



CITY OF
LINDSAY, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

**THE CITY OF LINDSAY
OKLAHOMA**

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

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Lindsay, Oklahoma

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lindsay, Oklahoma, as of and for the year ended June 30, 2021, 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. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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.

Basis for Disclaimer of Opinion

Because of the potential for irregularities and the inadequacies of the accounting records, along with the limited information about subsequent events, the lack of certain management representations critical to amounts reported in the financial statements and the allegations of questionable accounting practices, we are unable to express an opinion on the accompanying financial statements of the governmental activities, business-type activities, discretely presented component units, each major fund and the aggregate remaining fund information of the City of Lindsay, Oklahoma.

Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion", we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lindsay, Oklahoma. Accordingly, we do not express an opinion on these financial statements.

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.

Supplementary 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, except for the effects on the supplementary information of the disclaimer of opinion on the basic financial statements as explained in the Basis for Disclaimer Opinion section, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2023, 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
August 15, 2023

**CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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, 2021. 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 decreased by \$475,832 and the assets and deferred outflows of the City exceed its liabilities and deferred inflows at June 30, 2021, by \$15,838,212 (net position).
- The City's governmental activities experienced a current year decrease in net position of \$549,880, while business-type activities experienced a current year increase in net position of \$74,048.
- At June 30, 2021, the City's governmental funds reported combined ending fund balances of \$1,465,044.
- At the end of fiscal year 2021, unassigned fund balance for the General Fund was in a deficit position, in the amount of (\$140,928).

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

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- **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 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 resource 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.

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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 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.

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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.

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, 2021, net position for the governmental and business-type activities decreased \$475,832.

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.)
	2021	2020		2021	2020		2021	2020	
Current and other assets	\$ 1,826	\$ 2,585	-29%	\$ 2,487	\$ 2,938	-15%	\$ 4,313	\$ 5,523	-22%
Capital assets, net	6,710	6,699	0%	8,486	8,634	-2%	15,196	15,333	-1%
Total assets	<u>8,536</u>	<u>9,284</u>	-8%	<u>10,973</u>	<u>11,572</u>	-5%	<u>19,510</u>	<u>20,856</u>	-6%
Deferred outflows of resources	865	671	29%	287	102	181%	1,152	772	49%
Current liabilities	280	377	-26%	440	919	-52%	720	1,295	-44%
Non-current liabilities	2,958	2,803	6%	346	385	-10%	3,304	3,188	4%
Total liabilities	<u>3,238</u>	<u>3,180</u>	2%	<u>786</u>	<u>1,304</u>	-40%	<u>4,024</u>	<u>4,484</u>	-10%
Deferred inflows of resources	608	670	-9%	191	161	18%	799	831	-4%
Net position									
Net investment in capital assets	5,547	5,365	3%	8,593	8,234	4%	14,141	13,599	4%
Restricted	1,531	1,758	-13%	176	191	-8%	1,707	1,949	-12%
Unrestricted (deficit)	(1,523)	(1,018)	50%	1,514	1,784	-15%	(9)	766	-101%
Total net position	<u>\$ 5,555</u>	<u>\$ 6,105</u>	-9%	<u>\$10,283</u>	<u>\$10,209</u>	1%	<u>\$ 15,838</u>	<u>\$ 16,314</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 29% decrease in governmental activities current and other assets from the prior year is primarily due to the decrease in cash and cash equivalents and the net pension asset of the state's police pension system. Non-current liabilities increased 6% due to the increase in the pension and OPEB liability in FY21. The 50% increase in the unrestricted net position deficit is due to an increase in expenditures and transfers out and a slight decrease in revenues during FY21.

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The 15% decrease in the business-type activities current and other assets from the prior year is primarily due to the decrease in cash and cash equivalents and the decrease in net pension asset. The 181% increase in business-type activities deferred outflows and 18% of deferred inflow of resources is due to changes in the pension actuary and the deferral of amortized cost. The 52% decrease in current liabilities is due to reduction in accounts payables and the payment of long-term debt.

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.)
	2021	2020		2021	2020		2021	2020	
Revenues									
Charges for service	\$ 540	\$ 558	-3%	\$ 4,468	\$ 4,891	-9%	\$ 5,008	\$ 5,449	-8%
Operating grants and contributions	531	421	26%	-	-	0%	531	421	26%
Capital grants and contributions	241	29	731%	10	42	-76%	251	71	254%
Taxes	2,851	3,402	-16%	-	-	0%	2,851	3,402	-16%
Investment income	10	7	43%	5	6	-17%	15	13	15%
Miscellaneous	216	155	39%	-	-	0%	216	155	39%
Total revenues	4,389	4,572	-4%	4,483	4,939	-9%	8,872	9,511	-7%
Expenses									
General government	250	258	-3%	-	-	-	250	258	-3%
Public safety	3,485	3,237	8%	-	-	-	3,485	3,237	8%
Streets	88	49	80%	-	-	-	88	49	80%
Culture, parks and recreation	310	279	11%	-	-	-	310	279	11%
Cemetery	126	107	18%	-	-	-	126	107	18%
Airport	119	116	3%	-	-	-	119	116	3%
Electric	-	-	-	2,860	2,962	-3%	2,860	2,962	-3%
Water	-	-	-	1,001	917	9%	1,001	917	9%
Sewer	-	-	-	364	365	0%	364	365	0%
Sanitation	-	-	-	462	478	-3%	462	478	-3%
Golf	-	-	-	210	223	-6%	210	223	-6%
Pool	-	-	-	73	75	-3%	73	75	-3%
Total expenses	4,378	4,046	8%	4,970	5,020	-1%	9,348	9,066	3%
Excess (deficiency) before transfers	11	526	-98%	(487)	(81)	501%	(476)	445	-207%
Transfers	(561)	(729)	-23%	561	729	-23%	-	-	-
Change in net position	(550)	(203)	171%	74	648	-89%	(476)	445	-207%
Beginning net position	6,105	6,308	-3%	10,209	9,561	7%	16,314	15,869	3%
Ending net position	\$ 5,555	\$ 6,105	-9%	\$ 10,283	\$ 10,209	1%	\$ 15,838	\$ 16,314	-3%

Governmental Activities

The City's governmental activities had a decrease in net position of \$549,880. Explanations for the more significant changes are as follows:

- 26% increase in operating grants and contributions mainly due to a new CARES ACT grant received in FY21.
- 731% increase in capital grants and contributions due to a new airport grant.
- 16% decrease in tax revenue due mainly to the effects of the COVID pandemic.
- 80% increase in street expenses due to increase in operating expenses.
- 18% increase in cemetery expenditures due to increase in salaries and benefit expenses.
- 11% increase in culture, parks and recreation expenses due to increase in salaries and benefit expenses.

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Business-Type Activities

The business-type activities had an increase in net position of \$74,048. Explanations for the more significant changes are as follows:

- Business-type Water department expenses increased 9% due to an increase in salary and operating expenses.
- Electric, Sanitation and Golf department expenses decreased at 6% or less.
- Revenues decreased 9% mainly due to a decrease in charges for services in the Electric, Water, Sewer, and Sanitation departments.

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>	
General Government	\$ 250	\$ 258	-3%	\$ 75	\$ (102)	-174%
Public Safety	3,485	3,237	8%	(2,820)	(2,489)	13%
Highways and Streets	88	49	80%	(63)	(25)	152%
Culture and Recreation	310	279	11%	(306)	(276)	11%
Cemetery	126	107	18%	(78)	(66)	18%
Airport	119	116	3%	127	(81)	-257%
Total	<u>\$ 4,378</u>	<u>\$ 4,046</u>	8%	<u>\$ (3,065)</u>	<u>\$ (3,039)</u>	1%

The 18% increase in Cemetery net expense of services is due to increases in salary and benefit costs in the current year. The 152% increase in Highways & streets net expense of services is due to an increase in operating expenses. The 174% decrease in General Government net expense of services is due to an increase in operating grants and contributions. The 257% increase in Airport net expense of services is due to an increase in capital grants and contributions.

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>	
Electric	\$ 2,860	\$ 2,962	-3%	142	\$ 304	-53%
Water	1,001	917	9%	(547)	(335)	63%
Sewer	364	365	0%	18	72	-75%
Sanitation	462	478	-3%	93	98	-5%
Golf	210	223	-6%	(160)	(191)	-16%
Pool	73	75	-3%	(37)	(35)	6%
Total	<u>\$ 4,970</u>	<u>\$ 5,020</u>	-1%	<u>\$ (491)</u>	<u>\$ (87)</u>	467%

The 53% decrease in electric net revenue is primarily due to a decrease in electric revenue and an increase in personnel expenses. The 63% increase in water net expenses is due to increased personnel expense and general operating expenses and a decrease in water revenue. The 75% decrease in sewer net revenue is due to a decrease in sewer revenue and capital grant revenue.

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A FINANCIAL ANALYSIS OF THE CITY’S FUNDS

As the City completed its 2021 fiscal year, the governmental funds reported a combined fund balance of \$1,465,044. For the year ended June 30, 2021, the General Fund’s total fund balance decreased by \$119,443. The Emergency Services 1¢ Fund reported a decrease in fund balance of \$296,629 and the proprietary funds reported a combined net position balance of \$10,283,163. During FY21, the LPWA’s total net position increased by \$74,048.

Budgetary Highlights

For the year ended June 30, 2021, the General Fund reported actual budgetary basis revenues over final estimates by \$600,581 or a 15.5% positive variance. General Fund actual expenditures were over final appropriations by \$383,832 an 8.4% negative variance.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2021, the City had approximately \$15.2 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, 2021.

