost Trend Rate (4.50%)	1% Increase (4.50% increasing to 5.50%)
Employers' total OPEB liability	\$ 87,906	\$ 111,339	\$ 143,888

OPEB Expense- For the year ended June 30, 2020 the City recognized OPEB expense of \$49,144.

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.

Federal and State Award Programs:

The City of Lindsay participates in various federal or state grant/loan programs from year to year. In 2020, 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:

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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, 2020, 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 a 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, 2020. Laws and regulations governing the Medicare and

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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 87% of net patient service revenues are from patients covered under agreements with the Department of Corrections for the year ended June 30, 2020.

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, 2020, the Authority accrued approximately \$25,000 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.

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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, 2020

GENERAL FUND				
	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance	\$ 408,915	\$ 408,915	\$ 560,065	\$ 151,150
Resources (Inflows)				
Taxes	1,895,675	1,895,675	2,600,000	704,325
Intergovernmental	137,650	136,150	139,461	3,311
Charges for services	378,235	378,235	432,811	54,576
Fines and forfeitures	159,500	159,500	69,732	(89,768)
Licenses and permits	8,325	8,325	11,215	2,890
Investment income	1,545	1,545	1,212	(333)
Miscellaneous	80,400	88,740	149,797	61,057
Transfers in	1,508,000	1,511,500	800,000	(711,500)
Sub-total Resources (Inflows)	<u>4,169,330</u>	<u>4,179,670</u>	<u>4,204,228</u>	<u>24,558</u>
Amounts Available for Appropriation	<u>4,578,245</u>	<u>4,588,585</u>	<u>4,764,293</u>	<u>175,708</u>
Charges to Appropriations (Outflows)				
Public safety	2,003,775	2,014,115	1,743,789	270,326
Streets	74,400	74,400	22,464	51,936
Culture & recreation	625,805	625,805	433,250	192,555
General government	309,000	309,000	427,212	(118,212)
Cemetery	203,121	203,121	99,673	103,448
Health & public safety -ambulance	1,282,094	1,282,094	1,234,717	47,377
Transfers out	80,050	107,050	824,673	(717,623)
Total Charges to Appropriations	<u>4,578,245</u>	<u>4,615,585</u>	<u>4,785,778</u>	<u>(170,193)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ (27,000)</u>	<u>\$ (21,485)</u>	<u>\$ 5,515</u>

EMS FUND				
	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 1,279,277	\$ 1,279,277
Resources (Inflows)				
Taxes	742,000	742,000	736,223	(5,777)
Investment income	4,000	4,000	4,082	82
Transfer In	777,927	777,927	-	(777,927)
Amounts Available for Appropriation	<u>1,523,927</u>	<u>1,523,927</u>	<u>2,019,582</u>	<u>495,655</u>
Charges to Appropriations (Outflows)				
Health & Public Safety -Ambulance	23,927	23,927	-	23,927
Transfers out	1,500,000	1,500,000	700,000	800,000
Total Charges to Appropriations	<u>1,523,927</u>	<u>1,523,927</u>	<u>700,000</u>	<u>823,927</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,319,582</u>	<u>\$ 1,319,582</u>

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Budgetary Comparison Schedules – Year Ended June 30, 2020, (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:

General Government	\$118,212
Transfers out	\$717,623

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

	<u>General Fund</u>
Total budgetary resources (inflows)	\$ 4,204,228
Add: On-behalf payments	181,543
Total resources as recorded on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 4,385,771</u>

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

Total revenues	\$ 3,585,771
Transfers in	800,000
Total Resources	<u>\$ 4,385,771</u>

Total budgetary expenditures and transfers	\$ 4,785,778
Add: On-behalf payments	181,543
Total expenditures as recorded on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u>\$ 4,967,321</u>

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

Total expenditures	\$ 4,142,648
Transfers out	824,673
Total Expenditures	<u>\$ 4,967,321</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*

	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.139641%	0.153497%	0.134337%	0.136979%	0.144398%	0.143005%
City's proportionate share of the net pension liability	\$ 1,475,546	\$ 1,727,829	\$ 1,689,579	\$ 1,673,479	\$ 1,532,645	\$ 1,470,589
City's covered-employee payroll	\$ 418,925	\$ 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	352%	399%	449%	446%	397%	406%
Plan fiduciary net position as a percentage of the total pension liability	72.85%	70.73%	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 six years are presented because 10-year data is not yet available.

