

CITY OF CHICKASHA,
OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS

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

**THE CITY OF CHICKASHA,
OKLAHOMA**

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

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

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

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TABLE OF CONTENTS

	Page
Independent Auditor’s Report on Financial Statements	5-6
Management’s Discussion and Analysis – Required Supplementary Information	7-14
The Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Governmental Funds Financial Statements:	
Balance Sheet	19
Statement of Revenues, Expenditures and Changes in Fund Balances.....	20
Reconciliations of Governmental Funds and Government-Wide Financial Statements.....	21-22
Proprietary Funds Financial Statements:	
Statement of Net Position	24
Statement of Revenues, Expenses and Changes in Net Position	25
Statement of Cash Flows	26
Footnotes to the Basic Financial Statements	27-59
Required Supplementary Information:	
Budgetary Comparison Information	
Budgetary Comparison Schedule – General Fund.....	61
Budgetary Comparison Schedule – EMS Fund.....	62
Budgetary Comparison Schedule – ED Dedicated Sales Tax Fund	62
Footnotes to Budgetary Comparison Schedule.....	63
Pension Plan Information	
Schedule of Share of the Net Pension Liability – Firefighter’s Pension.....	64
Schedule of City Contributions – Firefighter’s Pension.....	64
Schedule of Share of the Net Pension Liability (Asset) – Police Pension.....	65
Schedule of City Contributions – Police Pension.....	65
Schedule of Changes in Net Pension Liability (Asset) – OkMRF.....	66
Schedule of Employer Contributions – OkMRF.....	67
OPEB	
Schedule of Changes in Total OPEB Liability.....	68
Supplementary Information:	
Combining Non-Major Governmental Fund Statements	
Combining Balance Sheet	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	71

TABLE OF CONTENTS

Combining General Fund Account Schedules	
Combining Balance Sheet	72
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance	73
Combining CMA Enterprise Fund Account Schedules	
Combining Schedule of Net Position	74
Combining Schedule of Revenues, Expenses and Changes in Net Position	75
Combining Schedule of Cash Flows	76
Federal and State Awards Schedule	
Schedule of Federal and State Awards	77

Internal Control and Compliance Information:

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>	79-80
Schedule of Findings	81
Schedule of Prior Year Findings	82
Management Responses to Findings	83

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the City Council
City of Chickasha, Oklahoma

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 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 *Governmental 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 of material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

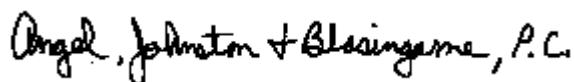
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chickasha, Oklahoma basic financial statements. The combining and individual nonmajor fund financial statements, the combining general fund statements, the combining enterprise fund statements and schedule of federal and state awards are presented for additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the combining general fund statements, the combining enterprise fund statements and schedule of federal and state awards are the responsibility of management, derived from and related 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, combining and individual nonmajor fund financial statements, the combining general fund statements, the combining enterprise fund statements and schedule of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report April 6, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Chickasha's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Chickasha, Oklahoma
April 6, 2020

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

FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$5,355,644 and the assets and deferred outflows of the City exceed its liabilities and deferred inflows at June 30, 2019, by \$101,398,031 (Net Position). Of this amount, \$14,657,997 (Unrestricted Net Position) is available to meet the government's ongoing needs.
- At June 30, 2019, the City's governmental funds reported combined ending fund balances of \$13,071,487.
- At the end of fiscal year 2019, unassigned fund balance for the General Fund was \$(267,365) or (1.5%) of annual General Fund revenues.

ABOUT THE CITY

The City of Chickasha is an incorporated municipality with a population of approximately 16,423 located in central Oklahoma. The City is a Council/Manager form of government and operates under a charter that provides for three branches of government:

- Legislative – the City Council is a nine-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 Council

The City provides typical municipal services such as public safety, highway and street maintenance, culture and recreation, cemetery, community and economic development and certain utility services including water, sewer, sanitation, as well as lake and airport activity.

The City's Financial Reporting Entity

This annual report includes all activities for which the City Council is financially accountable. These activities, defined as the City's financial reporting entity, are operated within separate legal entities.

The City's financial reporting entity includes the primary government and the blended component units as follows:

- **The City of Chickasha** – that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities.
- **The Chickasha Municipal Authority** – that operates the water, wastewater, and sanitation activities of the City.

- **The Chickasha Municipal Airport Authority** – that operates the municipal airport activities of the City.
- **The Chickasha Industrial Authority** – that promotes and encourages the general economic and social development of the City.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements of the primary government presented herein include all of the activities of the City of Chickasha (the “City”), the Chickasha Municipal Authority (the “Authority”), the Chickasha Municipal Airport Authority (the “CMAA”), and the Chickasha Industrial Authority (the “CIA”). Included in this report are government-wide statements for each of the two categories of activities - governmental and business-type.

The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental 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 government-wide financial 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

The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer questions about the City’s net position. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City’s Net Position and Changes in Net Position from the prior year. You can think of the City’s Net Position – the difference between assets and deferred outflows and liabilities and deferred inflows – as one way to measure the City’s financial condition, or position. Over time, increases or decreases in the City’s Net Position are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other non-financial factors, such as changes in the City’s tax base, the condition of the City’s roads, and the quality of services to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City’s primary government into two 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 water, sewer, sanitation, lake, and airport activities are reported as business-type activities.

Reporting the City's Most Significant Funds

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. All of the funds of the City of Chickasha can be divided into two categories: governmental funds and proprietary funds.

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. Governmental funds report their activities on a modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary funds - When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in proprietary funds. Enterprise funds are one type of proprietary funds used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise fund to account for its water, sewer, sanitation, and lake activities and airport operations.

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 28-57 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, EMS Fund, and ED-Dedicated Sales Tax Fund, combining and individual fund financial statements and schedules, and a schedule of federal and state award expenditures.

THE CITY AS A WHOLE

For the year ended June 30, 2019, net position for the governmental and business-type activities increased \$5,355,644. The results indicate the City, as a whole, saw an increase in its financial position from the prior year. Following is a summary of Net Position for the City of Chickasha primary government.

CITY OF CHICKASHA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2019

Net Position
June 30, 2019
(In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2019	2018		2019	2018		2019	2018	
Current assets	\$ 16,524	\$ 15,461	7%	\$ 18,502	\$14,660	26%	\$ 35,026	\$ 30,121	16%
Capital assets, net	36,670	37,198	-1%	45,728	46,717	-2%	82,398	83,915	-2%
Other non-current assets	903	318	184%	241	142	70%	1,144	460	149%
Total assets	<u>54,097</u>	<u>52,977</u>	2%	<u>64,471</u>	<u>61,519</u>	5%	<u>118,568</u>	<u>114,496</u>	4%
Deferred outflows of resources	3,377	2,782	21%	124	89	39%	3,501	2,871	22%
Current liabilities	1,607	1,142	41%	2,193	1,716	28%	3,800	2,858	33%
Non-current liabilities	10,401	11,731	-11%	4,563	5,665	-19%	14,964	17,396	-14%
Total liabilities	<u>12,007</u>	<u>12,873</u>	-7%	<u>6,756</u>	<u>7,381</u>	-8%	<u>18,763</u>	<u>20,254</u>	-7%
Deferred inflows of resources	1,720	954	80%	187	117	60%	1,907	1,071	78%
Net position									
Net investment in capital assets	36,066	36,226	0%	40,239	40,180	0%	76,305	76,405	0%
Restricted	6,616	5,442	22%	3,818	3,309	15%	10,436	8,751	19%
Unrestricted	1,066	266	301%	13,592	10,621	28%	14,658	10,886	35%
Total net position	<u>\$ 43,747</u>	<u>\$ 41,932</u>	4%	<u>\$ 57,651</u>	<u>\$54,110</u>	7%	<u>\$ 101,398</u>	<u>\$ 96,042</u>	6%

The largest portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. This year the net investment in capital assets amounted to \$76.3 million. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$10.4 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$14.6 million, may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF CHICKASHA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2019

Changes in Net Position
Year Ended June 30, 2019
(In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2019	2018		2019	2018		2019	2018	
Revenues									
Charges for services	\$ 2,561	\$ 3,973	-36%	\$ 6,854	\$ 6,518	5%	\$ 9,415	\$ 10,491	-10%
Operating grants and contributions	1,082	910	19%	-	-	-	1,082	910	19%
Capital grants and contributions	192	3	6300%	139	12	1058%	331	15	2107%
Sales and use tax	13,911	12,159	14%	-	-	-	13,911	12,159	14%
Other taxes	1,769	1,721	3%	-	-	-	1,769	1,721	3%
Interest	127	116	9%	185	103	80%	312	219	42%
Miscellaneous	2,261	1,390	63%	285	113	152%	2,546	1,503	69%
Total revenues	21,903	20,272	8%	7,463	6,746	11%	29,366	27,018	9%
Expenses									
General government	4,112	4,485	-8%	-	-	-	4,112	4,485	-8%
Public safety	8,137	9,277	-12%	-	-	-	8,137	9,277	-12%
Highways and streets	1,222	1,212	1%	-	-	-	1,222	1,212	1%
Culture and recreation	1,519	1,566	-3%	-	-	-	1,519	1,566	-3%
Cemetery	124	127	-2%	-	-	-	124	127	-2%
Community development	174	169	3%	-	-	-	174	169	3%
Economic development	571	432	32%	-	-	-	571	432	32%
Interest on long-term debt	22	35	-37%	-	-	-	22	35	-37%
Water	-	-	-	3,376	3,510	-4%	3,376	3,510	-4%
Sewer	-	-	-	1,856	1,848	0%	1,856	1,848	0%
Sanitation	-	-	-	2,312	2,082	11%	2,312	2,082	11%
Lake	-	-	-	100	164	-39%	100	164	-39%
Airport	-	-	-	485	540	-10%	485	540	-10%
Total expenses	15,881	17,303	-8%	8,129	8,144	0%	24,010	25,447	-6%
Excess (deficiency) before transfers	6,022	2,969	-103%	(666)	(1,398)	52%	5,356	1,571	241%
Transfers	(3,751)	(2,138)	75%	3,751	2,138	75%	-	-	-
Change in net position	2,271	831	173%	3,085	740	317%	5,356	1,571	241%
Beginning net position	41,476	41,101	1%	54,566	53,370	2%	96,042	94,471	2%
Ending net position	\$ 43,747	\$ 41,932	4%	\$ 57,651	\$ 54,110	7%	\$ 101,398	\$ 96,042	6%

Governmental Activities

The City's governmental activities had an increase in net position of \$2,270,743.

Operating grants and contributions increased in the current year due to an increase in on-behalf fire and police pension payments made by the State in the current year. Capital grants and contributions increased in the current year due to a contribution for EMS capital outlay.

CITY OF CHICKASHA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2019

Net Revenue/Expense Governmental Activities
(In Thousands)

	<u>Total Expense of Services</u>		<u>% Inc. (Dec.)</u>	<u>Net Revenue (Expense) of Services</u>		<u>% Inc. (Dec.)</u>
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>	
General government	\$ 4,112	\$ 4,485	-8%	\$ (3,241)	\$ (2,799)	16%
Public safety	8,137	9,277	-12%	(5,563)	(6,587)	-16%
Highways and streets	1,222	1,212	1%	(1,077)	(1,067)	1%
Culture and recreation	1,519	1,566	-3%	(1,412)	(1,301)	9%
Cemetery	124	127	-2%	(31)	(27)	15%
Community development	174	169	3%	(174)	(169)	3%
Economic development	571	432	32%	(526)	(432)	22%
Interest on long-term debt	22	35	-37%	(22)	(35)	-37%
Total	<u>\$ 15,881</u>	<u>\$ 17,303</u>	-8%	<u>\$(12,046)</u>	<u>\$ (12,417)</u>	-3%

Business-type Activities

The City's business-type activities had an increase in net position of \$3,084,901.

The business-type activities had an increase in capital grants and contributions due to two FAA grants received in the current year.

Net Revenue/Expense Business-type Activities
(In Thousands)

	<u>Total Expense of Services</u>		<u>% Inc. Dec.</u>	<u>Net Revenue (Expense) of Services</u>		<u>% Inc. Dec.</u>
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>	
Water	\$ 3,376	\$ 3,510	-4%	\$ (854)	\$ (1,022)	-16%
Sewer	1,856	1,848	0%	(249)	(173)	44%
Sanitation	2,312	2,082	11%	(523)	(312)	68%
Lake	100	164	-39%	(44)	(97)	-55%
Airport	485	540	-10%	534	(12)	-4550%
Total	<u>\$ 8,129</u>	<u>\$ 8,144</u>	0%	<u>\$ (1,136)</u>	<u>\$ (1,616)</u>	-30%

CITY OF CHICKASHA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2019

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2019 fiscal year, the governmental funds reported a combined fund balance of \$13,071,487. For the year ended June 30, 2019, the General Fund's total fund balance increased by \$759,619 to \$3,234,193 or 19.2% of annual revenues. The EMS Fund's total fund balance decreased by \$391,691. The ED-Dedicated Sales Tax Fund and the CIP-Dedicated Sales Tax Fund's total fund balances increased by \$45,532 and \$1,267,469, respectively. The Capital Project Fund's total fund balance decreased by \$646,787.

Budgetary Highlights

For the year ended June 30, 2019, the General Fund reported actual budgetary basis revenues below final estimates by \$193,069 or a 1.16% negative variance. General Fund actual expenditures were under final appropriations by \$2,214,383 or a 12.3% positive variance.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2019, the City had approximately \$82 million invested in capital assets, net of depreciation, including land, buildings, improvements, machinery and equipment, vehicles, water and sewer systems, and roads and bridges. This represents a net decrease of approximately \$1,517,000 compared to last year.

Below are details regarding the City's capital assets for the years ended June 30, 2019 and June 30, 2018.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,965	\$ 1,965	\$ 3,627	\$ 3,627	\$ 5,592	\$ 5,592
Construction in progress	296	61	528	594	824	655
Buildings	6,041	6,244	5,970	6,404	12,011	12,648
Improvements	2,669	2,839	976	1,049	3,645	3,888
Infrastructure	22,588	22,527	4,927	4,831	27,515	27,358
Machinery & equipment	1,618	1,664	2,681	2,823	4,299	4,487
Vehicles	1,493	1,898	190	256	1,683	2,154
Utility property improvements	-	-	26,829	27,133	26,829	27,133
Totals	\$ 36,670	\$ 37,198	\$ 45,728	\$ 46,717	\$ 82,398	\$ 83,915

This year's more significant capital asset additions include WWTP generator, 2019 micro surfacing project, drainage improvements, US 81 traffic signal, EMS monitors and defibrillators, and airport perimeter fencing.