	Capital Assets					
	(In Thousands)					
	(Net of accumulated depreciation)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 400	\$ 400	\$ 836	\$ 836	\$ 1,236	\$ 1,236
Buildings	1,211	1,266	321	335	1,532	1,601
Land Improvements	-	2	-	-	-	2
Machinery, furniture and equipment	1,571	1,668	580	666	2,151	2,334
Infrastructure	3,480	3,002	6,459	4,642	9,939	7,644
Construction in progress	49	362	290	2,154	339	2,516
Totals	<u>\$ 6,711</u>	<u>\$ 6,700</u>	<u>\$ 8,486</u>	<u>\$ 8,633</u>	<u>\$ 15,197</u>	<u>\$ 15,333</u>

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

- Water Plant Pre-Filtration System
- George Brown Park Trail
- Rehabilitate Runway Lights and Rotating Beacon
- Wastewater Treatment FNI Project

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Debt Administration

At year-end, the City had \$1.8 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 66.7% due to an increase in leave balances.

	Long-Term Debt (In Thousands)						Total Percentage Change
	Governmental Activities		Business-Type Activities		Total		
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	
Capital Lease payable	\$ 1,163	\$ 1,334	\$ -	\$ -	\$ 1,163	\$ 1,334	-12.8%
Notes payable - private placement	-	-	107	399	107	399	-73.2%
Meter deposit liability	-	-	237	232	237	232	2.2%
Accrued compensated absences	167	100	103	62	270	162	66.7%
Totals	<u>\$ 1,330</u>	<u>\$ 1,434</u>	<u>\$ 447</u>	<u>\$ 693</u>	<u>\$ 1,777</u>	<u>\$ 2,127</u>	-16.5%

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 expects a slight increase in sales and use tax and oil and gas activity in the immediate Lindsay area in FY21/22.

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 Main Street light replacement, remodel of the city hall office, new Cemetery pavilion, purchase of new police vehicles, tasers and body came equipment, sidewalk replacement project, water main replacement project.

The City's reserves in both the City and LPWA due to the continued decline in sales and use tax revenue, increased spending for salaries, operating expenses and capital improvement projects.

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, 2021**

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, 2021

Statement of Net Position – June 30, 2021

	Governmental Activities	Business-type Activities	Total	Component Units	
				Lindsay Municipal Hospital Authority	Lindsay Industrial Development Authority
ASSETS					
Cash and cash equivalents	\$ 1,444,469	\$ 587,800	\$ 2,032,269	\$ 6,751,900	\$ 161,193
Short-term investments	-	-	-	1,249,272	-
Long-term investments	-	-	-	600,000	-
Accounts receivable, net of allowance	202,682	803,131	1,005,813	1,395,882	-
Other receivable	-	6,748	6,748	67,000	-
Internal balances	(393,991)	393,991	-	-	-
Due from other governmental agencies	408,038	52,000	460,038	-	-
Inventories	-	171,924	171,924	-	-
Prepaid expenses	-	-	-	453,460	-
Restricted cash and cash equivalents	-	254,451	254,451	-	-
Restricted investments	-	94,000	94,000	-	-
Net pension asset	164,698	122,665	287,363	-	-
Capital assets:					
Land and construction in progress	449,131	1,126,369	1,575,500	520,940	102,443
Other capital assets, net of depreciation	6,261,440	7,359,989	13,621,429	2,395,991	-
Total assets	<u>8,536,467</u>	<u>10,973,068</u>	<u>19,509,535</u>	<u>13,434,445</u>	<u>263,636</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to OPEB	-	26,796	26,796	-	-
Deferred amounts related to pensions	864,992	260,132	1,125,124	-	-
Total deferred outflows	<u>864,992</u>	<u>286,928</u>	<u>1,151,920</u>		
LIABILITIES					
Accounts payable and accrued expenses	80,829	255,359	336,188	1,626,578	-
Due to other governments	8	19,682	19,690	-	-
Due to bondholders	6,847	-	6,847	-	-
Accrued interest payable	1,951	346	2,297	-	-
Long-term liabilities:					
Due within one year	190,374	164,739	355,113	35,504	-
Due in more than one year	1,139,918	282,013	1,421,931	94,571	70,000
Total OPEB liability	103,134	64,015	167,149	-	-
Net pension liability	1,714,860	-	1,714,860	-	-
Total liabilities	<u>3,237,921</u>	<u>786,154</u>	<u>4,024,075</u>	<u>1,756,653</u>	<u>70,000</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to OPEB	269,650	150,737	420,387	-	-
Deferred amounts related to pensions	338,839	39,942	378,781	-	-
Total deferred inflows	<u>608,489</u>	<u>190,679</u>	<u>799,168</u>		
NET POSITION					
Net investment in capital assets	5,547,482	8,593,425	14,140,907	2,786,857	102,443
Restricted for:					
City donation	243,342	-	243,342	-	-
Debt service	-	17,071	17,071	-	-
Emergency medical services	976,121	-	976,121	-	-
Capital	-	159,049	159,049	-	-
Other	311,105	-	311,105	-	-
Unrestricted (deficit)	(1,523,001)	1,513,618	(9,383)	8,890,935	91,193
Total net position	<u>\$ 5,555,049</u>	<u>\$ 10,283,163</u>	<u>\$ 15,838,212</u>	<u>\$ 11,677,792</u>	<u>\$ 193,636</u>

See accompanying notes to these financial statements.

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Statement of Activities – Year Ended June 30, 2021

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	\$ 250,456	\$ 14,562	\$ 310,811	\$ -	\$ 74,917	\$ -	\$ 74,917	\$ -	\$ -
Public Safety	3,484,712	473,208	191,434	-	(2,820,070)	-	(2,820,070)	-	-
Highways and Streets	88,061	-	25,198	-	(62,863)	-	(62,863)	-	-
Culture and Recreation	309,895	-	3,841	-	(306,054)	-	(306,054)	-	-
Cemetery	125,788	48,264	-	-	(77,524)	-	(77,524)	-	-
Airport	118,663	4,300	-	240,697	126,334	-	126,334	-	-
Total governmental activities	<u>4,377,575</u>	<u>540,334</u>	<u>531,284</u>	<u>240,697</u>	<u>(3,065,260)</u>	<u>-</u>	<u>(3,065,260)</u>	<u>-</u>	<u>-</u>
Business-type Activities:									
Electric	2,860,509	3,002,925	-	-	-	142,416	142,416	-	-
Water	1,001,060	453,582	-	-	-	(547,478)	(547,478)	-	-
Sewer	363,788	371,965	-	10,000	-	18,177	18,177	-	-
Sanitation	462,011	555,407	-	-	-	93,396	93,396	-	-
Golf Course	209,909	49,180	-	-	-	(160,729)	(160,729)	-	-
Pool	72,599	35,491	-	-	-	(37,108)	(37,108)	-	-
Total business-type activities	<u>4,969,876</u>	<u>4,468,550</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>(491,326)</u>	<u>(491,326)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 9,347,451</u>	<u>\$ 5,008,884</u>	<u>\$ 531,284</u>	<u>\$ 250,697</u>	<u>(3,065,260)</u>	<u>(491,326)</u>	<u>(3,556,586)</u>	<u>-</u>	<u>-</u>
Component unit:									
Lindsay Municipal Hospital Authority	\$ 16,913,837	\$ 15,938,966	\$ 3,130,786	\$ 172,260				2,328,175	-
Lindsay Industrial Authority	3,973	-	-	-				-	(3,973)
Total component unit	<u>\$ 16,917,810</u>	<u>\$ 15,938,966</u>	<u>\$ 3,130,786</u>	<u>\$ 172,260</u>				<u>2,328,175</u>	<u>(3,973)</u>
Taxes:									
Sales and use taxes					2,739,705	-	2,739,705	-	-
Franchise taxes and public service taxes					110,797	-	110,797	-	-
Unrestricted investment earnings					9,971	4,610	14,581	26,636	146
Miscellaneous					215,671	-	215,671	1,452,256	-
Transfers					(560,764)	560,764	-	-	-
Total general revenues and transfers					<u>2,515,380</u>	<u>565,374</u>	<u>3,080,754</u>	<u>1,478,892</u>	<u>146</u>
Change in net position					(549,880)	74,048	(475,832)	3,807,067	(3,827)
Net position - beginning					6,104,929	10,209,115	16,314,044	7,870,725	167,813
Net position - ending					<u>\$ 5,555,049</u>	<u>\$ 10,283,163</u>	<u>\$ 15,838,212</u>	<u>\$ 11,677,792</u>	<u>\$ 193,636</u>

See accompanying notes to these financial statements.

**CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Governmental Funds Balance Sheet – June 30, 2021

	<u>General Fund</u>	<u>Emergency Services 1¢ Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 87,191	\$ 769,662	\$ 584,539	\$ 1,441,392
Receivable from other governments	327,533	76,065	4,440	408,038
Due from other funds	195,806	177,226	5,706	378,738
Court fines receivable, net	84,706	-	-	84,706
Ambulance receivable, net	107,631	-	-	107,631
Other receivables	9,145	-	1,200	10,345
Total assets	<u>\$ 812,012</u>	<u>\$ 1,022,953</u>	<u>\$ 595,885</u>	<u>\$ 2,430,850</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 38,366	\$ -	\$ 112	\$ 38,478
Accrued payroll payable	42,351	-	-	42,351
Due to other funds	759,975	-	12,754	772,729
Due to other governments	8	-	-	8
Due to bondholders	6,847	-	-	6,847
Other payables	-	-	-	-
Total liabilities	<u>847,547</u>	<u>-</u>	<u>12,866</u>	<u>860,413</u>
Deferred Inflows:				
Unavailable revenue	<u>105,393</u>	<u>-</u>	<u>-</u>	<u>105,393</u>
Fund balances:				
Restricted for:				
Street and Alley	-	-	208,747	208,747
City Donation	-	-	243,342	243,342
Library	-	-	(5,865)	(5,865)
Grants	-	-	37,030	37,030
Cemetery	-	-	65,327	65,327
Emergency Medical Services	-	976,121	-	976,121
Assigned to:				
Capital Improvements	-	-	262	262
Street and Alley	-	-	4,690	4,690
Public Works	-	-	13,485	13,485
Library	-	-	-	-
Airport	-	-	7,412	7,412
Grants	-	-	741	741
Cemetery	-	-	7,848	7,848
Emergency Medical Services	-	46,832	-	46,832
Unassigned (deficit)	(140,928)	-	-	(140,928)
Total fund balances	<u>(140,928)</u>	<u>1,022,953</u>	<u>583,019</u>	<u>1,465,044</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 812,012</u>	<u>\$ 1,022,953</u>	<u>\$ 595,885</u>	<u>\$ 2,430,850</u>

See accompanying notes to these financial statements.