SCHEDULE OF CITY CONTRIBUTIONS

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015
Statutorially required contribution	58,824	59,916	\$ 60,627	\$ 52,677	\$ 52,584	\$ 54,034
Contributions in relation to the statutorially required contribution	58,824	59,916	60,627	52,677	52,584	54,034
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	418,925	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%	14.00%

Notes to Schedule:

Only six 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*

	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.0869%	0.0919%	0.0830%	0.0893%	0.0787%	0.0882%
City's proportionate share of the net pension liability (asset)	\$ (5,547)	\$ (43,754)	\$ 6,382	\$ 136,711	\$ 3,208	\$ (29,686)
City's covered-employee payroll	\$ 282,246	\$ 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	1.97%	15.62%	2.58%	51.93%	1.44%	12.29%
Plan fiduciary net position as a percentage of the total pension liability	100.24%	101.89%	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 six years are presented because 10-year data is not yet available.

SCHEDULE OF CITY CONTRIBUTIONS

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 37,630	\$ 36,731	\$ 36,424	\$ 32,162	\$ 34,224	\$ 28,909
Contributions in relation to the statutorily required contribution	37,630	36,731	36,424	32,162	34,224	28,909
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 289,463	\$ 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%	13.00%

Notes to Schedule:

Only six 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	Fiscal Year
	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	100,350	136,407	\$ 101,907	\$ 90,076	\$ 117,172	\$ 106,544
Contributions in relation to the actuarially determined contribution	146,126	160,415	157,249	154,716	165,241	160,218
Contribution deficiency (excess)	<u>\$ (45,776)</u>	<u>\$ (24,008)</u>	<u>\$ (55,342)</u>	<u>\$ (64,640)</u>	<u>\$ (48,069)</u>	<u>\$ (53,674)</u>
Covered employee payroll	1,797,994	1,729,119	\$ 2,105,526	\$ 1,550,364	\$ 1,647,985	\$ 1,601,333
Contributions as a percentage of covered-employee payroll	8.13%	9.28%	7.47%	9.98%	10.03%	10.01%

Notes to Schedule:

1. Only the last six fiscal years are presented because 10-year data is not yet available
2. Actuarially determined contribution rate is calculated as of July 1, 2019 and is 3.74%.
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 7.5% (varies by attained age)
 - Investment rate of return - 7.50%

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Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Fiscal Year

	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	162,972	161,164	176,742	189,500	172,099	\$ 149,157
Interest	285,024	279,474	279,848	272,680	260,188	253,634
Assumption changes	90,542	-	14,789	-	-	-
Differences between expected and actual experience	158,544	(105,690)	(106,196)	(112,059)	(23,395)	-
Benefit payments, including refunds of member contributions	(207,333)	(312,677)	(189,039)	(323,715)	(174,493)	(163,848)
Net change in total pension liability	489,749	22,271	176,144	26,406	234,399	238,943
Total pension liability - beginning	3,902,106	3,879,836	3,703,692	3,677,286	3,442,887	3,203,944
Total pension liability - ending (a)	4,391,855	3,902,107	3,879,836	3,703,692	3,677,286	\$ 3,442,887
Plan fiduciary net position						
Contributions - employer	100,350	136,407	154,657	165,204	160,195	\$ 147,521
Contributions - member	62,421	57,963	57,999	61,951	60,030	55,320
Net investment income	320,164	330,518	491,494	29,177	109,808	546,195
Benefit payments, including refunds of member contributions	(207,333)	(312,677)	(189,039)	(323,715)	(174,493)	(163,848)
Administrative expense	(9,593)	(9,278)	(8,586)	(7,933)	(8,121)	(8,091)
Net change in plan fiduciary net position	266,009	202,933	506,525	(75,316)	147,419	577,097
Plan fiduciary net position - beginning	4,663,047	4,460,115	3,953,590	4,028,906	3,881,487	3,304,390
Plan fiduciary net position - ending (b)	4,929,056	4,663,048	4,460,115	3,953,590	4,028,906	\$ 3,881,487
Net pension liability(asset) - ending (a) - (b)	\$ (537,201)	\$ (760,940)	\$ (580,279)	\$ (249,898)	\$ (351,620)	\$ (438,600)
Plan fiduciary net position as a percentage of the total pension liability	112.23%	119.50%	114.96%	106.75%	109.56%	112.74%
Covered employee payroll	1,729,119	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	31.07%	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 six years are presented because 10-year data is not yet available.