Long-Term Debt

At year-end, the City had approximately \$16.4 million in long-term debt outstanding, which represents approximately a \$2.6 million decrease from the prior year. This net decrease was due to a decrease in net pension liability and the normal retirement of long term debt.

CITY OF CHICKASHA, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2019

	Long-Term Debt (In Thousands)					
	Governmental		Business-Type		Total	
	Activities		Activities		Activities	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Notes payable	\$ -	\$ -	\$ 5,450	\$ 6,460	\$ 5,450	\$ 6,460
Capital leases	604	973	39	77	643	1,050
Accrued compensated absence:	779	709	35	42	814	751
Net pension liability	8,576	9,800	-	-	8,576	9,800
Total OPEB liability	<u>846</u>	<u>688</u>	<u>116</u>	<u>139</u>	<u>962</u>	<u>827</u>
Totals	<u>\$ 10,805</u>	<u>\$ 12,170</u>	<u>\$ 5,640</u>	<u>\$ 6,718</u>	<u>\$ 16,445</u>	<u>\$ 18,888</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Chickasha is beginning to see a decline in oil and gas revenues. Operations along the Anadarko Shale have slowed, and administration believes this activity will continue to fall over the next fiscal year. Chickasha is situated within the South Central Oklahoma Oil Province (SCOOP) and its existing wells have helped stabilize the local economy. However, the City will need to use caution approaching the next fiscal cycle as the rates will not be sustained throughout 2020-21. Additionally, the City will see this trend impact all sales and use tax gains directly related to the energy sector.

The City will continue to see a negative tax revenue pattern related to commercial businesses as construction of new physical retail spaces continue to decline. The limited proportion of use tax to fill this gap cannot make up the total difference in tax leakage. The City continues to see moderate growth, but at a pace that will push recognized revenues two to three years out. Due to this factor the City will still need to be aggressive with pursuing a solution for more stable cash flows. Organizational revenues are still falling below expenses, despite better financial controls and management of all funds. The City is still working with an inadequate General Fund which will now absorb more maintenance and operational expenses formerly covered by bond funds.

The City's current long-term debt obligations continue to be principally related to the outstanding revenue bond for infrastructure. This has been reasonably offset by the improvement in the City's assets and infrastructure repaired and replaced through the bond proceeds. Major projects for the next fiscal year include the proposal of a long-term Street and Utility Maintenance Program (SUMP), drainage improvements, and completion of the City's master drainage plan. The City continues to struggle to maintain adequate reserves in both the City and Authority, and it is possible that Chickasha will need to acquire third party financing in the next fiscal year for any capital purchases or improvements.

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 show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at 117 N. 4th Street, Chickasha, Oklahoma 73018 or phone (405) 222-6020.

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

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

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

Statement of Net Position – June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 10,887,310	\$ 7,196,138	\$ 18,083,448
Investments	4,300,001	8,350,000	12,650,001
Accounts receivable, net of allowance	376,577	899,066	1,275,643
Taxes receivable	135,178	-	135,178
Court fines receivable, net of allowance	48,924	-	48,924
Interest receivable	129,832	147,810	277,642
Notes receivable	161,650	-	161,650
Internal balances	(1,619,020)	1,619,020	-
Due from other governments	1,833,836	282,582	2,116,418
Judgment receivable	253,130	-	253,130
Other assets	16,754	7,218	23,972
Net pension asset	903,140	240,726	1,143,866
Capital assets:			
Land and construction in progress	2,260,585	4,155,303	6,415,888
Other capital assets, net of depreciation	34,409,566	41,572,373	75,981,939
Total assets	<u>54,097,463</u>	<u>64,470,236</u>	<u>118,567,699</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pension	3,161,324	97,756	3,259,080
Deferred amounts related to OPEB	215,946	26,428	242,374
Total deferred outflows of resources	<u>3,377,270</u>	<u>124,184</u>	<u>3,501,454</u>
LIABILITIES			
Accounts payable and accrued payroll	1,145,598	741,219	1,886,817
Accrued interest payable	2,422	41,182	43,604
Due to other governments	19,161	-	19,161
Due to bondholders	3,451	-	3,451
Due to employees	10,505	-	10,505
Unearned revenue	21,386	-	21,386
Deposits subject to refund	-	334,405	334,405
Long-term liabilities:			
Due within one year	404,266	1,077,415	1,481,681
Due in more than one year	10,400,705	4,563,024	14,963,729
Total liabilities	<u>12,007,494</u>	<u>6,757,245</u>	<u>18,764,739</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pension	1,596,341	133,717	1,730,058
Deferred amounts related to OPEB	123,446	52,879	176,325
Total deferred inflows of resources	<u>1,719,787</u>	<u>186,596</u>	<u>1,906,383</u>
NET POSITION			
Net investment in capital assets	36,065,617	40,238,808	76,304,425
Restricted for:			
Debt service	-	386,378	386,378
Capital projects	3,532,563	122,349	3,654,912
Economic development	2,580,869	-	2,580,869
Other purposes	502,786	3,310,664	3,813,450
Unrestricted	1,065,617	13,592,380	14,657,997
Total net position	<u>\$ 43,747,452</u>	<u>\$ 57,650,579</u>	<u>\$ 101,398,031</u>

See accompanying notes to the basic financial statements.

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

Statement of Activities – For the Fiscal Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 4,112,379	\$ 871,629	\$ -	\$ -	\$ (3,240,750)	\$ -	\$ (3,240,750)
Public safety	8,136,803	1,371,689	1,012,845	190,000	(5,562,269)	-	(5,562,269)
Highways and streets	1,221,978	144,943	-	-	(1,077,035)	-	(1,077,035)
Culture and recreation	1,518,898	80,341	24,293	2,305	(1,411,959)	-	(1,411,959)
Cemetery	123,680	92,663	-	-	(31,017)	-	(31,017)
Community development	174,421	-	-	-	(174,421)	-	(174,421)
Economic development	571,277	-	45,000	-	(526,277)	-	(526,277)
Interest on long-term debt	22,141	-	-	-	(22,141)	-	(22,141)
Total governmental activities	15,881,577	2,561,265	1,082,138	192,305	(12,045,869)	-	(12,045,869)
Business-type activities:							
Water	3,375,855	2,522,542	-	-	-	(853,313)	(853,313)
Sewer	1,855,972	1,606,748	-	-	-	(249,224)	(249,224)
Sanitation	2,311,847	1,788,845	-	-	-	(523,002)	(523,002)
Lake	100,044	55,668	-	-	-	(44,376)	(44,376)
Airport	485,267	880,534	-	138,717	-	533,984	533,984
Total business-type activities	8,128,985	6,854,337	-	138,717	-	(1,135,931)	(1,135,931)
Total primary government	\$ 24,010,562	\$ 9,415,602	\$ 1,082,138	\$ 331,022	(12,045,869)	(1,135,931)	(13,181,800)
General revenues:							
Taxes:							
Sales and use taxes					13,911,404	-	13,911,404
Franchise taxes and public service taxes					998,628	-	998,628
Hotel/Motel taxes					769,816	-	769,816
Unrestricted investment earnings					127,373	184,904	312,277
Miscellaneous					2,260,624	284,695	2,545,319
Transfers					(3,751,233)	3,751,233	-
Total general revenues and transfers					14,316,612	4,220,832	18,537,444
Change in net position					2,270,743	3,084,901	5,355,644
Net position - beginning					41,476,709	54,565,678	96,042,387
Net position - ending					\$ 43,747,452	\$ 57,650,579	\$ 101,398,031

See accompanying notes to the basic financial statements.

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

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

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

Governmental Funds Balance Sheet – June 30, 2019

	<u>General Fund</u>	<u>EMS Fund</u>	<u>ED-Dedicated Sales Tax Fund</u>	<u>CIP-Dedicated Sales Tax Fund</u>	<u>Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 3,481,095	\$ 205,174	\$ 1,015,771	\$ 2,358,141	\$ 1,353,764	\$ 1,515,777	\$ 9,929,722
Investments	301,050	-	1,700,000	698,951	500,000	300,000	3,500,001
Accounts receivable	-	376,577	-	-	-	-	376,577
Interest receivable	3,363	-	86,766	7,807	9,377	6,141	113,454
Due from other funds	303,726	35,230	108,871	768,943	12,741	197,442	1,426,953
Due from other governments	1,820,813	-	-	-	-	13,023	1,833,836
Taxes receivable, net	55,820	-	-	-	-	79,358	135,178
Court fines receivable, net	48,924	-	-	-	-	-	48,924
Notes receivable, net	-	-	-	-	-	161,650	161,650
Judgment receivable	-	-	253,130	-	-	-	253,130
Other receivables	7,047	-	-	-	-	-	7,047
Prepaid expenses	-	2,175	-	-	-	-	2,175
Total assets	<u>\$ 6,021,838</u>	<u>\$ 619,156</u>	<u>\$ 3,164,538</u>	<u>\$ 3,833,842</u>	<u>\$ 1,875,882</u>	<u>\$ 2,273,391</u>	<u>\$ 17,788,647</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 282,618	\$ 33,251	\$ -	\$ -	\$ 138,918	\$ 206,739	\$ 661,526
Accrued payroll payable	316,164	64,656	-	-	-	-	380,820
Due to other funds	2,151,636	740,816	2,147	96,786	2,208	85,256	3,078,849
Due to other governments	6,339	-	-	-	-	-	6,339
Due to bondholders	3,451	-	-	-	-	-	3,451
Total liabilities	<u>2,760,208</u>	<u>838,723</u>	<u>2,147</u>	<u>96,786</u>	<u>141,126</u>	<u>291,995</u>	<u>4,130,985</u>
Deferred inflows of resources:							
Deferred revenue	<u>27,437</u>	<u>143,958</u>	<u>253,130</u>	<u>-</u>	<u>-</u>	<u>161,650</u>	<u>586,175</u>
Fund balances:							
Restricted	6,616	153,237	2,033,051	3,490,772	-	932,542	6,616,218
Assigned	3,494,942	-	876,210	246,284	1,734,756	887,204	7,239,396
Unassigned	(267,365)	(516,762)	-	-	-	-	(784,127)
Total fund balances	<u>3,234,193</u>	<u>(363,525)</u>	<u>2,909,261</u>	<u>3,737,056</u>	<u>1,734,756</u>	<u>1,819,746</u>	<u>13,071,487</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,021,838</u>	<u>\$ 619,156</u>	<u>\$ 3,164,538</u>	<u>\$ 3,833,842</u>	<u>\$ 1,875,882</u>	<u>\$ 2,273,391</u>	<u>\$ 17,788,647</u>

See accompanying notes to the basic financial statements.

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

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

	<u>General Fund</u>	<u>EMS Fund</u>	<u>ED-Dedicated Sales Tax Fund</u>	<u>CIP-Dedicated Sales Tax Fund</u>	<u>Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES							
Taxes	\$ 14,683,899	\$ -	\$ -	\$ -	\$ -	\$ 846,222	\$ 15,530,121
Intergovernmental	1,164,782	-	-	-	-	144,943	1,309,725
Charges for services	253,852	1,126,788	-	-	-	22,711	1,403,351
Fines and forfeitures	294,991	-	-	-	-	-	294,991
Licenses and permits	214,874	-	-	-	-	-	214,874
Investment income	14,794	66	51,157	17,939	15,926	10,702	110,584
Miscellaneous	195,244	594,955	-	-	56,074	67,981	914,254
Total revenues	<u>16,822,436</u>	<u>1,721,809</u>	<u>51,157</u>	<u>17,939</u>	<u>72,000</u>	<u>1,092,559</u>	<u>19,777,900</u>
EXPENDITURES							
Current:							
General government	1,492,698	-	-	25	44	-	1,492,767
Public Safety	6,583,782	1,921,100	-	-	-	79,136	8,584,018
Highway and streets	498,484	-	-	-	-	-	498,484
Culture and recreation	1,191,872	-	-	-	-	282	1,192,154
Cemetery	122,074	-	-	-	-	-	122,074
Community development	152,040	-	-	-	-	-	152,040
Economic development	-	-	-	-	-	571,277	571,277
Capital Outlay	275,012	187,000	5,625	417,741	548,480	182,803	1,616,661
Debt Service:							
Principal	94,655	-	-	-	154,656	118,947	368,258
Interest and other charges	3,530	-	-	-	15,607	4,706	23,843
Total expenditures	<u>10,414,147</u>	<u>2,108,100</u>	<u>5,625</u>	<u>417,766</u>	<u>718,787</u>	<u>957,151</u>	<u>14,621,576</u>
Excess (deficiency) of revenues over expenditures	<u>6,408,289</u>	<u>(386,291)</u>	<u>45,532</u>	<u>(399,827)</u>	<u>(646,787)</u>	<u>135,408</u>	<u>5,156,324</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	710,417	-	-	2,815,930	-	-	3,526,347
Transfers out	(6,359,087)	(5,400)	-	(1,148,634)	-	(21,901)	(7,535,022)
Total other financing sources and (uses)	<u>(5,648,670)</u>	<u>(5,400)</u>	<u>-</u>	<u>1,667,296</u>	<u>-</u>	<u>(21,901)</u>	<u>(4,008,675)</u>
Net change in fund balances	759,619	(391,691)	45,532	1,267,469	(646,787)	113,507	1,147,649
Fund balances - beginning, restated	2,474,574	28,166	2,863,729	2,469,587	2,381,543	1,706,239	11,923,838
Fund balances - ending	<u>\$ 3,234,193</u>	<u>\$ (363,525)</u>	<u>\$ 2,909,261</u>	<u>\$ 3,737,056</u>	<u>\$ 1,734,756</u>	<u>\$ 1,819,746</u>	<u>\$ 13,071,487</u>

See accompanying notes to the basic financial statements.

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

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Total fund balance, governmental funds	\$	13,071,487
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 this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		
		36,670,151
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds:		
Notes receivable		414,780
Court fines receivable		6,051
Deferred outflows are not a use of current financial resources and therefore, are not reported in the fund financial statements, but are included in the governmental activities of the Statement of Net Position:		
Net pension asset		903,140
Pension related deferred outflows		3,161,324
Deferred revenue related to ambulance collections		143,958
Certain long-term liabilities are not due and payable from current resources, and therefore they, along with deferred inflows, are not reported in the funds:		
Net pension liability		(8,575,742)
Pension related deferred inflows		(1,596,341)
Accrued interest payable		(2,422)
Capital leases payable		(604,534)
Accrued compensated absences		(778,792)
Total OPEB liability		(753,403)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position		
		1,687,795
Net Position of Governmental Activities in the Statement of Net Position	\$	43,747,452

See accompanying notes to the basic financial statements.