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance – Year Ended June 30, 2021

City of Lindsay				
Statement of Revenues, Expenditures and Changes in Fund Balances				
Governmental Funds				
For the Year Ended June 30, 2021				
	General Fund	Emergency Services 1¢ Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,186,575	\$ 600,868	\$ -	\$ 2,787,443
Intergovernmental	625,208	-	272,836	898,044
Charges for services	443,419	-	16,513	459,932
Fines and forfeitures	70,419	-	-	70,419
Licenses and permits	12,816	-	-	12,816
Investment income	5,685	2,503	1,782	9,970
Miscellaneous	131,028	-	100,873	231,901
Total revenues	<u>3,475,150</u>	<u>603,371</u>	<u>392,004</u>	<u>4,470,525</u>
EXPENDITURES				
Current:				
General government	152,033	-	-	152,033
Public Safety	1,896,988	-	-	1,896,988
Highway and streets	48,315	-	-	48,315
Culture and recreation	195,583	-	9,429	205,012
Airport	-	-	4,469	4,469
Cemetery	100,232	-	-	100,232
Public Health and Welfare	1,084,696	-	-	1,084,696
Capital Outlay	369,450	-	267,442	636,892
Debt Service:				
Principal	171,354	-	-	171,354
Interest and other charges	18,861	-	-	18,861
Total Expenditures	<u>4,037,512</u>	<u>-</u>	<u>281,340</u>	<u>4,318,852</u>
Excess (deficiency) of revenues over expenditures	<u>(562,362)</u>	<u>603,371</u>	<u>110,664</u>	<u>151,673</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,121,529	-	14,770	1,136,299
Transfers out	(678,610)	(900,000)	(121,529)	(1,700,139)
Total other financing sources and uses	<u>442,919</u>	<u>(900,000)</u>	<u>(106,759)</u>	<u>(563,840)</u>
Net change in fund balances	(119,443)	(296,629)	3,905	(412,167)
Fund balances - beginning	(21,485)	1,319,582	579,114	1,877,211
Fund balances - ending	<u>\$ (140,928)</u>	<u>\$ 1,022,953</u>	<u>\$ 583,019</u>	<u>\$ 1,465,044</u>

See accompanying notes to these financial statements.

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Total fund balance, governmental funds	\$	1,465,044
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.		6,710,571
Certain long-term assets are not available to pay current fund liabilities and, therefore are deferred in the funds:		
Grants receivable		30,285
Court fines receivable		75,108
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		164,698
Pension related deferred outflows		864,992
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position		
Net Position of the Internal Service Fund		3,077
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		(167,203)
Notes payable		(1,163,089)
Interest payable		(1,951)
Pension related deferred inflows		(338,839)
OPEB related deferred inflows		(269,650)
Net pension liability		(1,714,860)
Total OPEB liability		(103,134)
Net Position of Governmental Activities in the Statement of Net Position	\$	5,555,049

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds:	(412,167)
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 depreciaton expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	611,626
Depreciation expense	(600,270)
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.	
	(122,437)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in unavailable revenue	(128,807)
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	171,351
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	248
Change in accrued compensated absences	(67,320)
Change in total OPEB Liability	(5,181)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilites of the internal service fund are included in governmental activities in the Statement of Net Position.	
	3,077
Change in net position of governmental activities	\$ (549,880)

See accompanying notes to these financial statements.

**CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Proprietary Funds Statement of Net Position – June 30, 2021

	<u>Lindsay Public Works Authority</u>	<u>Internal Service Fund</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 587,800	\$ 3,077
Restricted:		
Cash and cash equivalents	64,824	-
Due from other funds	617,758	-
Accounts receivable, net	803,131	-
Due from other governments	52,000	-
Other receivables	6,748	-
Inventories	171,924	-
Total current assets	<u>2,304,185</u>	<u>3,077</u>
Non-current assets:		
Restricted:		
Cash and cash equivalents	189,627	-
Investments	94,000	-
Net pension asset	122,665	-
Capital Assets:		
Land and construction in progress	1,126,369	-
Other capital assets, net of accumulated depreciation	7,359,989	-
Total non-current assets	<u>8,892,650</u>	<u>-</u>
Total assets	<u>11,196,835</u>	<u>3,077</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to OPEB	26,796	-
Deferred amounts related to pensions	260,132	-
Total deferred outflows	<u>286,928</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	231,381	-
Salaries payable	23,978	-
Accrued interest payable	346	-
Due to other governments	19,682	-
Due to other funds	223,767	-
Compensated absences	10,265	-
Due to depositors	47,407	-
Notes payable	107,067	-
Total current liabilities	<u>663,893</u>	<u>-</u>
Non-current liabilities:		
Compensated absences	92,387	-
Due to depositors	189,626	-
Total OPEB liability	64,015	-
Total non-current liabilities	<u>346,028</u>	<u>-</u>
Total liabilities	<u>1,009,921</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to OPEB	150,737	-
Deferred amounts related to pensions	39,942	-
Total deferred inflows	<u>190,679</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	8,593,425	-
Restricted for debt service	17,071	-
Restricted for Capital	159,049	-
Unrestricted	1,513,618	3,077
Total net position	<u>\$ 10,283,163</u>	<u>\$ 3,077</u>

See accompanying notes to these financial statements.

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position – Year Ended June 30, 2021

	Lindsay Public Works Authority	Internal Service Fund
OPERATING REVENUES		
Electric	\$ 2,788,602	\$ -
Water	421,209	-
Sewer	345,417	-
Sanitation	515,767	-
Golf course	49,180	-
Pool	35,491	-
Miscellaneous	312,884	-
Total operating revenues	4,468,550	-
OPERATING EXPENSES		
Billing	153,797	-
Electric	2,249,472	-
Water	664,129	-
Sewer	170,419	-
Sanitation	362,845	-
Administration/Legal	372,799	-
Golf Course	187,317	-
Pool	72,564	-
General government	244,062	-
Depreciation expense	488,089	-
Total operating expenses	4,965,493	-
Operating income (loss)	(496,943)	-
NON-OPERATING REVENUES (EXPENSES)		
Investment income	4,610	1
Grant revenue	10,000	-
Interest expense and fiscal agent fees	(4,383)	-
Total non-operating revenue	10,227	1
Income (loss) before transfers	(486,716)	1
Transfers in	678,555	3,076
Transfers out	(117,791)	-
Change in net position	74,048	3,077
Total net position - beginning	10,209,115	-
Total net position - ending	\$ 10,283,163	\$ 3,077

See accompanying notes to these financial statements.

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Proprietary Funds Statement of Cash Flows – Year Ended June 30, 2021

	<u>Lindsay Public Works Authority</u>	<u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 4,616,151	\$ -
Payments to suppliers	(3,312,273)	-
Payments to employees	(1,411,740)	-
Interfund receipts	44,695	-
Receipts of customer meter deposits	50,300	-
Refunds of customer meter deposits	(44,902)	-
Net cash provided by (used in) operating activities	<u>(57,769)</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	678,555	3,076
Transfers to other funds	(117,791)	-
Net cash provided by noncapital financing activities	<u>560,764</u>	<u>3,076</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(340,858)	-
Principal paid on debt	(292,384)	-
Interest and fiscal agent fees paid on debt	(6,047)	1
Net cash provided by (used in) capital and related financing activities	<u>(639,289)</u>	<u>1</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	4,610	-
Net cash provided by investing activities	<u>4,610</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(131,684)	3,077
Balances - beginning of year	<u>973,935</u>	<u>-</u>
Balances - end of year	<u>\$ 842,251</u>	<u>\$ 3,077</u>
Reconciliation to Statement of Net Position:		
Cash and cash equivalents	\$ 587,800	\$ 3,077
Restricted cash and cash equivalents - current	64,824	-
Restricted cash and cash equivalents - noncurrent	189,627	-
Total cash and cash equivalents, end of year	<u>\$ 842,251</u>	<u>\$ 3,077</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (496,943)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	488,089	-
Grant revenue	10,000	-
Change in assets and liabilities:		
Due from other funds	(167,091)	-
Due from other governments	(10,000)	-
Due to other funds	211,786	-
Due to other governments	11,947	-
Accounts receivable	148,935	-
Other receivables	(1,334)	-
Inventory	(1,836)	-
Net pension asset	139,504	-
Total OPEB liability	27,432	-
Deferred outflows related to pensions	(185,385)	-
Accounts payable	(265,935)	-
Accrued payroll payable	(42,762)	-
Deposits subject to refund	5,398	-
Accrued compensated absences	40,534	-
Deferred inflows related to pensions	29,892	-
Net cash provided by (used in) operating activities	<u>\$ (57,769)</u>	<u>\$ -</u>

See accompanying notes to these financial statements.

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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

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.

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 Service 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.

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 Services 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.

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

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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, 2021, 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, 2021, the primary government held the following deposits and investments:

PRIMARY GOVERNMENT:

<u>Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Fair Value Valuation Level</u>	<u>Carrying/Fair Value</u>
Deposits:				
Petty cash				\$ 500
Demand deposits				2,286,220
Time deposits	May 2022			94,000
Total deposits and investments				<u>\$ 2,380,720</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents				\$ 2,032,269
Restricted cash and cash equivalents				254,451
Restricted Investments				94,000
				<u>\$ 2,380,720</u>

See accompanying footnotes to this schedule.

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, 2021, the City and the LPWA were not exposed to custodial credit risk as defined above.