CITY OF LINDSAY, OKLAHOMA
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As of and for the Year Ended June 30, 2020

Schedule of Changes in Total OPEB Liability and Related Ratios

Last 10 Fiscal Years

	2018	2019	2020
Total OPEB Liability			
Service cost	\$ 75,610	75,610	75,610
Interest	15,779	18,568	22,212
Change in assumptions	(10,347)	-	(484,833)
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>	<u>(387,011)</u>
Total OPEB liability - beginning	<u>335,104</u>	<u>410,159</u>	<u>498,350</u>
Total OPEB liability - ending	<u><u>\$ 410,159</u></u>	<u><u>498,350</u></u>	<u><u>111,339</u></u>
Covered employee payroll	\$ 2,069,939	2,523,678	2,210,025
Total OPEB liability as a percentage of covered employee payroll	19.82%	19.75%	5.04%

Notes to Schedule:

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

The discount rate used for 2020 is 2.21% which represents a change in assumption from the 2019 rate of 3.87%

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

SUPPLEMENTAL INFORMATION

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Balance Sheet – Non-Major Governmental Funds – June 30, 2020

	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	\$ 131,764	\$ 245,448	\$ 13,943	\$ 220	\$ 46,828	\$ 121,436	\$ 3,924	\$ 261	\$ 563,824
Receivable from other governments	-	2,094	-	-	-	-	3,600	-	5,694
Due from other funds	10,911	-	-	-	-	-	11,981	-	22,892
Total assets	<u>\$ 142,675</u>	<u>\$ 247,542</u>	<u>\$ 13,943</u>	<u>\$ 220</u>	<u>\$ 46,828</u>	<u>\$ 121,436</u>	<u>\$ 19,505</u>	<u>\$ 261</u>	<u>\$ 592,410</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Due to other funds	-	-	500	-	9,196	-	-	-	9,696
Unearned revenue	-	-	-	-	-	-	3,600	-	3,600
Total liabilities	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>9,196</u>	<u>-</u>	<u>3,600</u>	<u>-</u>	<u>13,296</u>
Fund balances:									
Restricted for:									
Street and Alley	-	243,549	-	-	-	-	-	-	243,549
City Donation	142,675	-	-	-	-	-	-	-	142,675
Library	-	-	-	28	-	-	-	-	28
Grants	-	-	-	-	37,030	-	-	-	37,030
Cemetery	-	-	-	-	-	59,221	-	-	59,221
Emergency Medical Services	-	-	-	-	-	-	-	-	-
Assigned to:									
Capital Improvements	-	-	-	-	-	-	-	261	261
Street and Alley	-	3,993	-	-	-	-	-	-	3,993
Public Works	-	-	13,443	-	-	-	-	-	13,443
Library	-	-	-	192	-	-	-	-	192
Airport	-	-	-	-	-	-	15,905	-	15,905
Grants	-	-	-	-	602	-	-	-	602
Cemetery	-	-	-	-	-	62,215	-	-	62,215
Total fund balances	<u>142,675</u>	<u>247,542</u>	<u>13,443</u>	<u>220</u>	<u>37,632</u>	<u>121,436</u>	<u>15,905</u>	<u>261</u>	<u>579,114</u>
Total liabilities and fund balances	<u>\$ 142,675</u>	<u>\$ 247,542</u>	<u>\$ 13,943</u>	<u>\$ 220</u>	<u>\$ 46,828</u>	<u>\$ 121,436</u>	<u>\$ 19,505</u>	<u>\$ 261</u>	<u>\$ 592,410</u>

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds – Year Ended June 30, 2020