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

Changes in Fund Balance – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds:	\$ 1,147,649
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p>	
Capital asset purchases capitalized	1,411,716
Depreciation expense	(1,940,038)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>	
Change in deferred revenue	(449,122)
<p>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 and pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.</p>	
	1,518,340
<p>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:</p>	
Principal payments on long-term debt	368,258
<p>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:</p>	
Change in accrued interest payable	1,702
Change in accrued compensated absences	(69,936)
Change in total OPEB liability	(36,203)
<p>Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of certain internal service funds is reported within governmental activities.</p>	
	318,377
Change in Net Position of Governmental Activities	\$ 2,270,743

See accompanying notes to the basic financial statements.

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

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

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

Proprietary Fund Statement of Net Position – June 30, 2019

	Chickasha Municipal Authority	Chickasha Municipal Airport Authority	Total Proprietary Funds	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,623,732	\$ 826,389	\$ 6,450,121	\$ 957,588
Investments	6,750,000	1,500,000	8,250,000	800,000
Restricted:				
Restricted cash and cash equivalents	746,017	-	746,017	-
Restricted investments	100,000	-	100,000	-
Due from other funds	1,810,597	97,331	1,907,928	188,055
Accounts Receivable, net	889,788	9,278	899,066	-
Interest receivable	128,263	19,547	147,810	16,378
Other receivable	4,467	2,474	6,941	7,532
Receivables from other governments	-	282,582	282,582	-
Notes receivable	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses	277	-	277	-
Total current assets	<u>16,053,141</u>	<u>2,737,601</u>	<u>18,790,742</u>	<u>1,969,553</u>
Net pension asset	216,011	24,715	240,726	-
Capital assets:				
Land and construction in progress	4,066,084	89,219	4,155,303	-
Other capital assets, net of accumulated depreciation	38,224,303	3,348,070	41,572,373	-
Total non-current assets	<u>42,290,387</u>	<u>3,437,289</u>	<u>45,727,676</u>	<u>-</u>
Total assets	<u>58,559,539</u>	<u>6,199,605</u>	<u>64,759,144</u>	<u>1,969,553</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount related to pensions	87,244	10,512	97,756	-
Deferred amount related to OPEB	24,362	2,066	26,428	-
Total deferred outflows	<u>111,606</u>	<u>12,578</u>	<u>124,184</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	670,542	41,360	711,902	103,252
Accrued payroll payable	27,297	2,020	29,317	-
Interest payable	41,182	-	41,182	-
Other payable	-	-	-	10,505
Due to other funds	285,129	3,779	288,908	155,179
Due to other governments	-	-	-	12,822
Deposits subject to refund	33,441	-	33,441	-
Compensated absences	3,132	415	3,547	-
Capital lease obligation	38,868	-	38,868	-
Note payable	1,035,000	-	1,035,000	-
Total current liabilities	<u>2,134,591</u>	<u>47,574</u>	<u>2,182,165</u>	<u>281,758</u>
Non-current liabilities:				
Deposits subject to refund	300,964	-	300,964	-
Compensated absences	28,182	3,737	31,919	-
Capital lease obligation	-	-	-	-
Total OPEB liability	107,811	8,294	116,105	-
Note payable	4,415,000	-	4,415,000	-
Total non-current liabilities	<u>4,851,957</u>	<u>12,031</u>	<u>4,863,988</u>	<u>-</u>
Total liabilities	<u>6,986,548</u>	<u>59,605</u>	<u>7,046,153</u>	<u>281,758</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amount related to pensions	118,984	14,733	133,717	-
Deferred amount related to OPEB	45,435	7,444	52,879	-
Total deferred inflows	<u>164,419</u>	<u>22,177</u>	<u>186,596</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	36,801,519	3,437,289	40,238,808	-
Restricted for debt service	386,378	-	386,378	-
Restricted for capital projects	122,349	-	122,349	-
Restricted for other purposes	617,552	2,693,112	3,310,664	-
Unrestricted	13,592,380	-	13,592,380	1,687,795
Total net position	<u>\$ 51,520,178</u>	<u>\$ 6,130,401</u>	<u>\$ 57,650,579</u>	<u>\$ 1,687,795</u>

See accompanying notes to the basic financial statements.

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

Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position – For the Fiscal Year Ended June 30, 2019

	Chickasha Municipal Authority	Chickasha Municipal Airport Authority	Total Proprietary Funds	Internal Service Fund
OPERATING REVENUES				
Water revenue	\$ 2,362,473	\$ -	\$ 2,362,473	\$ -
Sewer revenue	1,593,012	-	1,593,012	-
Sanitation revenue	1,750,232	-	1,750,232	-
Penalties and fees	138,504	-	138,504	-
User resource fees	23,320	-	23,320	-
Lake revenue	55,668	-	55,668	-
Airport revenue	-	880,534	880,534	-
Miscellaneous	50,594	-	50,594	1,913,905
Charges for services	-	-	-	925,300
Total Operating Revenues	<u>5,973,803</u>	<u>880,534</u>	<u>6,854,337</u>	<u>2,839,205</u>
OPERATING EXPENSES				
Administration	546,057	-	546,057	-
Water	1,954,478	-	1,954,478	-
Sewer	815,929	-	815,929	-
Sanitation	1,986,915	-	1,986,915	-
Lake	62,261	-	62,261	-
Building maintenance	470,701	-	470,701	-
Airport	-	283,575	283,575	-
Depreciation	1,672,684	201,692	1,874,376	-
Insurance, compensated absences, personnel expense	-	-	-	2,537,617
Total Operating Expenses	<u>7,509,025</u>	<u>485,267</u>	<u>7,994,292</u>	<u>2,537,617</u>
Operating income (loss)	<u>(1,535,222)</u>	<u>395,267</u>	<u>(1,139,955)</u>	<u>301,588</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	153,371	31,533	184,904	16,789
Interest expense	(134,693)	-	(134,693)	-
Gain on disposal of capital assets	87,650	-	87,650	-
Grant revenue	-	138,717	138,717	-
Miscellaneous revenue	197,045	-	197,045	-
Total non-operating revenue (expenses)	<u>303,373</u>	<u>170,250</u>	<u>473,623</u>	<u>16,789</u>
Income (loss) before transfers	<u>(1,231,849)</u>	<u>565,517</u>	<u>(666,332)</u>	<u>318,377</u>
Transfers in	4,716,849	-	4,716,849	-
Transfers out	(947,316)	(18,300)	(965,616)	-
Change in net position	<u>2,537,684</u>	<u>547,217</u>	<u>3,084,901</u>	<u>318,377</u>
Total net position - beginning, restated	<u>48,982,494</u>	<u>5,583,184</u>	<u>54,565,678</u>	<u>1,369,418</u>
Total net position - ending	<u>\$ 51,520,178</u>	<u>\$ 6,130,401</u>	<u>\$ 57,650,579</u>	<u>\$ 1,687,795</u>

See accompanying notes to the basic financial statements.

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

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

	Chickasha Municipal Authority	Chickasha Municipal Airport Authority	Total Proprietary Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 6,147,056	\$ 884,287	\$ 7,031,343	\$ 2,831,673
Payments to suppliers	(4,645,072)	(136,089)	(4,781,161)	(2,578,505)
Payments to employees	(787,865)	(132,107)	(919,972)	-
Interfund receipts (payments)	(205,143)	89,589	(115,554)	156,009
Receipts of customer meter deposits	83,365	-	83,365	-
Refunds of customer meter deposits	(78,340)	-	(78,340)	-
Other receipts	197,045	138,717	335,762	-
Net cash provided by operating activities	<u>711,046</u>	<u>844,397</u>	<u>1,555,443</u>	<u>409,177</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	4,716,849	-	4,716,849	-
Transfers to other funds	(947,316)	(18,300)	(965,616)	-
Net cash provided by (used in) noncapital financing activities	<u>3,769,533</u>	<u>(18,300)</u>	<u>3,751,233</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(558,856)	(238,566)	(797,422)	-
Principal paid on debt	(1,048,454)	-	(1,048,454)	-
Interest and fiscal agent fees paid on debt	(142,758)	-	(142,758)	-
Net cash provided by (used in) capital and related financing activities	<u>(1,750,068)</u>	<u>(238,566)</u>	<u>(1,988,634)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	89	-	89	-
Interest income	88,344	22,506	110,850	8,615
Net cash provided by investing activities	<u>88,433</u>	<u>22,506</u>	<u>110,939</u>	<u>8,615</u>
Net increase in cash and cash equivalents	2,818,944	610,037	3,428,981	417,792
Balances - beginning of year	3,550,805	216,352	3,767,157	539,796
Balances - end of year	<u>\$ 6,369,749</u>	<u>\$ 826,389</u>	<u>\$ 7,196,138</u>	<u>\$ 957,588</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 5,623,732	\$ 826,389	\$ 6,450,121	\$ 957,588
Restricted cash and cash equivalents - current	746,017	-	746,017	-
Total cash and cash equivalents, end of year	<u>\$ 6,369,749</u>	<u>\$ 826,389</u>	<u>\$ 7,196,138</u>	<u>\$ 957,588</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (1,535,222)	\$ 395,267	\$ (1,139,955)	\$ 301,588
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	1,672,684	201,692	1,874,376	-
Grant revenue	-	138,717	138,717	-
Miscellaneous revenue	197,045	-	197,045	-
Change in assets and liabilities:				
Accounts receivable	173,253	(9,278)	163,975	-
Other receivable	138	13,031	13,169	(7,532)
Due from other funds	(423,544)	87,227	(336,317)	830
Prepaid expense	53,962	1,105	55,067	-
Net pension asset	(89,254)	(9,272)	(98,526)	3,382
Due to other funds	218,401	2,362	220,763	155,179
Accounts payable	426,126	26,081	452,207	(44,270)
Accrued payroll payable	5,441	(699)	4,742	-
Deposits subject to refund	5,025	-	5,025	-
Accrued compensated absences	(5,010)	(1,190)	(6,200)	-
Payroll deferrals	29,355	4,968	34,323	-
Total OPEB liability	(17,354)	(5,614)	(22,968)	-
Net cash provided by operating activities	<u>\$ 711,046</u>	<u>\$ 844,397</u>	<u>\$ 1,555,443</u>	<u>\$ 409,177</u>

See accompanying notes to the basic financial statements.

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

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

1. Financial Reporting Entity

The City's financial reporting entity includes the primary government (the City), and its blended component units:

- **The City of Chickasha** – that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities
- **The City of Chickasha Municipal Authority** – that operates the water, wastewater, and sanitation activities of the City
- **The Chickasha Municipal Airport Authority** – that operates the airport activities of the City
- **The Chickasha Industrial Authority** – that promotes and encourages the general economic and social development within the City

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

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. 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 the City's taxpayers. The City has the following program revenues in each activity:

- General government: License and permits, rents, royalties and grants
- Public safety: Police fines, county donations and grants
- Highways and streets: Gas excise taxes, commercial vehicle taxes and grants
- Culture and recreation: Sports complex revenue, rentals and grants
- Cemetery: Cemetery lot fees and interment fees
- Community development: Donations

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

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

Governmental Funds:

General Fund – The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Special Revenue Funds – are used to account for and report the proceeds of specific revenues sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Project Funds – are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Proprietary Funds:

Enterprise Fund – are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net position changes similar to the private sector. The reporting entity includes the Chickasha Municipal Authority (CMA) and the Chickasha Municipal Airport Authority (CMAA), both reported as blended component unit enterprise funds. These CMA accounts for activities of the public trust in providing, water, wastewater, and sanitation, services to the public. The CMAA accounts for activities of the municipal airport.

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. For financial statement reporting purposes the General Fund contains the following combining accounts: Fire/EMS Training Account, Police Training Account, and Police Bond Account.
- EMS Fund – accounts for emergency services activities
- ED-Dedicated Sales Tax Fund – accounts for residual amounts of 7/32 cent sales tax restricted by voters for economic development purposes
- CIP-Dedicated Sales Tax Fund – accounts for ¾ cent sales tax restricted by voters for renovation, upgrading and expansion of the water, wastewater, street and drainage systems
- Capital Project Fund - accounts for capital activities not accounted for in other special purpose funds

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

Special Revenue Funds:

- Donations Fund – accounts for donations for specific purposes or projects
- Tax Increment District – accounts for ad valorem and sales taxes restricted by voters for the reimbursement of developer costs
- Chickasha Industrial Authority – accounts for transfers in of hotel/motel tax revenues and related economic development expenses

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

- E-911 Fund – accounts for E-911 tax and related expenditures to maintain an emergency 911 system
- Street and Alley Fund – accounts for revenues from state gasoline and vehicle taxes restricted for street projects

Capital Project Fund:

- Cemetery Care Fund – accounts for 25 percent of cemetery revenue restricted for cemetery capital improvements as required by state law

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

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

The General Fund, EMS Fund, ED-Dedicated Sales Tax Fund, CIP-Dedicated Sales Tax Fund, and Capital Project Fund are considered major funds and are therefore displayed in separate columns. All other governmental funds are considered non-major and are aggregated under the column Other Governmental Funds.

Proprietary Funds:

The City's proprietary fund is comprised of the following:

Enterprise Funds:

- Chickasha Municipal Authority – that operates the water, sewer, and sanitation services of the City
- Chickasha Municipal Airport Authority – that operates the municipal airport

Internal Service Fund – that accounts for property, health, worker's compensation, and liability insurance provided to various fund of the City, the reserves of compensated absence accruals for City employees as well as related payroll taxes and withholdings.

The proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus.

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.

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

3. Cash, Cash Equivalents, and Investments

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

For the purposes of the statements of net position, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit, and short-term investments with an original maturity of three-months or less, and money market investments. Investments consist of time deposits and U.S. agency bonds and notes. Certificates of deposit are reported at cost while investments in the U.S. agency bonds and notes are reported at fair value.

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

<u>Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Fair Value Hierarchy</u>	<u>Carrying Value</u>
Primary Government				
Deposits:				
Demand deposits				\$ 17,568,951
Time deposit - certificate of deposit	7/5/2019			8,200,000
Time deposit - certificate of deposit	8/8/2019			4,200,000
Time deposit - certificate of deposit	2/25/2020			250,001
Trustee accounts - BOK - Short-Term Cash Fund I		AAA	N/A	508,727
OMAG escrow				5,770
				<u>\$ 30,733,449</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents				\$ 18,083,448
Investments				12,650,001
				<u>\$ 30,733,449</u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's 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 either a counterparty or a counterparty's trust, department or agent, but not in the government's name.