As of June 30, 2021, the deposits and investments for the Lindsay Municipal Hospital Authority were \$8,915,713. Of this amount, \$7,916,000 was exposed to custodial risk.

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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, 2021, the City's investments consisted of \$17,417 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, 2021.

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, 2021 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	\$ 47,407	\$ 189,627	\$ 94,000	\$331,034
2012 Note Trustee Accounts	17,417	-	-	17,417
Total	<u>\$ 64,824</u>	<u>\$ 189,627</u>	<u>\$ 94,000</u>	<u>\$348,451</u>

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.

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	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Ambulance receivable	\$ 292,993	\$ 185,362	\$ 107,631
Court fines	423,532	338,826	84,706
Other receivables	22,495	12,150	10,345
Total Governmental Activities	<u>\$ 739,020</u>	<u>\$ 536,338</u>	<u>\$ 202,682</u>
Business-Type Activities:			
Utilities	\$ 1,667,034	\$ 863,903	\$ 803,131
Other receivables	6,748	-	6,748
Total Business-Type Activities	<u>\$ 1,673,782</u>	<u>\$ 863,903</u>	<u>\$ 809,879</u>
Lindsay Municipal Hospital Authority:			
Patient receivable	\$ 1,787,882	\$ 392,000	\$ 1,395,882
Total Lindsay Municipal Hospital Authority	<u>\$ 1,787,882</u>	<u>\$ 392,000</u>	<u>\$ 1,395,882</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, 2021, capital assets balances changed as follows:

Primary Government:

	Balance at July 1, 2020	Additions	Disposals	Balance at June 30, 2021
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 399,892	\$ -	\$ -	\$ 399,892
Construction in progress	361,885	407,816	720,462	49,239
Total capital assets not being depreciated	<u>761,777</u>	<u>407,816</u>	<u>720,462</u>	<u>449,131</u>
Other capital assets:				
Buildings	2,434,600	28,675	-	2,463,275
Land Improvements	27,500	-	-	27,500
Computers & Electronics	119,280	4,414	-	123,694
Furniture & Fixtures	31,604	-	-	31,604
Vehicles	2,935,695	32,516	-	2,968,211
Infrastructure	6,493,497	679,401	-	7,172,898
Machinery & Equipment	1,625,364	136,729	-	1,762,093
Total other capital assets at historical cost	<u>13,667,540</u>	<u>881,735</u>	<u>-</u>	<u>14,549,275</u>
Less accumulated depreciation for:				
Buildings	1,168,849	83,315	-	1,252,164
Land Improvements	25,970	1,528	-	27,498
Computers & Electronics	118,291	754	-	119,045
Furniture & Fixtures	29,750	171	-	29,921
Vehicles	1,823,153	128,909	-	1,952,062
Infrastructure	3,491,214	201,961	-	3,693,175
Machinery & Equipment	1,072,873	141,097	-	1,213,970
Total accumulated depreciation	<u>7,730,100</u>	<u>557,735</u>	<u>-</u>	<u>8,287,835</u>
Other capital assets, net	<u>5,937,440</u>	<u>324,000</u>	<u>-</u>	<u>6,261,440</u>
Governmental activities capital assets, net	<u>\$ 6,699,217</u>	<u>\$ 731,816</u>	<u>\$ 720,462</u>	<u>\$ 6,710,571</u>
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 836,486	-	-	\$ 836,486
Construction in progress	2,153,734	48,406	1,912,257	289,883
Total capital assets not being depreciated	<u>2,990,220</u>	<u>48,406</u>	<u>1,912,257</u>	<u>1,126,369</u>
Other capital assets:				
Buildings	912,558	-	-	912,558
Computers & Electronics	115,572	-	-	115,572
Furniture & Fixtures	8,840	-	-	8,840
Vehicles	615,971	-	-	615,971
Machinery & equipment	1,700,469	59,996	-	1,760,465
Infrastructure	18,012,850	2,144,711	-	20,157,561
Total other capital assets at historical cost	<u>21,366,260</u>	<u>2,204,707</u>	<u>-</u>	<u>23,570,967</u>
Less accumulated depreciation for:				
Buildings	577,431	14,116	-	591,547
Computers & Electronics	111,864	2,231	-	114,095
Furniture & Fixtures	8,840	-	-	8,840
Vehicles	512,538	24,757	-	537,295
Machinery and equipment	1,141,646	118,557	-	1,260,203
Infrastructure	13,370,570	328,428	-	13,698,998
Total accumulated depreciation	<u>15,722,889</u>	<u>488,089</u>	<u>-</u>	<u>16,210,978</u>
Other capital assets, net	<u>5,643,371</u>	<u>1,716,618</u>	<u>-</u>	<u>7,359,989</u>
Business-type activities capital assets, net	<u>\$ 8,633,591</u>	<u>\$ 1,765,024</u>	<u>\$ 1,912,257</u>	<u>\$ 8,486,358</u>

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	Balance at July 1, 2020	Additions	Disposals	Balance at June 30, 2021
<i>Lindsay Municipal Hospital Authority:</i>				
Capital assets not being depreciated:				
Land	\$ 14,164	\$ -	\$ -	\$ 14,164
Construction in progress	134,058	739,085	366,367	506,776
Total capital assets not being depreciated	<u>148,222</u>	<u>739,085</u>	<u>366,367</u>	<u>520,940</u>
Other capital assets:				
Buildings	3,163,876	101,463	-	3,265,339
Land Improvements	34,266	-	-	34,266
Machinery & Equipment	3,105,113	900,931	176,638	3,829,406
Total other capital assets at historical cost	<u>6,303,255</u>	<u>1,002,394</u>	<u>176,638</u>	<u>7,129,011</u>
Less accumulated depreciation for:				
Buildings	2,146,341	71,041	-	2,217,382
Land Improvements	34,266	-	-	34,266
Machinery & Equipment	2,460,015	197,995	176,638	2,481,372
Total accumulated depreciation	<u>4,640,622</u>	<u>269,036</u>	<u>176,638</u>	<u>4,733,020</u>
Other capital assets, net	<u>1,662,633</u>	<u>733,358</u>	<u>-</u>	<u>2,395,991</u>
Municipal Hospital capital assets, net	<u>\$ 1,810,855</u>	<u>\$ 1,472,443</u>	<u>\$ 366,367</u>	<u>\$ 2,916,931</u>
<i>Lindsay Industrial Development Authority:</i>				
Capital assets not being depreciated:				
Land - restated	\$ 443	\$ -	\$ -	\$ 443
Other capital assets:				
Buildings	800	-	-	800
Furniture & Fixtures	256	-	-	256
Total other capital assets at historical cost	<u>1,056</u>	<u>-</u>	<u>-</u>	<u>1,056</u>
Less accumulated depreciation for:				
Buildings	800	-	-	800
Furniture & Fixtures	256	-	-	256
Total accumulated depreciation	<u>1,056</u>	<u>-</u>	<u>-</u>	<u>1,056</u>
Other capital assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Industrial Authority activities capital assets, net	<u>\$ 443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 443</u>

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

Governmental Activities:

General government	\$ 55,888
Public safety	248,740
Highways and streets	20,246
Culture and recreation	98,496
Cemetery	20,171
Airport	114,194
	<u>\$ 557,735</u>

Business-Type Activities:

Electric	\$ 82,590
Water	254,174
Sewer	127,271
Sanitation	1,427
Golf Course	22,592
Pool	35
	<u>\$ 488,089</u>

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6. Long-Term Debt and Debt Service Requirements

<u>Type of Debt</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
Governmental Activities:					
Capital Lease payable	\$ 1,334,444	\$ -	171,354	\$ 1,163,089	\$ 173,654
Accrued compensated absences	99,883	67,320	-	167,203	16,720
Total Governmental Activities	<u>\$ 1,434,327</u>	<u>\$ 67,320</u>	<u>\$ 171,354</u>	1,330,292	<u>\$ 190,374</u>
			Total OPEB liability	103,134	
			Net pension liability	<u>1,714,860</u>	
				<u>\$ 3,148,286</u>	
Business-Type Activities:					
Notes payable - direct borrowings	\$ 399,451	\$ -	\$ 292,384	\$ 107,067	\$ 107,067
Meter deposit liability	231,635	50,300	44,902	237,033	47,407
Accrued compensated absences	62,118	40,534	-	102,652	10,265
Total Business-Type Activities	<u>693,204</u>	<u>90,834</u>	<u>337,286</u>	446,752	<u>164,739</u>
			Total OPEB liability	64,015	
				<u>\$ 510,767</u>	
Total Long-Term Debt	<u>\$ 2,127,531</u>	<u>\$ 158,154</u>	<u>\$ 508,640</u>	<u>\$ 3,659,053</u>	<u>\$ 355,113</u>
Reconciliation to Statement of Net Position:					
Due within one year				\$ 355,113	
Due in more than one year				1,421,931	
Total OPEB liability				167,149	
Net pension liability				1,714,860	
Total long-term liabilities				<u>\$ 3,659,053</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, 2021, 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.	\$ 600,000
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 beginning May 18, 2019, final installment due May 18, 2028. Yearly payments are to be budgeted and appropriated by the City.	\$ 563,088
	<u>1,163,088</u>
Total Capital Lease Payable	<u>\$ 1,163,088</u>
Current portion	173,654
Noncurrent portion	<u>989,435</u>
Total Capital Lease Payable	<u>\$ 1,163,089</u>

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Accrued Compensated Absences

	Current portion	\$	16,720
	Noncurrent portion		150,483
Total Accrued Compensated Absences		\$	<u>167,203</u>

Total OPEB Liability

	Current portion	\$	-
	Noncurrent portion		103,134
Total OPEB Liability		\$	<u>103,134</u>

Net Pension Liability

	Current portion	\$	-
	Noncurrent portion		1,714,860
Total Net Pension Liability		\$	<u>1,714,860</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, 2021, 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.

\$ 97,067

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.