	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	\$ -	\$ 24,369	\$ -	\$ 2,776	\$ -	\$ -	\$ 24,930	\$ -	\$ 52,075
Charges for services	-	-	-	-	-	10,125	5,891	-	16,016
Investment income	422	706	42	4	152	351	51	2	1,730
Miscellaneous	25,575	-	-	-	-	-	960	-	26,535
Total revenues	25,997	25,075	42	2,780	152	10,476	31,832	2	96,356
EXPENDITURES									
Current:									
General government	1,995	-	-	-	-	-	-	-	1,995
Public Safety	7,514	-	-	-	-	-	-	-	7,514
Culture and recreation	-	-	321	2,748	-	-	-	-	3,069
Airport	-	-	-	-	-	-	3,210	-	3,210
Capital Outlay	29,765	-	-	-	-	-	31,700	-	61,465
Total Expenditures	39,274	-	321	2,748	-	-	34,910	-	77,253
Excess (deficiency) of revenues over expenditures	(13,277)	25,075	(279)	32	152	10,476	(3,078)	2	19,103
Net change in fund balances	(13,277)	25,075	(279)	32	152	10,476	(3,078)	2	19,103
Fund balances - beginning	155,952	222,467	13,722	188	37,480	110,960	18,983	259	560,011
Fund balances - ending	\$ 142,675	\$ 247,542	\$ 13,443	\$ 220	\$ 37,632	\$ 121,436	\$ 15,905	\$ 261	\$ 579,114

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Schedule of Expenditures of Federal and State Awards – Year Ended June 30, 2020

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:	20.106	3-40-0052-009-2019	\$ 299,999	\$ 28,530
Federal Highway Administration:	20.106	3-40-0052-010-2020	1,000	-
Total U.S. DEPARTMENT OF TRANSPORTATION			<u>300,999</u>	<u>28,530</u>
<u>U.S. DEPT OF JUSTICE:</u>				
Community Oriented Policing Services (COPS grant)	16.710	2017 UMWX0086	99,428	19,820
<u>FEDERAL HIGHWAY ADMINISTRATION:</u>				
Recreational Trails Program	20.219	RT 18 (109)	240,000	152,857
<u>U.S. DEPT OF HEALTH AND HUMAN SERVICES:</u>				
CARES Act Provider Relief Program	93.498	HHS-34784104525	20,173	20,173
Total Federal Awards			<u>\$ 660,600</u>	<u>\$ 221,380</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	\$ 4,642	\$ 4,642
<u>OKLAHOMA DEPARTMENT OF LIBRARIES:</u>			
State Aid 2019	N/A	2,776	2,748
<u>SOUTHERN OKLAHOMA DEVELOPMENT ASSOCIATION:</u>			
REAP Grant	REAP 20-050	52,000	42,000
		<u>52,000</u>	<u>42,000</u>
Total State Awards		<u>\$ 59,418</u>	<u>\$ 49,390</u>

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

Schedule of Debt Service Coverage Requirement – Year Ended June 30, 2020

DEBT SERVICE COVERAGE:

	DWSRF 2000 & 2012 Promissory Note
GROSS REVENUE AVAILABLE:	
Charges for services (electric, water, sewer, and miscellaneous)	\$ 4,280,071
Investment income	5,816
Sales tax appropriated and transferred from the City General Fund	<u>724,673</u>
 Total Gross Revenue Available	 <u>5,010,560</u>
 OPERATING EXPENSES:	
Total Operating Expenses	<u>3,917,089</u>
 Net Revenue Available for Debt Service	 <u><u>\$ 1,093,471</u></u>
 Debt Service on all Obligations Payable:	
Average annual debt service - OWRB DWSRF 2000	146,126
Average annual debt service - 2012 Note	<u>52,220</u>
	<u><u>\$ 198,346</u></u>
 Computed Coverage	 <u><u>551%</u></u>
 Coverage Requirement	 <u><u>125%</u></u>

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

INTERNAL CONTROL COMPLIANCE INFORMATION

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

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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 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, each major fund, and the aggregate remaining fund information of the City of Lindsay, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Lindsay, Oklahoma's basic financial statements and have issued our report thereon dated June 9, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Lindsay, Oklahoma'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 of Lindsay, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Lindsay, Oklahoma'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2020-01, 2020-02 and 2020-03 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Lindsay, Oklahoma'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2020-04.