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

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no investment policy that limits investments based on maturity. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments, where applicable.

At June 30, 2019, the City's investments with maturity dates were limited to time deposits that were not exposed to interest rate risk.

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

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 (5) government money market funds regulated by the SEC. These investment limitations do not apply to the City's public trusts.

As of June 30, 2019, the City was not exposed to investment credit risk as defined above.

Concentration of Investment Credit Risk

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City has no investment policy regarding concentration of credit risk.

At June 30, 2019, the City had no concentration of credit risk as defined above.

Restricted Cash and Investments – The amounts reported as restricted assets on the proprietary fund Statement of Net Position are comprised of amounts restricted for meter deposits, debt service, debt reserve, construction purposes, and deposits held by insurance pool. The restricted assets as of June 30, 2019 are as follows:

<u>Type of Restricted Assets</u>	Current	
	<u>Cash and cash equivalents</u>	<u>Investments</u>
Utility Deposits	\$ 234,405	\$ 100,000
2014 Note Principal Account	344,935	-
2014 Note Interest Account	41,443	-
2014 Note Construction Account	122,349	-
Deposits with Insurance Pool	2,885	-
	<hr/>	<hr/>
Total Proprietary Fund	<u>\$ 746,017</u>	<u>\$ 100,000</u>

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

3. Accounts Receivable

Accounts Receivable - Accounts receivable of the business-type activities consist of customers utilities due at year end, reported net of allowance for uncollectible amounts. The governmental activities receivables include EMS charges receivables, net of allowance for uncollectible amounts.

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Ambulance fees	3,731,809	(3,355,232)	376,577
Total Governmental Activities	\$ 3,731,809	\$ (3,355,232)	\$ 376,577
Business-Type Activities:			
Utilities	\$ 921,317	(22,251)	\$ 899,066

4. Capital Assets and Depreciation

Capital Assets:

Capital assets consist of land, construction in progress, buildings, improvements, infrastructure, utility property and improvements, machinery and equipment, and vehicles. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their fair value at the date of donation. Estimated historical cost was used to value the majority of the assets, including infrastructure assets (such as roads, bridges, and traffic systems) acquired prior to July 1, 2002.

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

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

	Balance at July 01, 2018	Additions	Disposals	Balance at June 30, 2019
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,964,595	\$ -	\$ -	\$ 1,964,595
Construction in progress	60,807	1,016,423	781,240	295,990
Total capital assets not being depreciated	<u>2,025,402</u>	<u>1,016,423</u>	<u>781,240</u>	<u>2,260,585</u>
Other capital assets:				
Buildings	10,027,635	49,993	44,678	10,032,950
Improvements	4,563,140	-	-	4,563,140
Infrastructure	53,330,720	842,419	-	54,173,139
Machinery and equipment	5,002,647	302,353	99,546	5,205,454
Vehicles	6,981,100	-	-	6,981,100
Total other capital assets at historical cost	<u>79,905,242</u>	<u>1,194,765</u>	<u>144,224</u>	<u>80,955,783</u>
Less accumulated depreciation for:				
Buildings	3,782,745	237,966	29,248	3,991,463
Improvements	1,724,468	169,937	-	1,894,405
Infrastructure	30,804,059	780,932	-	31,584,991
Machinery and equipment	3,338,875	344,814	96,743	3,586,946
Vehicles	5,082,024	406,388	-	5,488,412
Total accumulated depreciation	<u>44,732,171</u>	<u>1,940,037</u>	<u>125,991</u>	<u>46,546,217</u>
Other capital assets, net	<u>35,173,071</u>	<u>(745,272)</u>	<u>18,233</u>	<u>34,409,566</u>
Governmental activities capital assets, net	<u>\$ 37,198,473</u>	<u>\$ 271,151</u>	<u>\$ 799,473</u>	<u>\$ 36,670,151</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 3,627,186	\$ -	\$ -	\$ 3,627,186
Construction in progress	594,401	740,634	806,918	528,117
Total capital assets not being depreciated	<u>4,221,587</u>	<u>740,634</u>	<u>806,918</u>	<u>4,155,303</u>
Other capital assets:				
Buildings	24,720,604	-	-	24,720,604
Improvements	2,123,947	27,400	-	2,151,347
Infrastructure	11,431,489	234,731	-	11,666,220
Machinery and equipment	4,370,781	120,823	-	4,491,604
Vehicles	1,099,846	-	-	1,099,846
Utility property improvements	77,683,361	568,403	-	78,251,764
Total other capital assets at historical cost	<u>121,430,028</u>	<u>951,357</u>	<u>-</u>	<u>122,381,385</u>
Less accumulated depreciation for:				
Buildings	18,316,640	434,092	-	18,750,732
Improvements	1,075,440	99,839	-	1,175,279
Infrastructure	6,600,289	138,796	-	6,739,085
Machinery and equipment	1,547,732	262,965	-	1,810,697
Vehicles	843,593	65,813	-	909,406
Utility property improvements	50,550,941	872,872	-	51,423,813
Total accumulated depreciation	<u>78,934,635</u>	<u>1,874,377</u>	<u>-</u>	<u>80,809,012</u>
Other capital assets, net	<u>42,495,393</u>	<u>(923,020)</u>	<u>-</u>	<u>41,572,373</u>
Business-type activities capital assets, net	<u>\$ 46,716,980</u>	<u>\$ (182,386)</u>	<u>\$ 806,918</u>	<u>\$ 45,727,676</u>

Depreciation:

Depreciable capital assets are depreciated on a straight-line basis over useful lives. A capitalization threshold of \$3,500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- Buildings 50 years
- Improvements other than buildings 20-30 years
- Machinery and equipment 5-24 years
- Vehicles 3-15 years
- Utility property and improvements 15-50 years
- Infrastructure 15-50 years

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

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:		Business-Type Activities:	
General government	\$ 83,681	Water	\$ 920,897
Public safety	739,994	Sewer	696,898
Highways and streets	693,598	Sanitation	17,601
Culture and recreation	385,019	Lake	37,289
Community development	37,745	Airport	201,692
	<u>\$ 1,940,037</u>		<u>\$ 1,874,377</u>

5. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2019, the reporting entity's long-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance</u> <u>July 01, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Capital lease obligations	\$ 972,792	\$ -	\$ 368,258	\$ 604,534	\$ 326,387
Accrued compensated absences	708,856	69,936		778,792	77,879
Total Governmental Activities	<u>\$ 1,681,648</u>	<u>\$ 69,936</u>	<u>\$ 368,258</u>	<u>\$ 1,383,326</u>	<u>\$ 404,266</u>
Plus:					
Net pension liability				8,575,742	
Total OPEB liability				<u>845,903</u>	
				<u>\$ 10,804,971</u>	
Business-Type Activities:					
Notes payable- direct borrowing	\$ 6,460,000	\$ -	\$ 1,010,000	\$ 5,450,000	\$ 1,035,000
Capital lease payable	77,322	-	38,455	38,868	38,868
Accrued compensated absences	41,666	-	6,200	35,466	3,547
Total Business-Type Activities	<u>6,578,988</u>	<u>-</u>	<u>1,054,655</u>	<u>5,524,334</u>	<u>1,077,415</u>
Plus:					
Total OPEB liability				116,105	
				<u>\$ 5,640,439</u>	

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

Governmental activities long-term debt:

Capital lease obligation to Welch State Bank for a pumper, original amount of \$401,779, payable in semi annual installments of \$23,577, interest rate at 3.39%, final payment due May 15, 2023. 174,710

Capital lease obligation to Community Bank for SCBA equipment, original amount of \$122,765, payable in monthly installments of \$25,944, interest rate at 2.5%, final payment due April 24, 2020. 25,388

Capital lease obligation to First National Bank for a rescue squad truck, original amount of \$380,316, payable in monthly installments of \$5,029, interest rate at 3%, final payment due December 15, 2022. 200,072

Capital lease obligation to Liberty National Bank for 11 police cars, original amount of \$375,420, payable in annual installments of \$98,185, interest rate at 1.99%, final payment due April 1, 2020. 82,818

Capital lease obligation to Liberty National Bank for radios, original amount of \$472,397, payable in annual installments of \$123,721, interest rate at 1.99%, final payment due May 1, 2020. 121,546

	Total Capital Lease Obligations	\$ 604,534
	Current portion	\$ 326,387
	Noncurrent portion	278,147
	Total Capital Lease Obligations	\$ 604,534

	Current portion	77,879
	Noncurrent portion	700,913
	Total Accrued Compensated Absences	\$ 778,792

	Current portion	-
	Noncurrent portion	8,575,742
	Total Net Pension Liability	\$ 8,575,742

	Current portion	-
	Noncurrent portion	845,903
	Total OPEB Liability	\$ 845,903

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

Business-type activities long-term debt:

2014 Sales Tax Revenue Note to Bank of Oklahoma, dated March 10, 2014, original amount \$9,875,000 with interest rate of 2.27% due in semi-annual installments, secured with a 3/4 cent pledged sales tax, with final payment due March 1, 2024. Proceed will be used for water and sewer improvements. In the event of default on the note, the lender may: 1) file suit to require any or all of the borrower covenants to be performed; 2) requirement for sales and use tax to be deposited directly with the bank; 3) accelerate the payment of principal and interest accrued on the note; or 4) file suit to enforce or enjoin action or inaction of parties under provisions of the Note Indenture or Sales Tax Agreement.

\$ 5,450,000

Total Notes Payable - Direct borrowings \$ 5,450,000

Current portion \$ 1,035,000

Noncurrent portion 4,415,000

Total Notes Payable - Direct Borrowings \$ 5,450,000

Capital lease payable to Liberty National Bank for a track loader/skid steer, original amount of \$69,869, payable in annual installments of \$18,655, interest rate at 2.69%, final payment due July 15, 2019.

\$ 17,570

Capital lease payable to Liberty National Bank for radios, original amount of \$83,364, payable in annual installments of \$21,833, interest rate at 1.99%, final payment due May 1, 2020.

21,298

Total Capital Leases Payable \$ 38,868

Current portion \$ 38,868

Noncurrent portion -

Total Capital Leases Payable \$ 38,868

Current portion 3,547

Noncurrent portion 31,919

Total Accrued Compensated Absences \$ 35,466

Current portion -

Noncurrent portion 116,105

Total OPEB Liability \$ 116,105

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

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

<u>Year Ending June 30,</u>	Governmental Activities			
	Capital Lease Obligations			
	Principal	Interest	Principal	Interest
2020	\$ 326,387	\$ 15,581		
2021	99,748	7,753		
2022	102,948	4,553		
2023	75,451	1,440		
Totals	\$ 604,534	\$ 29,327		

<u>Year Ending June 30,</u>	Business-Type Activities			
	Note Payable- Direct borrowings		Capital Lease Payable	
	Principal	Interest	Principal	Interest
2020	1,035,000	117,870	38,868	874
2021	1,065,000	94,205	-	-
2022	1,090,000	69,916	-	-
2023	1,115,000	45,003	-	-
2024	1,145,000	19,522	-	-
Totals	\$ 5,450,000	\$ 346,516	\$ 38,868	\$ 874

Capital assets acquired through capital leases are as follows:

Date	Capital Asset	Amount	Accumulated Depreciation
Vehicles:			
6/15/2009	Ladder Truck	574,992	386,522
1/15/2013	E-One Pumper	401,779	217,630
12/15/2015	Rescue Squad Truck	380,316	136,280
7/1/2016	11 Police Cars	375,420	145,441
		\$ 1,732,507	\$ 885,873
Machinery and Equipment:			
9/15/2011	Street Sweeper	204,906	160,510
1/27/2012	Volvo Grader	144,376	107,079
12/15/2013	PD Car Video Equipment	105,665	76,733
5/5/2015	SCB Equipment	122,765	51,152
5/15/2015	Tractor/Loader	39,925	23,765
5/18/2015	Tractor	42,662	17,776
12/1/2015	Mower Tractor/Loader	22,962	8,228
3/15/2016	Skid Steer & Attachments	78,253	25,432
7/1/2016	Radios	694,967	297,843
		\$ 1,456,481	\$ 768,518

6. Fund Balances and Net Position

Fund Balances:

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

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints 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) laws 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.
- 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 the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City’s policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The City has established a policy to maintain an unassigned fund balance in the General Fund ranging from 15% - 40% of General Fund expenditures.

Net Position:

Net Position is displayed in three components:

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

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

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

The following tables show the fund balance/net position classifications as shown in the Governmental Funds Balance Sheet and Proprietary Fund Statement of Net Position:

	General Fund	EMS Fund	Sales Tax Fund	Sales Tax Fund	Fund	Funds	Total
Fund Balance:							
Restricted For:							
Economic Development	\$ -	\$ -	\$ 2,033,051	\$ -	\$ -	\$ 547,818	\$ 2,580,869
EMS	-	153,237	-	-	-	-	153,237
Streets	-	-	-	-	-	108,554	108,554
Capital Projects	-	-	-	3,490,772	-	41,791	3,532,563
Other Purposes	6,616	-	-	-	-	234,379	240,995
Sub-total Restricted	6,616	153,237	2,033,051	3,490,772	-	932,542	6,616,218
Assigned To:							
Fire/EMS	1,423	-	-	-	-	-	1,423
Police	47,732	-	-	-	-	-	47,732
Police Bonds	316,484	-	-	-	-	-	316,484
Streets	-	-	-	-	-	149,068	149,068
Economic Development	-	-	876,210	-	-	125,530	1,001,740
Capital Projects	-	-	-	246,284	1,734,756	587,231	2,568,271
Other Purposes	-	-	-	-	-	25,375	25,375
Subsequent year's budget	3,129,303	-	-	-	-	-	3,129,303
Sub-total Assigned	3,494,942	-	876,210	246,284	1,734,756	887,204	7,239,396
Unassigned	(267,365)	(516,762)	-	-	-	-	(784,127)
Total Fund Balance	\$ 3,234,193	\$ (363,525)	\$ 2,909,261	\$ 3,737,056	\$ 1,734,756	\$ 1,819,746	\$ 13,071,487

At June 30, 2019, the EMS Fund had a fund balance deficit in the amount of \$363,525 due to a lower valuation of collectible accounts receivable.