10,000

Total Notes Payable (Direct Borrowings) \$ 107,067

	Current portion	107,067
	Noncurrent portion	0
Total Notes Payable (Direct Borrowings)		<u>\$ 107,067</u>

Meter Deposit Liability

	Current portion	\$	47,407
	Noncurrent portion		189,626
Total Meter Deposit Liability		\$	<u>237,033</u>

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Accrued Compensated Absences

	Current portion	\$ 10,265
	Noncurrent portion	92,387
Total Accrued Compensated Absences	\$	102,652

Total OPEB Liability

	Current portion	\$ -
	Noncurrent portion	64,015
Total OPEB Liability	\$	64,015

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

Year Ended June 30,	Governmental		Business-Type	
	Capital Lease Payable		Notes Payable (direct borrowings)	
	Principal	Interest	Principal	Interest
2022	\$ 173,654	\$ 16,561	\$ 107,067	\$ 731
2023	175,819	14,396	-	-
2024	178,015	12,200	-	-
2025	180,342	9,873	-	-
2026	182,704	7,511	-	-
2027-2028	272,555	7,662	-	-
Total	\$ 1,163,089	\$ 68,203	\$ 107,067	\$ 731

<u>Type of Debt</u>	Balance			Balance		Due Within
Component Unit:	<u>July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2021</u>	<u>One Year</u>	
Lindsay Municipal Hospital Authority:						
Paycheck Protection Program loan	\$ 1,452,256	\$ -	\$ 1,452,256	\$ -	\$ -	-
Capital lease obligation	164,321	-	34,246	130,075	35,504	-
Total Lindsay Municipal Hospital	\$ 1,616,577	\$ -	\$ 1,486,502	\$ 130,075	\$ 35,504	-

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). In February 2021, the Authority received notification that the entire loan balance was forgiven. The Authority recognized the entire balance of the loan as gain on PPP loan forgiveness on the statement of revenues, expenses, and changes in net position.

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	Lindsay Municipal Hospital Authority
Year Ended	Capital Lease Obligation- present value of future minimum lease payments
June 30,	
2022	\$ 39,619
2023	39,619
2024	39,619
2025	19,808
Total minimum lease payments	138,665
Less amount representing interest	(8,590)
Present value of future minimum lease payments	130,075

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 \$107,797. Pledged sales taxes received in the current year were \$678,555 and net utility revenues were (\$4,797). Debt service payments of \$300,118 for the current fiscal year were 45% of both pledged sales taxes and net utility revenues of \$673,758.

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.

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- 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. 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.

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Enterprise Funds:

Debt service and reserve for promissory notes:	
Cash and investments	\$17,417
Less: accrued interest payable	<u>(346)</u>
Total Enterprise Fund Restriction for Debt Service	<u>\$17,071</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.

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

Due From	Due To	Amount	Nature of Balance
Library	General Fund	7,607	grant activity
LPWA	General Fund	3,916	deposit correction
LPWA	General Fund	175,000	grant activity
General Fund	LPWA	575,686	sales tax
General Fund	Street & Alley	1,606	deposit correction
Grant Fund	General Fund	4,826	grant activity
LPWA Donation Fund	LPWA	321	donation monies
General Fund	Emergency Service 1% Sales Tax	177,226	Sales tax
General Fund	Cemetery	1,000	deposit correction
LPWA	Airport	3,100	Airport grant monies
LPWA Improvement Fund	LPWA	41,751	operating activity
Police Bond	CLEET Fund	3,769	court activity
Police Bond	General Fund	688	court activity
Total		\$ 996,496	

Reconciliation to Fund Financial Statements:

	Due From	Due To	Net Internal Balances
Governmental Funds	\$ 378,738	\$ (772,729)	\$ (393,991)
Proprietary Funds	617,758	(223,767)	393,991
Total	\$ 996,496	\$ (996,496)	\$ -

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

Transfer From	Transfer To	Amount	Purpose of Transfer
LPWA	Airport Fund	\$ 14,770	grant activity
EMS Fund	General Fund	900,000	sales tax transfer
LPWA Designated Sales Tax Fund	General Fund	100,000	debt service activity
Cemetery Perpetual Fund	General Fund	61,529	capital asset equipment purchase
Street & Alley Fund	General Fund	60,000	capital asset equipment purchase
General Fund	LPWA	678,555	sales tax transfer
General Fund	Insurance Trust Fund	55	Operating transfer
LPWA	Insurance Trust Fund	3,021	Operating transfer
Total		<u>\$ 1,817,930</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 1,136,299	\$ (1,700,139)	\$ (563,840)
Proprietary Funds	678,555	(117,791)	560,764
Internal Service Funds	3,076	-	3,076
	<u>\$ 1,817,930</u>	<u>\$ (1,817,930)</u>	<u>\$ -</u>

11. Risk Management

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

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

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

12. Retirement Plan Participation

The City participates in three employee retirement plans:

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

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

	Governmental Activities	Business-type Activities	Plan Totals
Net Pension Asset:			
OkMRF	\$ 164,698	\$ 122,665	\$ 287,363
Total	<u>\$ 164,698</u>	<u>\$ 122,665</u>	<u>\$ 287,363</u>
Net Pension Liability:			
Police	\$ 99,259	\$ -	\$ 99,259
Firefighters	1,615,601	-	1,615,601
Total	<u>\$ 1,714,860</u>	<u>\$ -</u>	<u>\$ 1,714,860</u>
Deferred Outflows of Resources:			
OkMRF	\$ 300,901	\$ 260,132	\$ 561,033
Police	169,751	-	169,751
Firefighters	394,340	-	394,340
Total	<u>\$ 864,992</u>	<u>\$ 260,132</u>	<u>\$ 1,125,124</u>
Deferred Inflows of Resources:			
OkMRF	\$ 79,119	\$ 39,942	\$ 119,061
Police	28,280	-	28,280
Firefighters	231,440	-	231,440
Total	<u>\$ 338,839</u>	<u>\$ 39,942</u>	<u>\$ 378,781</u>
Pension Expense:			
OkMRF	\$ 77,373	\$ 68,133	\$ 145,506
Police	114,639	-	114,639
Firefighters	287,858	-	287,858
Total	<u>\$ 479,870</u>	<u>\$ 68,133</u>	<u>\$ 548,003</u>

Oklahoma Firefighters’ Pension and Retirement System:

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

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

Normal Retirement:

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

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- Hired after November 1, 2013

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

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

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

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$66,575. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$102,162 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 \$135,855. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the City reported a net pension liability of \$1,615,601 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2020. Based upon this information, the City's proportion was 0.131145%.

For the year ended June 30, 2021, the City recognized pension expense of \$287,858. At June 30, 2021, 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	\$ 205,909	\$ 21,677
Changes of assumptions	-	27,378
Net difference between projected and actual earnings on pension plan investments	23,748	-
Changes in proportion	98,108	179,604
City's contribution during the measurement date	-	2,781
City contributions subsequent to the measurement date	66,575	-
Total	\$ 394,340	\$ 231,440

The \$66,575 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:	
2022	11,490
2023	53,097
2024	22,739
2025	8,999
Total	\$ 96,325

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.5% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

For 2020, 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, 2020, 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

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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, 2020, 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%	4.38%
Domestic equity	47%	7.41%
International equity	15%	9.82%
Real estate	10%	7.70%
Other assets	8%	5.67%

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

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

	<u>1% Decrease 6.5%</u>	<u>Current Discount Rate 7.5%</u>	<u>1% Increase 8.5%</u>
Employers' net pension liability	\$ 2,098,138	\$ 1,615,601	\$ 1,211,857

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

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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 \$37,465. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$21,779 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 \$34,826. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the City reported a liability of \$99,259 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2020. Based upon this information, the City's proportion was 0.086429%.

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For the year ended June 30, 2021, the City recognized pension expense of \$114,639. At June 30, 2021, 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	\$ 2,568	\$ 26,956
Changes of assumptions	10,197	-
Net difference between projected and actual earnings on pension plan investments	117,110	-
Changes in proportion	2,342	577
City contributions during measurement date	69	747
City contributions subsequent to the measurement date	37,465	-
Total	\$ 169,751	\$ 28,280

The \$37,465 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 or an addition 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:	
2022	14,876
2023	29,816
2024	38,622
2025	22,587
2025	(1,895)
Total	\$ 104,006

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2020, 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

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

The actuarial assumptions used in the July 1, 2020, 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, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	5.11%
Domestic equity	6.80%
International equity	11.45%
Real estate	8.60%
Private equity	11.58%
Commodities	0.00%

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.

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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)	\$ 350,642	\$ 99,259	\$ (113,358)

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

Oklahoma Municipal Retirement Fund Defined Benefit Plan

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

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

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Eligibility Factors and Benefit Provisions-

Provision	OkMRF Plan
Date of Last Actuarial Valuation	July 1, 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	49
Deferred Vested Former Employees	2
Disabled Participants	1
Retirees or Retiree Beneficiaries	<u>17</u>
Total	<u>69</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 8.76% of covered payroll as of 7-1-20 however, management elected to contribute 8.01% of covered payrolls as of 7-1-20. For the year ended June 30, 2021, the City recognized \$151,701 of employer contributions to the plan which is more than the actuarially determined amount of \$90,520 based on covered payroll of \$1,894,224. Employees contribute 3.75% of covered payroll as of July 1, 2020.