City of Lindsay, Oklahoma's Response to Findings

City of Lindsay, Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings. City of Lindsay, Oklahoma's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

A handwritten signature in black ink that reads "HBC CPA & Advisors".

Oklahoma City, Oklahoma
June 9, 2021

CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2020

Finding No.	2020-1
Criteria:	A municipality should establish internal controls allow for proper recording of expenditure and proper authorization and payment of accounts payable, which includes appropriate segregation of duties.
Condition:	<p>Our inquiries and testing indicate that there has been one person reviewing the purchase orders to approve an allowable expenditure. There is no documentation of other City staff reviewing the invoices to ensure that the purchase orders and the invoices were proper, within budget and matched. Department heads were not provided updated budgets to determine if they were within their annual budget.</p> <p>In regards to purchase cards, the department head has the authority to make a purchase under \$501 without a purchase order or other approval. The purchase card balances are paid by automatic draft and manually entered into the accounting system by City staff. There is no documentation that City staff is reviewing or reconciling the purchase card expenditures.</p>
Cause:	The City has not taken steps to establish proper internal controls and segregation of duties.
Effect or Potential Effect:	Failure to have adequate internal controls and proper segregation of duties can create conditions where Individuals are in a position to cause and/or conceal errors, irregularities or fraud in disbursing City funds.
Management's Response	Management agrees with the finding. The new management (starting in 2021) has taken steps to correct the past problems. Those corrections include but are not limited to educating staff, hiring new personnel, updating equipment, separating duties and monitoring on a regular basis. We believe that the current findings will be corrected for the July 1, 2021 to June 30, 2022 audit.

**CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2020**

Finding No.	2020-2
Criteria:	Municipalities should establish internal controls that allow for effective maintenance and monitoring of utility billings to ensure that the correct amounts are being billed and collections are being actively pursued.
Condition:	<p>The City passed a utility rate increase in 2018, however, these rates were never updated within the billing system resulting in lost collections.</p> <p>The City does not actively pursue overdue collections on a regular basis to resulting in a significant amount of balances that are past due.</p> <p>The City has utility meters that have zero readings and these are not replaced or followed up on.</p>
Cause:	The City has not established internal controls and accounting procedures designed to update and account for utility billing.
Effect or Potential Effect:	Failure to maintain and monitor utility billing can lead to lost revenue for the City.
Management's Response	Management agrees with the finding. The new management (starting in 2021) has taken steps to correct the past problems. Those corrections include but are not limited to educating staff, hiring new personnel, updating equipment, separating duties and monitoring on a regular basis. We believe that the current findings will be corrected for the July 1, 2021 to June 30, 2022 audit.

**CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2020**

Finding No.	2020-3
Criteria:	Internal controls should be in place to have proper recording and tracking of debt balances.
Condition:	The Lindsay Industrial Development Authority overpaid a note payable in the prior year and then booked amounts that were not owed booked as a note payable in the current year.
Cause:	Lindsay Industrial Development Authority has not established internal controls and accounting procedures designed to update and account for debt balances.
Effect or Potential Effect:	Failure to maintain and monitor debt balances caused overpayment of debt and incorrect debt balances booked.
Management's Response	The Lindsay Industrial Development Authority overpaid a note payable in the prior year that wasn't owed since it was previously paid in 2008. Then, an amount was booked as a note payable in the current year that was not owed.

CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2020

Finding No.	2020-4
Criteria:	<p>Title 11, Section 17-211 prohibits the creation of a deficit fund balance in any fund except for a public trust fund.</p> <p>The City prepares its budget in accordance with the Oklahoma Municipal Budget Act of 1979. As part of compliance with that budget act, the City prepares and administers its budget at the department level. This is the City's legal level of control.</p>
Condition:	The amount of expenditures of the General fund exceeded appropriations, which contributed to a deficit fund balance.
Cause:	The City expended more than the amounts appropriated during the 2019-2020 budget year.
Effect or Potential Effect:	The City appears to have violated state budget laws and by allowing a deficit in its General fund balance.
Management's Response	Management agrees with the finding. The new management (starting in 2021) has taken steps to correct the past problems. Those corrections include but are not limited to educating staff, hiring new personnel, updating equipment, separating duties and monitoring on a regular basis. We believe that the current findings will be corrected for the July 1, 2021 to June 30, 2022 audit.