Enterprise Funds:

Net investment in capital assets	\$ 40,238,808
Restricted for Debt Service	386,378
Restricted for Capital Projects	122,349
Restricted for Other Purposes	<u>3,310,664</u>
Total Enterprise Fund Restrictions	<u>\$ 44,058,199</u>

For the year ended June 30, 2019 the City restated net position/fund balance as follows:

	Governmental Funds			Proprietary Fund	Government-Wide	
	General Fund	EMS Fund	Chickasha Industrial Authority Fund	CMA	Governmental Activities	Business-Type Activities
Beginning net position/fund balances, as previously reported	\$ 2,982,821	\$ 627,211	\$ 456,288	\$ 47,993,747	\$ 41,931,959	\$ 54,110,428
(Overstatement) Understatement of hotel/motel tax receivab	(52,997)	-	52,997	-	-	-
(Overstatement) Understatement of due from other funds	(455,250)	-	-	-	(455,250)	-
Overstatement (Understatement) of deferred EMS revenue	-	(599,045)	-	-	-	-
Overstatement (Understatement) of due to other funds	-	-	-	455,250	-	455,250
Beginning net position/fund balances, restated	<u>\$ 2,474,574</u>	<u>\$ 28,166</u>	<u>\$ 509,285</u>	<u>\$ 48,448,997</u>	<u>\$ 41,476,709</u>	<u>\$ 54,565,678</u>

7. Sales Tax Revenue

Sales tax revenue represents a 3.75 cents tax on each dollar of taxable sales. The sales tax is recorded as follows:

- 3 cents are recorded in the General Fund for operations, with 1 cent being transferred to the Chickasha Municipal Authority
- $\frac{3}{4}$ cent is recorded in the CIP-Dedicated Sales Tax Fund and is restricted by voters for the repair, replacement or improvement of streets and drainage and can be used to secure related debt service payments. This amount has been allocated to the CMA to secure debt service payments on the \$9,875,000 2014 Sales Tax Revenue Note

8. Tax Increment Financing District

The qualified voters of the City of Chickasha approved ordinance #2005-17. This ordinance creates a Tax Increment Financing (TIF) District along the south side of Grand Avenue east and west of 4th street. The ordinance provides the developer would make and pay for the costs of certain improvements within the District. The developer may be reimbursed for the cost of those improvements plus interest.

Funds used to reimburse the developer would come only from three-fourths of any increase in ad valorem taxes within the District resulting from an increase in assessed valuation of the land within the District and one-half of any increase in the three percent city sales tax derived from the new businesses that locate within the District. The developer reimbursement will continue until terminated upon the earlier of full reimbursement to the developer of the cost of the improvements or November 21, 2020.

As of June 30, 2019, the City had collected sales tax and ad valorem tax related to the TIF District totaling \$1,633,212 and made payments to developers totaling \$1,432,464. The amount owed developers as of June 30, 2019 is \$200,748.

9. Property Tax Levy

The City presently levies no property tax. In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City.

10. Internal and Interfund Balances and Transfers

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

Transfers:

Internal transfers between funds and activities for the year ended June 30, 2019, were as follows:

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
CMA	General Fund	\$ 710,417	Operational subsidy
Tax Incremental District Fund	CMA	55,305	TIF sales tax
E911 Fund	CMA	21,901	Debt service payments
General Fund	CMA	3,408,157	Sales tax
General Fund	CIP Dedicated Sales Tax Fund	2,815,930	Sales tax
Dedicated Sales Tax Fund	CMA	1,148,634	Debt service payments
CIP Dedicated Sales Tax Fund	CMA	82,852	Capital asset purchases
Total		<u>\$ 8,243,196</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Internal Transfers</u>	<u>Net Transfers</u>
Governmental Funds	\$ 3,526,347	\$ (7,535,022)	\$ 257,442	\$ (3,751,233)
Proprietary Funds	4,716,849	(965,616)	-	3,751,233
	<u>\$ 8,243,196</u>	<u>\$ (8,500,638)</u>	<u>\$ 257,442</u>	<u>\$ -</u>

Balances:

Interfund balances between funds and activities at June 30, 2019, were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
General Fund	CAA	\$ 85,194	Deposit errors
Combined Insurance Fund	CAA	10,350	Correction of errors
CMA	CAA	41	Correction of errors
General Fund	Capital Project Fund	5,433	Deposit errors
CMA	Capital Project Fund	6,056	Deposit errors
General Fund	CIA	382	Hotel/motel tax
Combined Insurance Fund	CIA	24,523	Correction of errors
ED-Ded Sales Tax Fund	CIP-Ded Sales Tax Fund	96,786	Operational expenses paid
ED-Ded Sales Tax Fund	General Fund	10,965	Word Industries Judgement garnishments
General Fund	CIP-Ded Sales Tax Fund	764,796	Sales tax
ED-Ded Sales Tax Fund	CIP-Ded Sales Tax Fund	2,147	Deposit errors
General Fund	CMA	1,173,728	Sales tax
General Fund	CMA	50	Deposit errors
EMS Fund	CMA	614,349	EMS revenues
General Fund	EMS Fund	15,837	Operational expenses paid
CMA	EMS Fund	19,393	Deposit errors
EMS Fund	General Fund	4	Deposit errors
CMA	General Fund	180,472	Operational expenses
CIA	General Fund	61,733	Operational expenses
E911	General Fund	75	Deposit errors
Combined Insurance Fund	General Fund	43,331	Correction of errors
Compensated Absence Fund	General Fund	17,555	Correction of errors
General Fund	TIF Fund	45,039	Sales tax and ad valorem tax
General Fund	E911	4,358	Deposit errors
General Fund	Street & Alley fund	9,764	Deposit errors
General Fund	Cemetery Care	3,640	Deposit errors
EMS Fund	ED-Ded Sales Tax Fund	1,088	Deposit errors
CMA	CIA	102,324	Correction of errors
CIA	CMA	295	Deposit errors
E911	CMA	21,901	Operational expenses
Airport Fund	CMA	233	Payment of royalties
CMA	Airport Fund	1,787	Deposit errors
CMA	E911	7,412	Deposit errors
E911	Capital Project Fund	1,252	Deposit errors
CMA	Police Training Fund	202	Deposit errors
CMA	ED-Ded Sales Tax Fund	32	Deposit errors
CMA	CIP-Ded Sales Tax Fund	2,000	Trustee fees
CMA	General Fund	354	Deposit errors
Total		<u>\$ 3,334,881</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Service Balances</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 1,426,953	\$ (3,078,849)	\$ 32,876	\$ (1,619,020)
Proprietary Funds	1,907,928	(288,908)	-	1,619,020
Total	<u>\$ 3,334,881</u>	<u>\$ (3,367,757)</u>	<u>\$ 32,876</u>	<u>\$ -</u>

The interfund loan between the CMA and the EMS Fund in the amount of \$614,349 is not expected to be paid within the next twelve months.

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 and Fleet Coverage – covered through participation in Oklahoma Municipal Assurance Group risk entity pool.
- Physical Property, Airport General Liability and Property – covered through purchase of commercial insurance.
- Fire Department Vehicles – covered through participation in the Risk Management Division of the Department of Central Services, State of Oklahoma self-insurance pool.
- Workers' Compensation – covered through participation in the Oklahoma Municipal Assurance Group risk entity pool.
- Employee's Group Medical – the City elects to operate a self-insured program for employee's medical insurance. Under the program, the City pays 100% of claims up to \$25,000 per employee. Aggregate stop-loss coverage is adjusted monthly based on the number of participants. Management believes the insurance coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

12. Pension Plan Participation

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

1. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
2. Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
3. Oklahoma Municipal Retirement Fund (OkMRF) – an agent multiple-employer defined benefit plan
4. Oklahoma Municipal Retirement Fund (OkMRF) – an agent multiple-employer defined contribution plan

OFPRS:

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

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

Normal Retirement:

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

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

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

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

Contributions – The contributions requirements of the Plan are at an established rate 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 \$324,952. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$774,802 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$764,389. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the City reported a liability of \$8,575,742 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportion of the net pension liability was based on the City's contributions

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

received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2018. Based upon this information, the City's proportion was 0.76185%.

For the year ended June 30, 2019, the City recognized pension expense of \$25,961. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,791,231	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	712,575
Changes in proportion	401,560	277,629
City contributions during measurement date	-	5,454
City contributions subsequent to the measurement date	324,952	-
Total	\$ 2,517,743	\$ 995,658

In the year ending June 30, 2020, \$324,952 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:

2020	402,366
2021	308,800
2022	65,129
2023	283,446
2024	137,392
\$	1,197,133

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

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

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	4.37%
Domestic equity	47%	7.01%
International equity	15%	8.83%
Real estate	10%	6.58%
Other assets	8%	5.70%

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:

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 11,232,513	\$ 8,575,742	\$ 6,344,451

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

OPPRS:

Plan description - The City of Chickasha, 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,

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

through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/OPPRS

Benefits provided - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later. Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

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

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

Contributions – The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$176,708. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$165,357 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$179,146. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities (Assets), Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension– At June 30, 2019, the City reported an asset of \$218,654 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2018. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2018. Based upon this information, the City's proportion was 0.459019%.

For the year ended June 30, 2019, the City recognized pension expense of \$162,347. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	1,291	204,879
Changes of assumptions	95,494	-
Net difference between projected and actual earnings on pension plan investments	113,862	
Changes in proportion	16,673	3,093
City contributions during measurement date	-	2,166
City contributions subsequent to the measurement date	176,708	-
Total	\$ 404,028	\$ 210,138

In the year ending June 30, 2020, \$176,708 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2020	122,167
2021	50,903
2022	(121,385)
2023	(40,361)
2024	5,858
\$	17,182

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

- Inflation: 2.75%
- Salary increases: 3.5% to 10% average, including inflation
- Investment rate of return: 7.5% net of pension plan investment expense

Cost-of-living adjustments: Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).

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

Mortality rates:

Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.

Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.

Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years.

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

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

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

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

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

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

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%
Net Pension Liability (Asset)	\$ 1,014,266	\$ (218,654)	\$ (1,260,948)

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 .

OkMRF Defined Benefit Plan:

Plan Description - The City contributes to the City of Chickasha Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust, an agent multiple employer - defined benefit plan, for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The plan is administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website at 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 liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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.

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

Provision	OkMRF Plan
a. Eligible to Participate	All regular, full-time employees except police, firefighters and other employees who are covered under an approved system.
b. Contribution to Requirements:	
- Authorization	By City ordinance
- Actuarially Determined	Yes
- Employer Rate	9.15% of covered payroll
- Employee Rate	4.0% of covered payroll
c. Period Required to Vest	10 or more years
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 upon disability with 10 years of service - 50% death benefit with 10 years of service for married employees
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	Accrued benefit paid immediately
- Early Retirement	Accrued benefit starting at normal retirement age, or reduced 5% per year for commencement prior to normal retirement age
- Disability Retirement	Accrued benefit payable upon disablement without reduction for early payment
- Death Benefit	50% of employee's accrued benefit, but terminates upon spouse re-marriage
- Prior to 10 Years Service	Return of employee contributions with accrued interest
g. Form of Benefit Payments	Normal form is a 120 month certain and life thereafter basis

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

Employees Covered by Benefit Terms

Active Employees	48
Deferred Vested Former Employees	3
Disabled Participants	6
Retirees or Retiree Beneficiaries	<u>40</u>
Total	<u>97</u>

Contribution Requirements – The City Council has the authority to set an 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 9.15% of covered payroll as of July 1, 2018. For the year ended June 30, 2019, the City recognized \$179,914 of employer contributions to the plan, which is the same as the actuarially determined amount based on current payroll of \$1,965,373.

Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2018
a. Actuarial Cost Method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.50%
c. Projected Salary Increase	Varies based on age
d. Post Retirement Cost-Of-Living Increase	Benefits in payment status are adjusted each July 1st based on the percentage change in the CPI. The maximum increase or decrease in any year is 3%
e. Inflation Rate	3%
f. Mortality Table	UP 1994, with projected mortality improvement
g. Percent of Married Employees	100%
h. Spouse Age Difference	3 years (female spouses younger)
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are added during the first 5 years: Year 1: 225 Year 2: 140 Year 3: 100 Year 4: 70 Year 5: 40
j. Date of Last Experience Study	September 2012 for fiscal years 2007-2011

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.

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

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (2.75%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2018 are summarized in the following table:

	<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%
	<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) – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2018 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2018 and the City's report ending June 30, 2019, that would have had a significant impact on the net pension liability (asset). The following table reports the components of changes in net pension liability (asset):

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

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances Beginning of Year	\$ 16,217,028	\$ 16,676,743	\$ (459,715)
Changes for the Year:			
Service cost	272,004		272,004
Interest expense	1,174,298		1,174,298
Experience losses (gains) (amortized over avg remain svc period of actives & inactives)	(458,510)		(458,510)
Assumption changes	-		-
Contributions - Employer		194,981	(194,981)
Contributions - Employee		73,433	(73,433)
Net investment income		1,218,866	(1,218,866)
Benefits paid, including refunds of employee contributions	(1,140,057)	(1,140,057)	-
Benefit changes due to plan amendments	-		-
Plan administrative expenses		(33,991)	33,991
Net Changes	(152,265)	313,232	(465,497)
Balances End of Year	\$ 16,064,763	\$ 16,989,975	\$ (925,212)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the net pension liability (asset) of the City, calculated at the discount rate of 7.5%, as well as what the City’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%
Net Pension Liability (Asset)	\$ 778,186	\$ (925,212)	\$ (2,369,877)

The City reported \$166,377 in pension expense for the year ended June 30, 2019. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 509,633
Changes of assumptions	26,031	-
Net difference between projected and actual earnings on pension plan investments	116,742	-
Changes in proportion City contributions during measurement date	7,056	7,055
	7,565	7,575
City contributions subsequent to the measurement date	179,914	-
Total	\$ 337,308	\$ 524,263

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

Amortization of Pension Deferrals – Amounts reported as deferred outflows of resources (excluding deferred outflows of resources related to contributions made subsequent to the measurement date) and deferred inflows of resources will be recognized in pension expense as follows:

2020	(46,621)
2021	(131,886)
2022	(188,071)
2023	(291)
	<u>\$ (366,869)</u>

OkMRF issues separate plan financial statements which may be obtained from the website at www.okmrf.org/reports or by contacting the Oklahoma Municipal Retirement Fund, 525 Central Park Drive, Suite 320, Oklahoma City, Oklahoma, 73105.

OkMRF Defined Contribution City Manager Plan:

Effective May 1, 2018, the City has also provided a defined contribution plan and trust known as the City of Chickasha Plan and Trust (the “Plan”) in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF) for the City Manager. The City Manager is eligible to contribute to the Plan upon hire and is required to contribute 8% of annual covered salary. Additional voluntary after-tax contributions are also allowed. Employer contributions vary by year and are determined by the City. The City Manager is 100% vested immediately. Employer contributions to the Plan for FY 2018-2019 were \$18,281.