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Actuarial Assumptions –

Date of Last Actuarial Valuation	July 1, 2020
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, 2020 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			<u>2.75%</u>
Long-term expected return			<u>7.50%</u>

Changes in Net Pension Liability (Asset) –

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)

	<u>Increase (Decrease)</u>		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances Beginning of Year	\$ 4,391,855	\$ 4,929,056	\$ (537,201)
Changes for the Year:			
Service cost	179,605	-	179,605
Interest expense	321,147	-	321,147
Difference between expected & actual experience	99,632	-	99,632
Changes of assumptions	-	-	-
Contributions--City	-	90,520	(90,520)
Contributions--members	-	67,884	(67,884)
Net investment income	-	202,307	(202,307)
Benefits paid	(223,840)	(223,840)	-
Plan administrative expenses	-	(10,165)	10,165
Net Changes	<u>376,544</u>	<u>126,706</u>	<u>249,838</u>
Balances End of Year	<u>\$ 4,768,399</u>	<u>\$ 5,055,762</u>	<u>\$ (287,363)</u>

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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)	\$ 349,784	\$ (287,363)	\$ (803,138)

The City reported \$145,506 in pension expense for the year ended June 30, 2021. At June 30, 2021, 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	\$ 178,151	\$ 82,664
Changes of assumptions	58,820	-
Net difference between projected and actual earnings on pension plan investments	111,026	
Changes in proportion and differences between City contributions and proportionate share of contributions	61,335	36,397
City contributions subsequent to the measurement date	151,701	-
Total	\$ 561,033	\$ 119,061

Amortization of Pension Deferrals –\$151,701 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:	
2022	\$ 20,159
2023	90,917
2024	109,723
2025	62,516
2026	6,956
thereafter	-
	\$ 290,271

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.

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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, 2021 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>

Total OPEB Liability – The City’s total OPEB liability of \$167,149 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

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

	Total OPEB Liability
Balances Beginning of Year	\$ 111,339
Changes for the Year:	
Service cost	56,125
Interest expense	6,481
Changes of assumptions	(6,796)
Benefits paid	-
Net Changes	55,810
Balances End of Year	\$ 167,149

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 2.16%, 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	\$ 205,607	\$ 167,149	\$ 137,512

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	\$ 125,888	\$ 167,149	\$ 227,010

OPEB Expense- For the year ended June 30, 2021 the City recognized OPEB expense of \$13,240.

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 2021, the City's involvement in federal and state award programs was not material. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

DEQ Consent Order:

The City of Lindsay is currently not under any consent orders.

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 reasonably estimated as of June 30, 2021, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs, if any, and obtaining an estimate of those costs in a subsequent fiscal year.

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, 2021. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term. Approximately 91% of net patient service revenues are from patients covered under agreements with the Department of Corrections for the year ended June 30, 2021.

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, 2021, the Authority accrued approximately \$300 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.

Effective July 1, 2021, ODOC and the Authority agreed to renew the contract under the same terms and conditions through June 30, 2022.

Subsequent Events:

The City is anticipating a slight increase in sales and use tax revenue in FY21/22 along with an increase in gas and oil activity. The City expects a continued increase in salaries and operating expenses in FY21/22.

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REQUIRED SUPPLEMENTAL INFORMATION

**CITY OF LINDSAY, OKLAHOMA
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Budgetary Comparison Schedules (Budgetary Basis) – Year Ended June 30, 2021

GENERAL FUND				
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 336,192	\$ 336,192	\$ (21,485)	\$ (357,677)
Resources (Inflows)				
Taxes	1,850,200	1,850,200	2,186,575	336,375
Intergovernmental	268,280	268,280	501,267	232,987
Charges for services	426,200	426,200	443,419	17,219
Fines and forfeitures	116,000	116,000	70,419	(45,581)
Licenses and permits	12,000	12,000	12,816	816
Investment income	1,577	1,577	5,685	4,108
Miscellaneous	186,400	186,400	131,028	(55,372)
Transfers in	1,011,500	1,011,500	1,121,529	110,029
Sub-total Resources (Inflows)	<u>3,872,157</u>	<u>3,872,157</u>	<u>4,472,738</u>	<u>600,581</u>
Amounts Available for Appropriation	<u>4,208,349</u>	<u>4,208,349</u>	<u>4,451,253</u>	<u>242,904</u>
Charges to Appropriations (Outflows)				
Public safety	2,018,588	2,018,587	1,857,514	161,073
Streets	31,400	31,400	72,773	(41,373)
Culture & recreation	440,090	440,091	334,722	105,369
General government	266,027	266,027	323,387	(57,360)
Cemetery	109,830	109,830	205,869	(96,039)
Health & public safety -ambulance	1,262,414	1,262,414	1,119,306	143,108
Transfers out	80,000	80,000	678,610	(598,610)
Total Charges to Appropriations	<u>4,208,349</u>	<u>4,208,349</u>	<u>4,592,181</u>	<u>(383,832)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (140,928)</u>	<u>\$ (140,928)</u>
EMERGENCY SERVICES ONE CENT FUND				
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 1,319,582	\$ 1,319,582
Resources (Inflows)				
Taxes	950,000	950,000	600,868	(349,132)
Investment income	4,200	4,200	2,503	(1,697)
Transfer In	-	-	-	-
Amounts Available for Appropriation	<u>954,200</u>	<u>954,200</u>	<u>1,922,953</u>	<u>968,753</u>
Charges to Appropriations (Outflows)				
Health & Public Safety -Ambulance	4,200	4,200	-	4,200
Transfers out	950,000	950,000	900,000	50,000
Total Charges to Appropriations	<u>954,200</u>	<u>954,200</u>	<u>900,000</u>	<u>54,200</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,022,953</u>	<u>\$ 1,022,953</u>

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Budgetary Comparison Schedules – Year Ended June 30, 2021, (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:

Streets	\$41,373
General Government	\$57,360
Cemetery	\$96,039
Transfers out	\$598,610

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

	<u>General Fund</u>
Total budgetary resources (inflows)	\$ 4,472,738
Add: On-behalf payments	123,941
Total resources as recorded on the statement of revenues, expenditures, and changes in fund balances-governmental funds	\$ 4,596,679

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

Total revenues	\$ 3,475,150
Transfers in	1,121,529
Total Resources	\$ 4,596,679

Total budgetary expenditures and transfers	\$ 4,592,181
Add: On-behalf payments	123,941
Total expenditures as recorded on the statement of revenues, expenditures, and changes in fund balances-governmental funds	\$ 4,716,122

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

Total expenditures	\$ 4,037,512
Transfers out	678,610
Total Expenditures	\$ 4,716,122

**CITY OF LINDSAY, OKLAHOMA
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OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.131145%	0.139641%	0.153497%	0.134337%	0.136979%	0.144398%	0.143005%
City's proportionate share of the net pension liability	\$ 1,615,601	\$ 1,475,546	\$ 1,727,829	\$ 1,689,579	\$ 1,673,479	\$ 1,532,645	\$ 1,470,589
City's covered-employee payroll	\$ 475,534	\$ 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	340%	352%	399%	449%	446%	397%	406%
Plan fiduciary net position as a percentage of the total pension liability	69.98%	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 seven years are presented because 10-year data is not yet available.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorially required contribution	66,575	58,824	59,916	\$ 60,627	\$ 52,677	\$ 52,584	\$ 54,034
Contributions in relation to the statutorially required contribution	<u>66,575</u>	<u>58,824</u>	<u>59,916</u>	<u>60,627</u>	<u>52,677</u>	<u>52,584</u>	<u>54,034</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	475,534	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%	14.00%

Notes to Schedule:

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

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Schedules of Required Supplementary Information

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

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.0864%	0.0869%	0.0919%	0.0830%	0.0893%	0.0787%	0.0882%
City's proportionate share of the net pension liability (asset)	\$ 99,259	\$ (5,547)	\$ (43,754)	\$ 6,382	\$ 136,711	\$ 3,208	\$ (29,686)
City's covered-employee payroll	\$ 289,463	\$ 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	-34.29%	1.97%	15.62%	2.58%	51.93%	1.44%	12.29%
Plan fiduciary net position as a percentage of the total pension liability	95.80%	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 seven years are presented because 10-year data is not yet available.

SCHEDULE OF CITY CONTRIBUTIONS

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 37,465	\$ 37,630	\$ 36,731	\$ 36,424	\$ 32,162	\$ 34,224	\$ 28,909
Contributions in relation to the statutorially required contribution	<u>37,465</u>	<u>37,630</u>	<u>36,731</u>	<u>36,424</u>	<u>32,162</u>	<u>34,224</u>	<u>28,909</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 288,429	\$ 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%	13.00%

Notes to Schedule:

Only seven 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	Fiscal Year
	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	90,520	100,350	136,407	\$ 101,907	\$ 90,076	\$ 117,172	\$ 106,544
Contributions in relation to the actuarially determined contribution	151,701	146,126	160,415	157,249	154,716	165,241	160,218
Contribution deficiency (excess)	<u>\$ (61,181)</u>	<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	1,894,224	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	8.01%	8.13%	9.28%	7.47%	9.98%	10.03%	10.01%

Notes to Schedule:

1. Only the last seven fiscal years are presented because 10-year data is not yet available
2. Actuarially determined contribution rate is calculated as of July 1, 2020 and is 3.75%.
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%

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Required Supplementary Information
Oklahoma Municipal Retirement Fund

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

Fiscal Year

	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	179,605	162,972	161,164	176,742	189,500	172,099	\$ 149,157
Interest	321,147	285,024	279,474	279,848	272,680	260,188	253,634
Assumption changes	-	90,542	-	14,789	-	-	-
Differences between expected and actual experience	99,632	158,544	(105,690)	(106,196)	(112,059)	(23,395)	-
Benefit payments, including refunds of member contributions	(223,840)	(207,333)	(312,677)	(189,039)	(323,715)	(174,493)	(163,848)
Net change in total pension liability	376,544	489,749	22,271	176,144	26,406	234,399	238,943
Total pension liability - beginning	4,391,855	3,902,106	3,879,836	3,703,692	3,677,286	3,442,887	3,203,944
Total pension liability - ending (a)	4,768,399	4,391,855	3,902,107	3,879,836	3,703,692	3,677,286	\$ 3,442,887
Plan fiduciary net position							
Contributions - employer	90,520	100,350	136,407	154,657	165,204	160,195	\$ 147,521
Contributions - member	67,884	62,421	57,963	57,999	61,951	60,030	55,320
Net investment income	202,307	320,164	330,518	491,494	29,177	109,808	546,195
Benefit payments, including refunds of member contributions	(223,840)	(207,333)	(312,677)	(189,039)	(323,715)	(174,493)	(163,848)
Administrative expense	(10,165)	(9,593)	(9,278)	(8,586)	(7,933)	(8,121)	(8,091)
Net change in plan fiduciary net position	126,706	266,009	202,933	506,525	(75,316)	147,419	577,097
Plan fiduciary net position - beginning	4,929,056	4,663,047	4,460,115	3,953,590	4,028,906	3,881,487	3,304,390
Plan fiduciary net position - ending (b)	5,055,762	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)	\$ (287,363)	\$ (537,201)	\$ (760,940)	\$ (580,279)	\$ (249,898)	\$ (351,620)	\$ (438,600)
Plan fiduciary net position as a percentage of the total pension liability	106.03%	112.23%	119.50%	114.96%	106.75%	109.56%	112.74%
Covered employee payroll	1,797,994	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	15.98%	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 seven years are presented because 10-year data is not yet available.

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Schedule of Changes in Total OPEB Liability and Related Ratios

Last 10 Fiscal Years

	2018	2019	2020	2021
Total OPEB Liability				
Service cost	\$ 75,610	75,610	75,610	56,125
Interest	15,779	18,568	22,212	6,481
Change in assumptions	(10,347)	-	(484,833)	(6,796)
Benefit payments, including refunds of member contributions	(5,987)	(5,987)	-	-
Net change in total OPEB liability	75,055	88,191	(387,011)	55,810
Total OPEB liability - beginning	335,104	410,159	498,350	111,339
Total OPEB liability - ending	\$ 410,159	498,350	111,339	167,149
Covered employee payroll	\$ 2,069,939	2,523,678	2,210,025	2,210,025
Total OPEB liability as a percentage of covered employee payroll	19.82%	19.75%	5.04%	7.56%

Notes to Schedule:

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

The discount rate used for 2021 is 2.21%

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

SUPPLEMENTAL INFORMATION

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Balance Sheet – Non-Major Governmental Funds – June 30, 2021

	Special Revenue Funds					Capital Project Funds			Total-Other Governmental Funds
	City Donation	Street & Alley	LPWA Donation	Library	Grant	Cemetery Care	Airport	Capital Improvement	
ASSETS									
Cash and cash equivalents	\$ 243,342	\$ 207,391	\$ 13,806	\$ 1,742	\$ 42,597	\$ 72,175	\$ 3,224	\$ 262	\$ 584,539
Receivable from other governments	-	4,440	-	-	-	-	-	-	4,440
Due from other funds	-	1,606	-	-	-	1,000	3,100	-	5,706
Other receivables	-	-	-	-	-	-	1,200	-	1,200
Total assets	<u>\$ 243,342</u>	<u>\$ 213,437</u>	<u>\$ 13,806</u>	<u>\$ 1,742</u>	<u>\$ 42,597</u>	<u>\$ 73,175</u>	<u>\$ 7,524</u>	<u>\$ 262</u>	<u>\$ 595,885</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 112	\$ -	\$ 112
Due to other funds	-	-	321	7,607	4,826	-	-	-	12,754
Total liabilities	<u>-</u>	<u>-</u>	<u>321</u>	<u>7,607</u>	<u>4,826</u>	<u>-</u>	<u>112</u>	<u>-</u>	<u>12,866</u>
Fund balances:									
Restricted for:									
Street and Alley	-	208,747	-	-	-	-	-	-	208,747
City Donation	243,342	-	-	-	-	-	-	-	243,342
Library	-	-	-	(5,865)	-	-	-	-	(5,865)
Grants	-	-	-	-	37,030	-	-	-	37,030
Cemetery	-	-	-	-	-	65,327	-	-	65,327
Assigned to:									
Capital Improvements	-	-	-	-	-	-	-	262	262
Street and Alley	-	4,690	-	-	-	-	-	-	4,690
Public Works	-	-	13,485	-	-	-	-	-	13,485
Airport	-	-	-	-	-	-	7,412	-	7,412
Grants	-	-	-	-	741	-	-	-	741
Cemetery	-	-	-	-	-	7,848	-	-	7,848
Total fund balances	<u>243,342</u>	<u>213,437</u>	<u>13,485</u>	<u>(5,865)</u>	<u>37,771</u>	<u>73,175</u>	<u>7,412</u>	<u>262</u>	<u>583,019</u>
Total liabilities and fund balances	<u>\$ 243,342</u>	<u>\$ 213,437</u>	<u>\$ 13,806</u>	<u>\$ 1,742</u>	<u>\$ 42,597</u>	<u>\$ 73,175</u>	<u>\$ 7,524</u>	<u>\$ 262</u>	<u>\$ 595,885</u>

CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds – Year Ended June 30, 2021

	Special Revenue Funds					Capital Project Funds			Total-Other Governmental Funds
	City Donation	Street & Alley	LPWA Donation	Library	Grant	Cemetery Care	Airport	Capital Improvement	
REVENUES									
Intergovernmental	\$ -	\$ 25,198	\$ -	\$ 3,341	\$ -	\$ -	\$ 244,297	\$ -	\$ 272,836
Charges for services	-	-	-	-	-	12,213	4,300	-	16,513
Investment income	519	697	42	3	139	330	51	1	1,782
Miscellaneous	100,148	-	-	-	-	725	-	-	100,873
Total revenues	<u>100,667</u>	<u>25,895</u>	<u>42</u>	<u>3,344</u>	<u>139</u>	<u>13,268</u>	<u>248,648</u>	<u>1</u>	<u>392,004</u>
EXPENDITURES									
Current:									
Culture and recreation	-	-	-	9,429	-	-	-	-	9,429
Airport	-	-	-	-	-	-	4,469	-	4,469
Capital Outlay	-	-	-	-	-	-	267,442	-	267,442
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,429</u>	<u>-</u>	<u>-</u>	<u>271,911</u>	<u>-</u>	<u>281,340</u>
Excess (deficiency) of revenues over expenditures	<u>100,667</u>	<u>25,895</u>	<u>42</u>	<u>(6,085)</u>	<u>139</u>	<u>13,268</u>	<u>(23,263)</u>	<u>1</u>	<u>110,664</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	14,770	-	14,770
Transfers out	-	(60,000)	-	-	-	(61,529)	-	-	(121,529)
Total other financing sources and uses	<u>-</u>	<u>(60,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61,529)</u>	<u>14,770</u>	<u>-</u>	<u>(106,759)</u>
Net change in fund balances	100,667	(34,105)	42	(6,085)	139	(48,261)	(8,493)	1	3,905
Fund balances - beginning	142,675	247,542	13,443	220	37,632	121,436	15,905	261	579,114
Fund balances - ending	<u>\$ 243,342</u>	<u>\$ 213,437</u>	<u>\$ 13,485</u>	<u>\$ (5,865)</u>	<u>\$ 37,771</u>	<u>\$ 73,175</u>	<u>\$ 7,412</u>	<u>\$ 262</u>	<u>\$ 583,019</u>

**CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Schedule of Expenditures of Federal and State Awards – Year Ended June 30, 2021

Federal Grantor/Pass Through Agency Grantor/Program Title	Federal AL 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	\$ 240,697
Recreational Trails Program	20.219	RT 18 (109)	<u>240,000</u>	<u>86,423</u>
Total US Department of Transportation			<u>539,999</u>	<u>327,120</u>
<u>U.S. DEPT OF TREASURY:</u>				
Passed through Oklahoma Office of Management and Enterprise Services:				
Cares Act 2020	21.019	CARES	<u>214,052</u>	<u>214,052</u>
Total Federal Awards			<u>\$ 754,051</u>	<u>\$ 541,172</u>

Footnote to Schedule of Expenditures of Federal Awards:

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

State Grantor/Pass Through Agency Grantor/Program Title	Grant #	Award Amount	Awards Expended
STATE AWARDS:			
<u>OKLAHOMA DEPARTMENT OF AGRICULTURE:</u>			
Rural Fire Grant	N/A	<u>\$ 4,826</u>	<u>\$ 4,826</u>
<u>OKLAHOMA DEPARTMENT OF LIBRARIES:</u>			
State Aid 2020	N/A	3,084	308
State Aid 2021	N/A	<u>3,033</u>	<u>3,033</u>
Total Oklahoma Department of Libraries:		<u>6,117</u>	<u>3,341</u>
<u>SOUTHERN OKLAHOMA DEVELOPMENT ASSOCIATION:</u>			
REAP Grant	REAP 20-050	<u>52,000</u>	<u>10,000</u>
Total State Awards		<u>\$ 62,943</u>	<u>\$ 18,167</u>

**CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

Schedule of Debt Service Coverage Requirement – Year Ended June 30, 2021

DEBT SERVICE COVERAGE:

	DWSRF 2000 & 2012 Promissory Note
GROSS REVENUE AVAILABLE:	
Charges for services (electric, water, sewer, and miscellaneous)	\$ 3,868,112
Investment income	4,610
Sales tax appropriated and transferred from the City General Fund	678,555
Total Gross Revenue Available	4,551,277
OPERATING EXPENSES:	
Total Operating Expenses	3,854,678
Net Revenue Available for Debt Service	\$ 696,599
Debt Service on all Obligations Payable:	
Average annual debt service - OWRB DWSRF 2000	97,661
Average annual debt service - 2012 Note	5,068
	\$ 102,729
Computed Coverage	678%
Coverage Requirement	125%

**CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

INTERNAL CONTROL COMPLIANCE INFORMATION

**CITY OF LINDSAY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021**

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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, 2021, 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 August 15, 2023.

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. We consider the deficiencies described in the accompanying schedule of findings as items 2021-002, 2021-004 and 2021-005 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings as items 2021-001 and 2021-007 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 2021-003, 2021-006 and 2021-008.

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.