13. Other Post-Employment Benefits

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

Benefits provided – The Plan covers all current retirees of the City and provides for employee and dependent coverage from the date of retirement. Coverage stops at the earlier of age 65 and a number of months equal to one month for each year of service up to 24 months, provided the participant was covered by the Plan before retiring. The City provides postretirement medical benefits through the Plan for the retiree and their dependents who elect to make the required contribution. Participants can elect to medical, prescription drug, life, dental, vision, disability, and long-term care insurance.

Employees covered by benefit terms –

Active Employees	112
Inactives or beneficiaries currently receiving benefit payments	<u>4</u>
Total	<u>116</u>

Total OPEB Liability – The City’s total OPEB liability of \$962,006 was determined based on an alternative measurement method valuation performed as of June 30, 2018.

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

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

- Actuarial Cost Method - Entry Age Normal Level Percentage of Salary
- Discount Rate – 3.87% based on June 30, 2018 published Bond Buyer 20-Bond General Obligation Index Rate
- Retirement Age – Civilian – 55 with 10 years of service, Police and Fire – 20 years of service
- Healthcare cost trend rates - graded from 6.09% in 2018 to 4.87% in 2060
- Mortality Rates – RP2000 fully projected with scale AA

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

	<u>Total OPEB Liability</u>
Balance at Beginning of Year	\$ 827,483
Changes for the Year:	
Service cost	70,298
Interest expense	32,141
Change in benefit terms	-
Difference between expected and actual experience	(122,146)
Change in assumptions	196,022
Expected net benefit payments	(41,792)
Net Changes	134,523
Balances End of Year	\$ 962,006

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the City recognized OPEB expense of \$106,485. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 108,186
Changes of assumptions	173,620	30,208
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion	36,175	36,177
City contributions during measurement date	1,753	1,754
City contributions subsequent to the measurement date	30,826	-
Total	\$ 242,374	\$ 176,325

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

2020	4,046
2021	4,046
2022	4,046
2023	4,046
2024	4,046
Thereafter	14,993
	<u>\$ 35,223</u>

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

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
Total OPEB Liability	\$ 1,122,071	\$ 962,006	\$ 832,498

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 6.09% decreasing to 4.87%, as well as what the Plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (5.09% decreasing to 3.87%) or 1-percentage-point higher (7.09% decreasing to 5.87%) than the current rate:

	1% Decrease 5.09% Grading to 3.87%	Healthcare Cost Trend Rates 6.09% Grading to 4.87%	1% Decrease 7.09% Grading to 5.87%
Total OPEB Liability	\$ 838,018	\$ 962,006	\$ 1,111,290

14. Commitments and Contingencies

Litigation:

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

Federal and State Award Programs:

The City of Chickasha participates in various federal or state grant/loan programs from year to year. In 2019, the City's involvement in federal and state award programs was not significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

15. Note Receivable

The Chickasha Industrial Authority Fund executed a \$150,000 note receivable in December 2016 to Wesnidge & Company, LLC (Wesnidge) at a three percent (3%) interest rate. During FY 2017-2018 Wesnidge defaulted on this note and the original note was modified in November of 2018. A new promissory note was executed at that time. The new promissory note is in the amount of \$161,650 at a six percent (6%) rate. The agreement stated that Wesnidge would make a monthly interest-only payment of \$808 beginning in November of 2018 through November of 2019, then seventy-two equal monthly installments of \$2,679 through October of 2025. During FY 18-19, Wesnidge made 8 interest payments totaling \$6,467.

16. Judgment Receivable

The Chickasha Industrial Authority Fund executed a \$250,000 note receivable in February 2016 to Word Industries Fabrication, LLC (Word) at a two percent (2%) interest rate, with interest only payments due for the first year followed by 18 equal principal and interest payments thru July of 2018. During FY 2017-2018, Word defaulted on the note and the City did not receive any payments from Word. In February of 2018 the City was awarded a judgment against Word for principal, accrued interest, late payment fees, court costs and attorney's fees totaling \$304,764. Additional accrued interest calculated through June 30, 2019 was \$13,734, resulting in a total receivable at June 30, 2019 in the amount of \$308,017. Of this amount, \$253,130 is recorded as judgment receivable and deferred revenue at the governmental fund level as of June 30, 2019. Interest and fees receivable are recorded at June 30, 2019 in the amounts of \$54,887 and zero, respectively. In March of 2020, the court issued a judgement releasing Word Industries of the debt to the City. Though the appraisal on the land shows its value exceeds the debt, there is still uncertainty as to the final liquidation value of the land.

17. Asset Retirement Obligation

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

18. Tax Abatement

The City enters into sales tax rebate agreements with local businesses as allowed in the Oklahoma State Constitution, Article 10, Section 14. Under this law, the City may establish economic development programs and provide sales tax increments for development as part of its economic development plan. Due to the confidentiality laws in Oklahoma Statutes, Title 68, Section 1354.1, the amount of sales taxes rebated will not be disclosed. The following developer had a rebate agreement with the City as of June 30, 2019:

A business developer has negotiated a sales tax rebate agreement with the City dated February 16, 2015 associated with developments in the TIF District. The sale tax rebated cannot exceed \$3,000,000. The sales tax rebate period will begin in November 2020 and will end on December 1, 2030. The developer may request an extension of this agreement for an additional ten years at that time.

19. Other Incentive Agreement

A business developer has negotiated an economic incentive agreement dated December 3, 2018. Under this agreement, the City agrees to pay the developer a rebate in the amount of \$48,000 for the construction of two hotels. This total amount is payable in increments of \$12,000 as certain obligations are met by the developer.

The same business developer has negotiated a second economic incentive agreement with the same dated December 11, 2018. Under this agreement, the Chickasha Industrial Authority (CIA) agrees to pay the developer certain incentive payments based on hotel tax generated from the operation of two hotels. Upon the completion of the first hotel, the CIA will pay the developer 50% of hotel tax funds generated by the first hotel during a twelve month term. Beginning in the thirteenth month, the CIA will pay the developer 25% of hotel tax funds generated. No incentive payments will be made after twenty-four months. Incentive payments will be made to the developer upon the completion of the second hotel in the same manner as stated above. In order to receive any incentive payments, the developer must have obtained valid building permits for both hotels within eighteen months of the date of this agreement and also completed construction within eighteen months of the date of the permit.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Budgetary Comparison Schedule (Budgetary Basis) – General Fund – Year Ended June 30, 2019

	General Fund			
	Budgeted Amounts		Actual Amounts,	Variance with
	Original	Final	Budgetary Basis	Final Budget - Positive (Negative)
Beginning Budgetary Fund Balance	\$ 1,289,487	\$ 1,276,167	\$ 2,136,944	\$ 860,777
Resources (Inflows):				
Taxes	13,448,000	14,861,500	14,683,899	(177,601)
Intergovernmental	25,000	97,441	224,623	127,182
Charges for services	412,200	412,200	253,852	(158,348)
Licenses and Permits	170,400	170,400	214,874	44,474
Investment Income	10,900	10,900	14,592	3,692
Miscellaneous	40,000	40,000	195,244	155,244
Other Financing Sources - Transfers In	1,030,400	1,113,797	926,085	(187,712)
Total Resources	<u>15,136,900</u>	<u>16,706,238</u>	<u>16,513,169</u>	<u>(193,069)</u>
Amount available for appropriation	<u>16,426,387</u>	<u>17,982,405</u>	<u>18,650,113</u>	<u>667,708</u>
Charges to Appropriations (Outflows):				
Departmental:				
General government	1,265,883	1,822,592	1,500,902	321,690
Public Safety	7,026,257	6,782,880	5,901,421	881,459
Highways and streets	781,200	621,650	498,484	123,166
Culture and recreation	1,183,284	1,272,360	1,247,551	24,809
Cemetery	-	130,550	122,074	8,476
Community development	393,243	189,210	152,040	37,170
Other Financing Uses - Transfers Out	5,763,200	7,176,700	6,359,087	817,613
Total Charges to Appropriations	<u>16,413,067</u>	<u>17,995,942</u>	<u>15,781,559</u>	<u>2,214,383</u>
Ending Budgetary Fund Balance	<u>\$ 13,320</u>	<u>\$ (13,537)</u>	\$ 2,868,554	<u>\$ 2,882,091</u>
Reconciliation to Statement of Revenues, Expenditures, and Change in Fund Balance:				
Fire/EMS Training Account Balance			1,423	
Police Training Account Balance			47,732	
Police Bond Account Balance			<u>316,484</u>	
Total General Fund - Fund Balance			<u>\$ 3,234,193</u>	

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

Budgetary Comparison Schedule (Budgetary Basis) – EMS Fund – Year Ended June 30, 2019

	EMS Fund			
	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - Positive (Negative)</u>
Beginning Budgetary Fund Balance	\$ 307,867	\$ 307,867	\$ 28,166	\$ (279,701)
Resources (Inflows)				
Charges for services	1,528,000	1,528,000	1,126,788	(401,212)
Investment Income	100	100	66	(34)
Miscellaneous	476,500	663,500	594,955	(68,545)
Total Resources	<u>2,004,600</u>	<u>2,191,600</u>	<u>1,721,809</u>	<u>(469,791)</u>
Amounts Available for Appropriation	<u>2,312,467</u>	<u>2,499,467</u>	<u>1,749,975</u>	<u>(749,492)</u>
Charges to Appropriations (Outflows)				
Public Safety	1,826,900	2,166,200	2,108,100	58,100
Other Financing Uses - Transfers Out	5,400	25,400	5,400	20,000
Total Charges to Appropriations	<u>1,832,300</u>	<u>2,191,600</u>	<u>2,113,500</u>	<u>78,100</u>
Fund balances - ending	<u>\$ 480,167</u>	<u>\$ 307,867</u>	<u>\$ (363,525)</u>	<u>\$ (671,392)</u>

Budgetary Comparison Schedule (Budgetary Basis) – ED Dedicated Sales Tax Fund – Year Ended June 30, 2019

	ED-Dedicated Sales Tax Fund			
	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - Positive (Negative)</u>
Beginning Budgetary Fund Balance	\$ 2,772,997	\$ 2,685,900	\$ 2,863,729	\$ 177,829
Resources (Inflows)				
Investment Income	15,100	15,100	51,157	36,057
Miscellaneous	-	-	-	-
Total Resources	<u>15,100</u>	<u>15,100</u>	<u>51,157</u>	<u>36,057</u>
Amounts Available for Appropriation	<u>2,788,097</u>	<u>2,701,000</u>	<u>2,914,886</u>	<u>213,886</u>
Charges to Appropriations (Outflows)				
Economic Development	2,788,097	2,701,000	5,625	2,695,375
Total Charges to Appropriations	<u>2,788,097</u>	<u>2,701,000</u>	<u>5,625</u>	<u>2,695,375</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,909,261</u>	<u>\$ 2,909,261</u>

Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedules are prepared on the modified accrual basis of accounting with the exception of payroll accruals and certain expenditures related to on-behalf payments for police and fire and sales tax revenue transfers. For budgetary purposes, expenditures are recorded in the period the invoice is received, except for payroll expenditures that are recorded when paid.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriations within a fund require the approval of the City Manager. All other transfers and supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.

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

Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years***

	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability	0.7764375%	0.761850%
City's proportionate share of the net pension liability	\$ 9,765,433	\$8,575,742
City's covered payroll	\$ 2,183,725	\$2,257,115
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	447%	380%
Plan fiduciary net position as a percentage of the total pension liability	66.61%	70.73%

*The amounts presented for the fiscal year was determined as of 6/30

Notes to Schedule:

Only two fiscal years are presented due to the City's recent change to a GAAP Financial reporting framework, and 10 year data is not yet availa

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

	<u>2018</u>	<u>2019</u>
Statutorially required contribution	\$ 316,319	\$ 324,952
Contributions in relation to the statutorially required contribution	<u>316,319</u>	<u>324,952</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,257,115	\$2,321,087
Contributions as a percentage of covered-employee payroll	14.00%	14.00%

Notes to Schedule:

Only two fiscal years are presented due to the City's recent change to a GAAP Financial reporting framework, and 10 year data is not yet availa

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

Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM**

Last 10 Fiscal Years*

	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability (asset)	0.4457556%	0.4590188%
City's proportionate share of the net pension liability (asset)	\$ 34,288	\$ (218,654)
City's covered payroll	\$ 1,383,980	\$ 1,403,775
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2%	(15.6%)
Plan fiduciary net position as a percentage of the total pension liability	99.68%	101.81%

*The amounts presented for this fiscal year was determined as of 6/30

Notes to Schedule:

Only two fiscal years are presented due to the City's recent change to a GAAP Financial reporting framework, and 10 year data is not yet available.

**SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM**

Last 10 Fiscal Years

	<u>2018</u>	<u>2019</u>
Statutorially required contribution	\$ 182,018	\$ 176,708
Contributions in relation to the statutorially required contribution	<u>182,018</u>	<u>176,708</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,403,775	\$ 1,359,290
Contributions as a percentage of covered-employee payroll	13.00%	13.00%

Notes to Schedule:

Only two fiscal years are presented due to the City's recent change to a GAAP Financial reporting framework, and 10 year data is not yet available.

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

**Required Supplementary Information
Oklahoma Municipal Retirement Fund**

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

Last Fiscal Year

	2018	2019
Total pension liability		
Service cost	\$ 361,557	\$ 272,004
Interest	1,192,984	1,174,298
Changes of benefit terms	-	-
Differences between expected and actual experience	(363,565)	(458,510)
Changes of assumptions	56,477	-
Benefit payments, including refunds of member contributions	(983,514)	(1,140,057)
Benefit changes due to plan amendments	77,172	-
Net change in total pension liability	<u>341,111</u>	<u>(152,265)</u>
Total pension liability - beginning	<u>15,875,917</u>	<u>16,217,028</u>
Total pension liability - ending (a)	<u><u>\$ 16,217,028</u></u>	<u><u>\$ 16,064,763</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 256,647	\$ 194,981
Contributions - member	95,379	73,433
Net investment income	1,872,914	1,218,866
Benefit payments, including refunds of member contributions	(983,514)	(1,140,057)
Administrative expense	(32,943)	(33,991)
Net change in plan fiduciary net position	<u>1,208,483</u>	<u>313,232</u>
Plan fiduciary net position - beginning	<u>15,468,260</u>	<u>16,676,743</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 16,676,743</u></u>	<u><u>\$ 16,989,975</u></u>
Net pension liability (asset) - ending (a) - (b)	<u><u>\$ (459,715)</u></u>	<u><u>\$ (925,212)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	102.83%	105.76%
Covered employee payroll	\$ 2,384,994	\$ 1,683,001
Net pension liability (asset) as a percentage of covered-employee payroll	19.28%	54.97%

Notes to Schedule:

Only two fiscal years are presented due to the City's recent change to a GAAP Financial reporting framework, and 10 year data is not yet available.

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

**Required Supplementary Information
Oklahoma Municipal Retirement Fund**

Schedule of Employer Contributions	Last Fiscal Year	
	2018	2019
Actuarially determined contribution	\$ 194,981	\$ 179,914
Contributions in relation to the actuarially determined contribution	194,981	179,914
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,835,978	\$ 1,965,373
Contributions as a percentage of covered-employee payroll	10.6%	9.2%

Notes to Schedule:

1. Only two fiscal years are presented due to the City's recent change to a GAAP Financial reporting framework, and 10 year data is not yet available.
2. Latest Valuation Date: July 1, 2018
3. Actuarially determined contribution rate is calculated as of July 1, 2018.
FY 18-19 contributions were at a rate of 9.2%
4. Methods and assumptions used to determine contribution rates:
 - Actuarial cost method - Entry age normal
 - Amortization method - Level percent of payroll, closed
 - Remaining amortization period - 26 years
 - Asset valuation method - Actuarial:
 - Smoothing period - 4 years
 - Recognition method - Non-asymptotic
 - Corridor - 70% - 130%
 - Salary increases - varies based on age
 - Investment rate of return - 7.5%

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

Schedules of Required Supplementary Information

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

POSTEMPLOYMENT HEALTH INSURANCE IMPLICIT RATE SUBSIDY PLAN

Last 10 Fiscal Years*

	<u>2018</u>	<u>2019</u>
Total OPEB Liability		
Service Cost	\$ 75,623	\$ 70,298
Interest	21,325	32,141
Changes in assumptions	(39,003)	196,022
Differences between expected and actual experience	-	(122,146)
Benefit Payments	<u>(41,696)</u>	<u>(41,792)</u>
Net change in total OPEB liability	\$ 16,249	\$ 134,523
Balances- Beginning of Year	<u>811,234</u>	<u>827,483</u>
Balances- End of Year	<u>\$ 827,483</u>	<u>\$ 962,006</u>
Covered employee payroll	\$ 5,150,000	\$ 4,928,000
Total OPEB liability as a percentage of covered employee payroll	16.07%	19.52%

Notes to Schedule:

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

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

OTHER SUPPLEMENTARY INFORMATION

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

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

	Special Revenue				Capital Project		Total Other Governmental Funds
	Donations	Tax Increment District	Chickasha Industrial Authority	E911 Fund	Street and Alley	Cemetery Care	
ASSETS							
Cash and cash equivalents	\$ 79,297	\$ 155,709	\$ 542,392	\$ 183,039	\$ 234,835	\$ 320,505	\$ 1,515,777
Investments	-	-	-	-	-	300,000	300,000
Interest receivable	-	-	-	-	-	6,141	6,141
Due from other funds	-	45,039	127,229	11,770	9,764	3,640	197,442
Due from other governments	-	-	-	-	13,023	-	13,023
Taxes receivable, net	-	-	65,897	13,461	-	-	79,358
Note receivable	-	-	161,650	-	-	-	161,650
Total assets	<u>\$ 79,297</u>	<u>\$ 200,748</u>	<u>\$ 897,168</u>	<u>\$ 208,270</u>	<u>\$ 257,622</u>	<u>\$ 630,286</u>	<u>\$ 2,273,391</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 4,465	\$ 200,748	\$ 142	\$ 120	\$ -	\$ 1,264	\$ 206,739
Due to other funds	-	-	62,028	23,228	-	-	85,256
Total liabilities	<u>4,465</u>	<u>200,748</u>	<u>62,170</u>	<u>23,348</u>	<u>-</u>	<u>1,264</u>	<u>291,995</u>
Deferred inflows of resources:							
Deferred revenue	-	-	161,650	-	-	-	161,650
Fund balances:							
Restricted	58,625	-	547,818	175,754	108,554	41,791	932,542
Assigned	16,207	-	125,530	9,168	149,068	587,231	887,204
Total fund balances	<u>74,832</u>	<u>-</u>	<u>673,348</u>	<u>184,922</u>	<u>257,622</u>	<u>629,022</u>	<u>1,819,746</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 79,297</u>	<u>\$ 200,748</u>	<u>\$ 735,518</u>	<u>\$ 208,270</u>	<u>\$ 257,622</u>	<u>\$ 630,286</u>	<u>\$ 2,111,741</u>

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

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

	<u>Special Revenue</u>				<u>Capital Project</u>		<u>Total Other Governmental Funds</u>
	<u>Donations</u>	<u>Tax Increment District</u>	<u>Chickasha Industrial Authority</u>	<u>E-911</u>	<u>Street and Alley</u>	<u>Cemetery Care</u>	
REVENUES							
Taxes	\$ -	\$ -	\$ 692,835	\$ 153,387	\$ -	\$ -	\$ 846,222
Intergovernmental	-	-	-	-	144,943	-	144,943
Charges for services	-	-	-	-	-	22,711	22,711
Investment earnings	244	-	1,317	1,162	1,106	6,873	10,702
Miscellaneous	16,515	-	51,466	-	-	-	67,981
Total revenues	<u>16,759</u>	<u>-</u>	<u>745,618</u>	<u>154,549</u>	<u>146,049</u>	<u>29,584</u>	<u>1,092,559</u>
EXPENDITURES							
Current:							
Public safety	18,376	-	-	60,760	-	-	79,136
Culture and recreation	282	-	-	-	-	-	282
Economic development	-	-	571,277	-	-	-	571,277
Capital Outlay	-	-	10,278	-	170,919	1,606	182,803
Debt Service:							
Principal	-	-	-	118,947	-	-	118,947
Interest and other charges	-	-	-	4,706	-	-	4,706
Total Expenditures	<u>18,658</u>	<u>-</u>	<u>581,555</u>	<u>184,413</u>	<u>170,919</u>	<u>1,606</u>	<u>957,151</u>
Excess (deficiency) of revenues over expenditures	<u>(1,899)</u>	<u>-</u>	<u>164,063</u>	<u>(29,864)</u>	<u>(24,870)</u>	<u>27,978</u>	<u>135,408</u>
OTHER FINANCING SOURCES (USES)							
Transfers out	-	-	-	(21,901)	-	-	(21,901)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,901)</u>	<u>-</u>	<u>-</u>	<u>(21,901)</u>
Net change in fund balances	(1,899)	-	164,063	(51,765)	(24,870)	27,978	113,507
Fund balances - beginning, restated	76,731	-	509,285	236,687	282,492	601,044	1,706,239
Fund balances - ending	<u>\$ 74,832</u>	<u>\$ -</u>	<u>\$ 673,348</u>	<u>\$ 184,922</u>	<u>\$ 257,622</u>	<u>\$ 629,022</u>	<u>\$ 1,819,746</u>

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

Combining Balance Sheet Schedule – General Fund Accounts – June 30, 2019

	General Fund Account	Fire/EMS Training Account	Police Training Account	Police Bond Account	Total General Fund Accounts
ASSETS					
Cash and cash equivalents	\$ 3,153,239	\$ 1,423	\$ 46,580	\$ 279,853	\$ 3,481,095
Investments	301,050	-	-	-	301,050
Interest receivable	3,363	-	-	-	3,363
Due from other funds	302,220	-	1,152	354	303,726
Interfund receivables	-	-	-	302	302
Due from other governments	1,820,813	-	-	-	1,820,813
Taxes receivable, net	55,820	-	-	-	55,820
Court fines receivable, net	-	-	-	48,924	48,924
Other receivable	6,893	-	-	154	7,047
Total assets	<u>\$ 5,643,398</u>	<u>\$ 1,423</u>	<u>\$ 47,732</u>	<u>\$ 329,587</u>	<u>\$ 6,022,140</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 282,618	\$ -	\$ -	\$ -	\$ 282,618
Accrued payroll payable	316,164	-	-	-	316,164
Due to other funds	2,151,636	-	-	-	2,151,636
Interfund payables	302	-	-	-	302
Due to other governments	2,738	-	-	3,601	6,339
Due to bondholders	-	-	-	3,451	3,451
Total liabilities	<u>2,753,458</u>	<u>-</u>	<u>-</u>	<u>7,052</u>	<u>2,760,510</u>
Deferred inflows of resources:					
Deferred revenue	21,386	-	-	6,051	27,437
Fund balances:					
Restricted	6,616	-	-	-	6,616
Assigned	3,129,303	1,423	47,732	316,484	3,494,942
Unassigned	(267,365)	-	-	-	(267,365)
Total fund balances	<u>2,868,554</u>	<u>1,423</u>	<u>47,732</u>	<u>316,484</u>	<u>3,234,193</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,643,398</u>	<u>\$ 1,423</u>	<u>\$ 47,732</u>	<u>\$ 329,587</u>	<u>\$ 6,022,140</u>

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

Combining Schedule of Revenues, Expenses, and Changes in Fund Balance - General Fund Accounts
- Year Ended June 30, 2019

	General Fund Account	Fire/EMS Training Account	Police Training Account	Police Bond Account	Total General Fund Accounts
REVENUES					
Taxes	\$ 14,683,899	\$ -	\$ -	\$ -	\$ 14,683,899
Intergovernmental	1,164,782	-	-	-	1,164,782
Charges for services	253,852	-	-	-	253,852
Fines and forfeitures	-	-	-	294,991	294,991
Licenses and permits	214,874	-	-	-	214,874
Investment earnings	14,592	1	68	133	14,794
Miscellaneous	195,244	-	-	-	195,244
Total revenues	<u>16,527,243</u>	<u>1</u>	<u>68</u>	<u>295,124</u>	<u>16,822,436</u>
EXPENDITURES					
Current:					
General government	1,492,698	-	-	-	1,492,698
Public Safety	6,532,266	-	9,142	42,374	6,583,782
Highways and streets	498,484	-	-	-	498,484
Culture and recreation	1,191,872	-	-	-	1,191,872
Cemetery	122,074	-	-	-	122,074
Community development	152,040	-	-	-	152,040
Capital Outlay	275,012	-	-	-	275,012
Debt Service:					
Principal	94,655	-	-	-	94,655
Interest and other charges	3,530	-	-	-	3,530
Total Expenditures	<u>10,362,631</u>	<u>-</u>	<u>9,142</u>	<u>42,374</u>	<u>10,414,147</u>
Excess (deficiency) of revenues over expenditures	<u>6,164,612</u>	<u>1</u>	<u>(9,074)</u>	<u>252,750</u>	<u>6,408,289</u>
OTHER FINANCING SOURCES (USES)					
Interaccount transfers in	215,668	102	11,545	-	227,315
Interaccount transfers out	-	-	-	(227,315)	(227,315)
Transfers in	710,417	-	-	-	710,417
Transfers out	(6,359,087)	-	-	-	(6,359,087)
Total other financing sources and uses	<u>(5,433,002)</u>	<u>102</u>	<u>11,545</u>	<u>(227,315)</u>	<u>(5,648,670)</u>
Net change in fund balances	731,610	103	2,471	25,435	759,619
Fund balances - beginning, restated	2,136,944	1,320	45,261	291,049	2,474,574
Fund balances - ending	<u>\$ 2,868,554</u>	<u>\$ 1,423</u>	<u>\$ 47,732</u>	<u>\$ 316,484</u>	<u>\$ 3,234,193</u>

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

Combining Schedule of Net Position – Chickasha Municipal Authority Enterprise Fund Accounts - June 30, 2019

	Chickasha Municipal Authority Account	Water Meter Deposit Account	Water Resource Account	Total CMA Accounts
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,207,313	\$ 129,746	\$ 286,673	\$ 5,623,732
Investments	6,450,000	-	300,000	6,750,000
Restricted cash and cash equivalents	511,612	234,405	-	746,017
Restricted investments	-	100,000	-	100,000
Interaccount receivables	127,564	281	9,432	137,277
Due from other funds	1,810,506	50	41	1,810,597
Accounts receivable, net	878,237	-	11,551	889,788
Interest receivable	123,795	1,117	3,351	128,263
Other receivables	4,467	-	-	4,467
Prepaid expenses	277	-	-	277
Total current assets	<u>15,113,771</u>	<u>465,599</u>	<u>611,048</u>	<u>16,190,418</u>
Net pension asset	216,011	-	-	216,011
Capital Assets:				
Land and construction in progress	4,066,084	-	-	4,066,084
Other capital assets, net of accumulated depreciation	38,224,303	-	-	38,224,303
Total non-current assets	<u>42,506,398</u>	<u>-</u>	<u>-</u>	<u>42,506,398</u>
Total assets	<u>57,620,169</u>	<u>465,599</u>	<u>611,048</u>	<u>58,696,816</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount related to pensions	87,244	-	-	87,244
Deferred amount related to OPEB	24,362	-	-	24,362
Total deferred outflows	<u>111,606</u>	<u>-</u>	<u>-</u>	<u>111,606</u>
LIABILITIES				
Current liabilities:				
Accounts payable	670,542	-	-	670,542
Accrued payroll payable	27,297	-	-	27,297
Interest payable	41,182	-	-	41,182
Interaccount payables	9,713	127,564	-	137,277
Due to other funds	285,118	11	-	285,129
Deposits subject to refund	-	33,441	-	33,441
Compensated absences	3,132	-	-	3,132
Capital lease obligation	38,868	-	-	38,868
Note payable	1,035,000	-	-	1,035,000
Total current liabilities	<u>2,110,852</u>	<u>161,016</u>	<u>-</u>	<u>2,271,868</u>
Non-current liabilities:				
Deposits subject to refund	-	300,964	-	300,964
Compensated absences	28,182	-	-	28,182
Total OPEB liability	107,811	-	-	107,811
Note payable	4,415,000	-	-	4,415,000
Total non-current liabilities	<u>4,550,993</u>	<u>300,964</u>	<u>-</u>	<u>4,851,957</u>
Total liabilities	<u>6,661,845</u>	<u>461,980</u>	<u>-</u>	<u>7,123,825</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amount related to pensions	118,984	-	-	118,984
Deferred amount related to OPEB	45,435	-	-	45,435
Total deferred inflows	<u>164,419</u>	<u>-</u>	<u>-</u>	<u>164,419</u>
NET POSITION				
Net investment in capital assets	36,801,519	-	-	36,801,519
Restricted for debt service	386,378	-	-	386,378
Restricted for capital projects	122,349	-	-	122,349
Restricted for other purposes	2,885	3,619	611,048	617,552
Unrestricted	13,592,380	-	-	13,592,380
Total net position	<u>\$ 50,905,511</u>	<u>\$ 3,619</u>	<u>\$ 611,048</u>	<u>\$ 51,520,178</u>