Oklahoma City, Oklahoma
August 15, 2023

**CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2021**

Finding Number: 2021-001 *Purchase Orders and Approvals (Repeat Finding)*

Criteria:

A municipality should establish internal controls allow for proper recording of expenditure and proper authorization and payment of accounts payable, which including the implementation of adequate segregation of duties.

Condition:

Our inquiries and testing have revealed the following deficiencies:

- **Purchase Order Review:** Only one person has been responsible for reviewing purchase orders to approve allowable expenditures. There is no documentation to indicate that other City staff members have reviewed the invoices to verify the accuracy, budget compliance, and matching of purchase orders and invoices. As a result, there is a lack of independent verification and oversight in the expenditure approval process.
- **Departmental Budgets:** Department heads have not been provided with updated budgets to track their expenditures against their annual budget allocations. This hinders effective budget management and oversight.
- **Purchase Card Process:** Department heads have been granted the authority to make purchases under \$501 without requiring a purchase order or additional approval. The purchase card balances are automatically deducted, and City staff manually enter the expenditures into the accounting system. However, there is no documentation to demonstrate that City staff are actively reviewing or reconciling the purchase card expenditures.

Cause:

The City has failed to establish proper internal controls and segregation of duties, leading to the identified deficiencies in expenditure recording, authorization, and oversight processes.

Effect or Potential Effect:

The absence of adequate internal controls and segregation of duties increases the risk of errors, irregularities, and fraud in the disbursement of City funds. Without independent verification and oversight, individuals may exploit these weaknesses to cause and/or conceal financial discrepancies, thereby compromising the integrity of the financial management system.

Recommendation:

Procedures and controls should be implemented to ensure the proper approval and recording of transactions.

Management's Response:

Current management wasn't there during this time and proper controls are being implemented. All purchase orders are reviewed. Internal controls are identified in our adopted Purchasing Manuel. Department heads are provided with budgets monthly. Purchase card are checked out and all purchases are approved. Every purchase will have documentation with it and they are reconciled. New procedures started in July 2022.

**CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2021**

Finding Number: 2021-002 *Controls over Utility Billings (Repeat Finding)*

Criteria:

Municipalities should establish internal controls to effectively maintain and monitor utility billings, ensuring accurate billing amounts and active pursuit of collections.

Condition:

The City has encountered the following issues regarding utility billings:

- **Rate Update Failure:** Despite passing a utility rate increase in 2018, the City has not updated these rates within the billing system. As a result, incorrect billing amounts have been issued, leading to lost collections and potential revenue loss.
- **Inadequate Collections Pursuit:** The City does not engage in regular and proactive efforts to pursue overdue collections. Consequently, a significant number of balances remain past due, impairing the financial impact on the City.
- **Neglected Zero Readings:** The City has utility meters with zero readings, but there is no established process to address these instances. As a result, necessary replacements or follow-up actions are not conducted, potentially leading to inaccuracies or lost collections in utility billing.

Cause:

The City's failure to establish internal controls and accounting procedures for utility billing maintenance and updates has contributed to these issues.

Effect or Potential Effect:

The City's inability to maintain and monitor utility billing accurately has resulted in significant revenue losses for the municipality.

Recommendation:

Procedures and controls should be implemented to ensure the proper updating and collection of utility billings.

Management's Response:

Current management wasn't there during this time and proper controls are being implemented. Fiscal year 2022-23 utility collection oversight was enforced. The Community Care utility assistance program left the city with significant unpaid active utility accounts. Large unpaid utility balances are being handled through payment contract on file with stringent payment requirements or turned over to a recently contracted collection agency.

**CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2021**

Finding Number: 2021-003 *Compliance with Oklahoma Municipal Budget Act (Repeat Finding)*

Criteria:

Title 11, Section 17-211 prohibits the creation of a deficit fund balance in any fund except for a public trust fund.

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.

Condition:

During the 2020-2021 budget year, the expenditures of the General fund and Library fund exceeded the appropriations, resulting in a deficit fund balance.

Cause:

The City's expenditures exceeded the allocated amounts specified in the budget for the 2020-2021 fiscal year.

Effect or Potential Effect:

The City's actions indicate a violation of state budget laws, as a deficit fund balance was allowed in the General fund and Library fund.

Recommendation:

Procedures and controls should be implemented to ensure the proper monitoring of the budget and fund balance.

Management's Response:

Current management wasn't there during this time and proper controls are being implemented. Management has implemented budget review with department heads and training to understand budget reporting which identifies budget constraints. All expenditures are being scrutinized for availability of funds and need.

**CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2021**

Finding Number: 2021-004 *Timely Reconciliations*

Criteria:

Internal controls should be in place to have proper reviewing and reconciling bank balances and P-card statements.

Condition:

The City's bank accounts were not been reconciled for nearly a year and P-card statements were not reconciled in over six months.

Cause:

The City has not established internal controls and accounting procedures specifically designed to facilitate timely reconciliation of bank accounts and P-card statements.

Effect or Potential Effect:

The absence of adequate internal controls and segregation of duties increases the risk of errors, irregularities, and fraud in the disbursement of City funds. Without timely account reconciliations, there is a potential for fraudulent activities, bank errors, or unauthorized withdrawals. Additionally, the lack of reconciliations could lead to reduced cash flow due to overspending.

Recommendation:

Procedures and controls should be implemented to ensure the timely reconciliation of accounts.

Management's Response:

Current management wasn't there during this time and proper controls are being implemented. Effective July 2022 an external consultive was brought on site to make corrective action and reconcile bank accounts and P-card statements. The internal control of proper financial reporting to coincide with monthly bank reconciliations are in place.

**CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2021**

Finding Number: 2021-005 *Limited Understanding of Accounting Policies*

Criteria:

Internal controls should be in place to ensure that individuals assigned to duties possess the necessary skills, knowledge, and experience for proper recording of transactions to the general ledger and running reports.

Condition:

The City experienced significant accounting errors that were not detected by the City's controls. These errors required correction by external consultants. These errors exceeded ordinary cleanup transactions and included the following issues:

- **Incorrect postings to the general ledger:**
 - The City posted expenses backwards from February 2021 to June 2021 for a number of transactions.
 - Pcard transactions were also posted backwards from July 2021 to November 2021.
 - Airport grant revenue posted backwards.
 - Library cash was negative due to transactions entered backwards.
 - Oklahoma Tax Commission revenue was duplicated for multiple months.
 - Franchise taxes posted to the incorrect accounts.
 - Transfers duplicated and posted backwards multiple times.
- **Untimely posting of transactions:**
 - P-card activity had not been recorded to the accounting in several months as the consultants arrived for their work.
 - At the time of the consultant's fieldwork, Oklahoma Tax Commission revenue had not been entered into the accounting.
- **Lack of experience running accounting reports:**
 - Delay in closing due to lack of knowledge how to run specific reports.

Cause:

The City lacked staff members with the necessary understanding of basic accounting functions. These deficiencies could have been identified through regular bank reconciliations and other reconciliations to supporting reports.

Effect or Potential Effect:

The absence of proper recording of transactions, accounting reports and reconciliations may lead to alternative decisions being made without the benefit of accurate financial information.

Recommendation:

The City should hire and train staff so they are equipped with the necessary knowledge and experience to perform their duties.

Management's Response:

Current management wasn't there during this time and proper controls are being implemented. After July 2022 the City hired an external financial consultant to correct accounting errors which has been completed. The city has hired an experienced account payable finance individual. The P card purchases are being provided to the city council with the claims to be paid as this was not being done in the past.

**CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2021**

Finding Number: 2021-006 *Compliance with Tax Payments*

Criteria:

The City should be in compliance with payroll taxes in the recording of tax payments and accurate reporting of payment periods.

Condition:

The City made incorrect payments to tax authorities for quarterly tax obligations, and some payments were allocated to the wrong quarters to those tax authorities.

Cause:

The City lacked staff members with the necessary understanding of payroll tax reporting and payment procedures.

Effect or Potential Effect:

The incorrect and misapplied payments to the tax authorities could lead to potential penalties.

Recommendation:

The City should hire and train staff so they are equipped with the necessary knowledge and experience to perform their duties.

Management's Response:

Current management wasn't there during this time and proper controls are being implemented. The city has hired trained individuals who are properly completing the payroll tax reporting and payment procedures.

**CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2021**

Finding Number: 2021-007 *Missing Vendor Invoices*

Criteria:

Internal controls should be implemented to ensure the proper maintenance and accessibility of documents.

Condition:

The City was unable to locate documents for expenditures that were requested for the audit.

Cause:

The City's failure to maintain accurate records was due to a lack of established procedures, staff training, and managerial oversight.

Effect or Potential Effect:

The failure to maintain accurate records could result in loss of important documents, the inability to establish compliance with regulations, and the inability to ensure that proper authorization procedures are being followed.

Recommendation:

The City should develop controls that would ensure that documentation is maintained and accessible.

Management's Response:

Current management wasn't there during this time and proper controls are being implemented. The city is currently maintaining proper documentation for the proper payment of expenditures. The process allows for the proper authorization of expenditures.

**CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2021**

Finding Number: 2021-008 *Budgeted Appropriations*

Criteria:

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.

Condition:

As reported in the notes to financial statements, the amount of expenditures of several departments within the City exceeded their appropriations.

Cause:

The City expended more than the amounts appropriated to these specific departments during the budget year 2020-2021.

Effect or Potential Effect:

The City appears to have violated state budget laws.

Recommendation:

We recommend that the City review its procedures, particularly as it relates to ensure that appropriations are sufficient.

Management's Response:

Current management wasn't there during this time and proper controls are being implemented. Effective July 2022, budget oversight was done by management and department heads. Budget oversight to see that expenditures were in line with the approved budget. Any area of overruns, budget amendments and supplements are approved by the city council.

**CITY OF LINDSAY, OKLAHOMA
FINDINGS RELATED TO REPORT ON INTERNAL CONTROL AND
NONCOMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND AGREEMENTS
YEAR ENDED JUNE 30, 2021**

2020-03

Corrected.