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

Combining Schedule of Revenues, Expenses, and Changes in Net Position – Chickasha Municipal Authority Enterprise Fund Accounts - Year Ended June 30, 2019

	Chickasha Municipal Authority Account	Water Meter Deposit Account	Water Resource Account	Total CMA Accounts
Operating Revenues:				
Water revenue	\$ 2,289,488	\$ -	\$ 72,985	\$ 2,362,473
Sewer revenue	1,593,012	-	-	1,593,012
Sanitation revenue	1,750,232	-	-	1,750,232
Penalties and fees	138,504	-	-	138,504
User resource fees	23,320	-	-	23,320
Lake revenue	55,668	-	-	55,668
Miscellaneous	50,594	-	-	50,594
Total operating revenues	<u>5,900,818</u>	<u>-</u>	<u>72,985</u>	<u>5,973,803</u>
OPERATING EXPENSES				
Administration	545,995	-	62	546,057
Water	1,954,478	-	-	1,954,478
Sewer	815,929	-	-	815,929
Sanitation	1,986,915	-	-	1,986,915
Lake	62,261	-	-	62,261
Building maintenance	470,701	-	-	470,701
Depreciation	1,672,684	-	-	1,672,684
Total Operating Expenses	<u>7,508,963</u>	<u>-</u>	<u>62</u>	<u>7,509,025</u>
Operating income (loss)	<u>(1,608,145)</u>	<u>-</u>	<u>72,923</u>	<u>(1,535,222)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	145,124	2,160	6,087	153,371
Interest expense	(134,693)	-	-	(134,693)
Miscellaneous revenue	197,045	-	-	197,045
Gain on capital asset disposal	87,650	-	-	87,650
Total non-operating revenue (expenses)	<u>295,126</u>	<u>2,160</u>	<u>6,087</u>	<u>303,373</u>
Income (loss) before transfers	<u>(1,313,019)</u>	<u>2,160</u>	<u>79,010</u>	<u>(1,231,849)</u>
Transfers in	4,716,849	-	-	4,716,849
Transfers out	(947,316)	-	-	(947,316)
Change in net position	<u>2,456,514</u>	<u>2,160</u>	<u>79,010</u>	<u>2,537,684</u>
Total net position - beginning, restated	48,448,997	1,459	532,038	48,982,494
Total net position - ending	<u>\$ 50,905,511</u>	<u>\$ 3,619</u>	<u>\$ 611,048</u>	<u>\$ 51,520,178</u>

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

**Combining Schedule of Cash Flows – Chickasha Municipal Authority Enterprise Fund Accounts -
Year Ended June 30, 2019**

	Chickasha Municipal Authority Account	Water Meter Deposit Account	Water Resource Account	Total CMA Accounts
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 6,074,071	\$ -	\$ 72,985	\$ 6,147,056
Payments to suppliers	(4,644,658)	-	(414)	(4,645,072)
Payments to employees	(787,854)	(11)	-	(787,865)
Interfund receipts (payments)	(253,614)	52,116	(3,645)	(205,143)
Receipts of customer meter deposits	-	83,365	-	83,365
Refunds of customer meter deposits	-	(78,340)	-	(78,340)
Other receipts	197,045	-	-	197,045
Net cash provided by operating activities	584,990	57,130	68,926	711,046
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	4,716,849	-	-	4,716,849
Transfers to other funds	(947,316)	-	-	(947,316)
Net cash provided by noncapital financing activities	3,769,533	-	-	3,769,533
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(558,856)	-	-	(558,856)
Principal paid on debt	(1,048,454)	-	-	(1,048,454)
Interest and fiscal agent fees paid on debt	(142,758)	-	-	(142,758)
Net cash provided by (used in) capital and related financing activities	(1,750,068)	-	-	(1,750,068)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	89	-	-	89
Interest income	83,262	1,369	3,713	88,344
Net cash provided by investing activities	83,351	1,369	3,713	88,433
Net increase in cash and cash equivalents	2,687,806	58,499	72,639	2,818,944
Balances - beginning of year	3,031,119	305,652	214,034	3,550,805
Balances - end of year	\$ 5,718,925	\$ 364,151	\$ 286,673	\$ 6,369,749
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 5,207,313	\$ 129,746	\$ 286,673	\$ 5,623,732
Restricted cash and cash equivalents - current	511,612	234,405	-	746,017
Total cash and cash equivalents, end of year	\$ 5,718,925	\$ 364,151	\$ 286,673	\$ 6,369,749
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (1,608,145)	\$ -	\$ 72,923	\$ (1,535,222)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	1,672,684	-	-	1,672,684
Miscellaneous revenue	197,045	-	-	197,045
Change in assets and liabilities:				
Accounts receivable	173,253	-	-	173,253
Other receivable	490	-	(352)	138
Due from other funds	(419,669)	(231)	(3,644)	(423,544)
Prepaid expense	53,962	-	-	53,962
Net pension asset	(89,254)	-	-	(89,254)
Due to other funds	166,055	52,347	(1)	218,401
Accounts payable	426,137	(11)	-	426,126
Accrued payroll payable	5,441	-	-	5,441
Deposits subject to refund	-	5,025	-	5,025
Accrued compensated absences	(5,010)	-	-	(5,010)
Payroll deferrals	29,355	-	-	29,355
Total OPEB liability	(17,354)	-	-	(17,354)
Net cash provided by operating activities	\$ 584,990	\$ 57,130	\$ 68,926	\$ 711,046

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

Schedule of Expenditures of Federal and State Awards – Year Ended June 30, 2019

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal CFDA Number	Agency or Pass Thru Number	Program or Award Amount	Prior Year Revenues	Current Year Revenues	Prior Year Expenditures	Current Year Expenditures
FEDERAL AWARDS:							
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u>							
Passed through Oklahoma Office of Homeland Security: Disaster Assistance Grant	97.036	DR 4247 PW 105	\$ 3,000	\$ -	\$ 3,000	\$ -	\$ 3,000
Total Federal Emergency Management Agency			3,000	-	3,000	-	3,000
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>							
Federal Aviation Administration: Airport Improvement Program	20.106	3-40-0018-015-2017	\$ 36,270	\$ 11,790	\$ 24,480	\$ 11,790	\$ 24,480
Airport Improvement Program	20.106	3-40-0018-016-2018	114,237	-	114,237	-	114,237
Total U.S. Department of Transportation			150,507	11,790	138,717	11,790	138,717
<u>U.S. DEPARTMENT OF JUSTICE:</u>							
Passed through Oklahoma District Attorney's Council: Justice Assistance Grant	16.017	JAG-LLE-2018-Chickasha CI-00069	\$ 9,458	\$ -	\$ 9,458	\$ -	\$ 9,458
Total U.S. Department of Justice			9,458	-	9,458	-	9,458
<u>U.S. DEPARTMENT OF LIBRARIES:</u>							
Passed through Oklahoma Department of Libraries: Health Literacy Grant	45.310	Health Literacy Grant	\$ 4,576	\$ -	\$ 4,576	\$ -	\$ 4,576
Total U.S. Department of Libraries			4,576	-	4,576	-	4,576
TOTAL FEDERAL AWARDS			\$ 167,541	\$ 11,790	\$ 155,751	\$ 11,790	\$ 155,751

State Grantor/Pass Through Agency Grantor/Program Title	Grant #	Award Amount	Prior Year Revenues	Current Year Revenues	Prior Year Expenditures	Current Year Expenditures
STATE AWARDS:						
Oklahoma Office of Attorney General:						
Police Overtime Grant	N/A	\$ 61,916	\$ -	\$ -	\$ 48,379	\$ 13,537
Police Overtime Grant	N/A	58,406	-	58,406	-	37,020
Oklahoma Department of Libraries:						
FY 18 State Aid	N/A	23,021	20,719	2,302	23,021	-
FY 19 State Aid	N/A	19,717	-	19,717	-	19,717
TOTAL STATE AWARDS		\$ 163,060	\$ 20,719	\$ 80,425	\$ 71,400	\$ 70,274

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

INTERNAL CONTROL AND COMPLIANCE INFORMATION



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

Members of the City Council
City of Chickasha, Oklahoma

We have audited 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, financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chickasha, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 6, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings and Recommendations that we consider to be significant deficiencies: 19-001, and 19-002.

Compliance and Other Matters

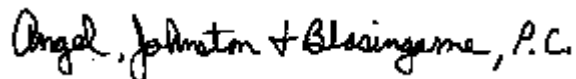
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Recommendations as items 19-001, and 19-002.

City of Chickasha's Responses to Findings

The City's response to the findings identified in our audit is described in the accompanying Management Responses to Findings. The City'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 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.



Chickasha, Oklahoma
April 6, 2020

CITY OF CHICKASHA, OKLAHOMA
Schedule of Findings and Recommendations
For the Year Ended June 30, 2019

Deficiencies of Internal Control, Compliance and Other Matters

- 19-001. Criteria – All grants should be properly monitored for all Uniform Guidance compliance areas.
- Condition – There were two FAA grants receivable that were outstanding for over a year and a half. When identified in the audit the City filed the claim and received approval to receive this funding. These amounts total around \$270,000.
- Cause and Effect – When the City initially attempted to claim the reimbursements the FAA Delphi system was not operational. When the Delphi system became accessible the reimbursements failed to be claimed. Not properly monitoring grants caused the City to fail to receive grant revenue timely. It is possible the grant revenue not claimed timely could be lost.
- Recommendation – Grants need to be monitored and any unreceived reimbursements should be followed up on.
- Management response – See City’s Response.
-
- 19-002. Criteria – The City Council established a policy that the unassigned fund balance in the General Fund shall be maintain a range equal to 15% - 40% of the General Fund expenditures at the end of the fiscal year.
- Condition – At the end of the fiscal year the unassigned fund balance was 2.42% of the General Fund expenditures for the year. This is below the minimum required balance of unassigned fund balance of 15%.
- Cause and Effect – The City has been below the unassigned fund criteria for several years. The City is beginning to rebuild the unassigned balance.
- Recommendation – The City should continue to closely monitor the General Fund expenditures and the unassigned fund balance to comply with the minimum funding policy.
- Management response – See City’s Response.

CITY OF CHICKASHA, OKLAHOMA
Disposition of Prior Year Findings
For the Year Ended June 30, 2019

Deficiencies of Internal Control, Compliance and Other Matters

- 18-001. Criteria – State statutes require all of the City’s funds be either insured or collateralized. In case of a banking failure this insures that the City’s funds are fully protected.
- Condition – In the note disclosures the City indicates they have no custodian risk. However, this is only true if the collateral that is in the City’s name is used to cover the Authorities’ accounts. There is some concern about the appropriate application of collateral to deposits. The City only has one federal identification number, but has funds held for other legal entities such as the CIA, CMA and the CMAA.
- Disposition – This was not a finding in the current year.
- 18-002. Criteria – Oklahoma State statutes establish purchasing procedures. Purchase orders are to be used to initiate the purchasing process and an original invoice should be included with the purchase order. The purchase order should be signed by the encumbrance clerk to verify budgeted funds are available; original invoices should be signed and dated verifying the receipt of goods or services. There are exclusions for professional service, items purchased off of the state contract list and various other exclusions.
- Condition – In our expenditure testing we noted of the forty purchase orders selected for testing: ten invoices were dated before the purchase orders; one purchase order did not have an authorizing signature by department head to indicate authority to make the purchase and five purchase orders were not signed by the encumbrance clerk verifying a budget funds were available.
- Disposition – This was not a finding in the current year.
- 18-003. Criteria – The City Council established a policy that the unassigned fund balance in the General Fund shall be maintain a range equal to 15% - 40% of the General Fund expenditures at the end of the fiscal year.
- Condition – At the end of the fiscal year the unassigned fund balance was 13.14% of the General Fund expenditures for the year. This is below the minimum required balance of unassigned fund balance of 15%.
- Disposition – This continues to be a finding in the current year.
- 18-004. Criteria – Generally accepted accounting principles (GAAP) require material inventories to be recorded.
- Condition – The City has not counted inventory or booked inventories at the beginning or at the end of the year.
- Disposition – This was not a finding in the current year.
- 18-005. Criteria – All accounting records and documentation of the City should be retained.
- Condition – The City was unable to provide the following documentation: utility billing calculation report for each billing cycle, daily concessions stand receipts for every day and some utility billing adjustment documents.
- Disposition – This was not a finding in the current year.



Deficiencies of Internal Control, Compliance and Other Matters

19-001. Criteria – All grants should be properly monitored for all Uniform Guidance compliance areas.

Condition – There were two FAA grants receivable that were outstanding for over a year and a half. When identified in the audit the City filed the claim and received approval to receive this funding. These amounts total around \$270,000.

Cause and Effect – When the City initially attempted to claim the reimbursements the FAA Delphi system was not operational. When the Delphi system became accessible the reimbursements failed to be claimed. Not properly monitoring grants caused the City to fail to receive grant revenue timely. It is possible the grant revenue not claimed timely could be lost.

Recommendation – Grants need to be monitored and any unreceived reimbursements should be followed up on.

Management response – Due to operational problems with the FAA Delphi system, we experienced a lack of access which prohibited new claims and our ability to monitor filed reimbursement claims against federal funding. FAA Delphi revised their software. Access was restored and the City was able to compile and key the necessary information into the FAA Delphi system for reimbursement. Policy for grant funding and monitoring has been reviewed with all staff administering grants.

19-002. Criteria – The City Council established a policy that the unassigned fund balance in the General Fund shall be maintain a range equal to 15% - 40% of the General Fund expenditures at the end of the fiscal year.

Condition – At the end of the fiscal year the unassigned fund balance was 2.42% of the General Fund expenditures for the year. This is below the minimum required balance of unassigned fund balance of 15%.

Cause and Effect – The City has been below the unassigned fund criteria for several years. The City is beginning to rebuild the unassigned balance.

Recommendation – The City should continue to closely monitor the General Fund expenditures and the unassigned fund balance to comply with the minimum funding policy.

Management response – City staff has revised this policy for future council consideration and policy adoption by ordinance.