

THE CITY OF MIDWEST CITY, OKLAHOMA

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

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

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

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RSM US LLP

Independent Auditors' Report

Honorable Mayor and City Council
The City of Midwest City

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Midwest City, Oklahoma, (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Midwest City, Oklahoma, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining non-major fund financial statements, and the schedule of debt service requirements listed in the table of contents as other supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying statistical section, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued (under separate cover) our report dated December 23, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

RSM US LLP

Oklahoma City, Oklahoma
December 23, 2020

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MANAGEMENT DISCUSSION AND ANALYSIS

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The City of Midwest City's Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements beginning on page 17.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended June 30, 2020, by \$521,544,268 (net position). Of this amount, unrestricted net position of the governmental activities was a deficit of \$70,056,863, with the business type activities reporting a positive unrestricted net position of \$32,178,343. The unrestricted net position, when not in a deficit position, may be used to meet the government's ongoing obligations to citizens and creditors.
- The Primary Government's total net position increased by \$3,951,292 or 0.76% from the prior year. This was a result of a decrease of \$832,439 in the governmental activities while the business-type activities had an increase of \$4,783,731. In addition, expenses increased over the prior year. The detailed changes made from the Governmental Fund Statements to the Statement of Net Position can be found on page 23.
- Sales tax is the major source of revenue for governmental activities. Sales and use tax collections for fiscal year 2020 totaled \$43,887,778 compared to FY 2019 which totaled \$41,854,988. The total increase in sales and use tax collections was \$2,032,790. The increase in sales and use taxes is primarily the result of the U.S. Supreme Court's Wayfair decision which opened the door to being able to collect more on-line sales tax and House Bill 1019 passed by the Oklahoma Legislature requiring third-party internet sellers to collect and remit use tax on behalf of the third parties. A historical review of governmental activity revenues can be found in the statistical information section of the report.
- At the end of the fiscal year 2020, the unassigned fund balance of the General Fund was \$3,036,047 or 9.9% of General Fund revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis is intended to serve as an introduction to the City of Midwest City's basic financial statements. The City's basic financial statements comprise of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

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Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to the private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference between the four elements reported as net position. Over time, increases or decreases in net position serve as a useful indicator on whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and fines and earned but not used vacation and sick leave as stated in City policy and union contracts). Both the Statement of Net Position and the Statement of Activities are prepared using the accrual basis of accounting as opposed to the modified accrual basis used for Fund Financial Statements of the governmental funds.

In the Statement of Net Position and the Statement of Activities, the City is divided between two types of activities:

- **Governmental activities.** Most of the City's basic services are reported here, including general government, public safety, streets, culture and recreation, health and welfare and economic development. Sales taxes and franchise taxes finance most of these activities as reflected on page 18.
- **Business-type activities.** The City charges a fee to customers to cover the cost of services it provides. The City's utility system (water, sewer, sanitation, and drainage), conference center/hotel, golf, trailer park and industrial park activities are reported here.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, but not the City as a whole. Some funds are required to be established by state law or bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other monies. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- **Governmental funds.** The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental

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activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements on page 21 and 23 of this report.

The City of Midwest City maintains individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Police, Fire, Hospital Authority, and 2018 GO Bond CIP funds. Data from the debt service fund, 16 special revenue funds, and 7 capital project funds, all of which are considered to be governmental, are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements starting on page 80 of this report.

- **Proprietary funds.** The City charges customers for certain services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are similar to the business-type activities that are reported in the Government-wide statements but provide more detail and additional information, such as cash flows. The internal service funds (the other component of proprietary funds) are utilized to report activities that provide supplies and services for the City's other programs and activities, such as the risk management functions, health self-insurance fund, fleet services, surplus property activities and public works function. Because these services benefit both governmental and business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

The City of Midwest City maintains one major enterprise fund. The City uses this fund to account for its water, sewer, sanitation, conference center/hotel, debt service, utility services, utility capital, customer deposits, golf and drainage operations. The fund provides the same type of information as the government-wide financial statements, only in more detail and includes some of the internal service fund-type activity. The City considers this enterprise fund activity to be a major fund. Data from 2 non-major enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements starting on page 86 of this report.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of June 30, 2020, the City's combined net position is \$521,544,268, of which \$400,407,449 can be attributed to governmental activities and \$121,136,819 is attributed to business-type activities. This analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

The largest portion of the City's net position, \$365 million, reflects its net investment in capital assets (e.g., land, water rights, building, machinery and equipment, less any related debt used to acquire those assets that is still outstanding). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The net change in capital assets can be reviewed in Table 1 with key element changes shown in Table 3.

TABLE 1
NET POSITION
(In Thousands)

| | Governmental Activities | | % Inc. (Dec.) | Business-Type Activities | | % Inc. (Dec.) | Total Primary Government | | % Inc. (Dec.) |
|--------------------------------------|-------------------------|-------------------|---------------|--------------------------|-------------------|---------------|--------------------------|-------------------|---------------|
| | 2020 | 2019 | | 2020 | 2019 | | 2020 | 2019 | |
| Current and other assets | \$ 273,237 | \$ 282,125 | -3% | \$ 40,418 | \$ 39,089 | 3% | \$ 313,655 | \$ 321,214 | -2% |
| Capital assets | 299,768 | 305,826 | -2% | 148,175 | 146,998 | 1% | 447,943 | 452,824 | -1% |
| Total assets | 573,005 | 587,951 | -3% | 188,593 | 186,087 | 1% | 761,598 | 774,038 | -2% |
| Deferred outflow of resources | 12,519 | 11,077 | 13% | 1,652 | 1,263 | 31% | 14,171 | 12,340 | 15% |
| Long-term obligations outstanding | 164,089 | 176,858 | -7% | 64,829 | 67,427 | -4% | 228,918 | 244,285 | -6% |
| Other liabilities | 11,816 | 12,514 | -6% | 2,629 | 2,671 | -2% | 14,445 | 15,185 | -5% |
| Total liabilities | 175,905 | 189,372 | -7% | 67,458 | 70,098 | -4% | 243,363 | 259,470 | -6% |
| Deferred inflow of resources | 9,212 | 8,416 | 9% | 1,650 | 899 | 84% | 10,862 | 9,315 | 17% |
| Net position: | | | | | | | | | |
| Net investment in capital assets | 277,576 | 302,961 | -8% | 87,417 | 88,683 | -1% | 364,993 | 391,644 | -7% |
| Restricted | 193,188 | 181,159 | 7% | 1,542 | 1,573 | -2% | 194,730 | 182,732 | 7% |
| Unrestricted (deficit) | (70,357) | (82,880) | -15% | 32,178 | 26,097 | 23% | (38,179) | (56,783) | -33% |
| Total net position | \$ 400,407 | \$ 401,240 | 0% | \$ 121,137 | \$ 116,353 | 4% | \$ 521,544 | \$ 517,593 | 1% |

Governmental activities decreased the City's net position by \$832,439 or (.16)%. The business type activities increased the City's net position by \$4,783,731 or .92% for a net increase of \$3,951,292, or .76%. The key elements of these changes are contained in Table 2.

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**TABLE 2
CHANGES IN NET POSITION
(In Thousands)**

| | Governmental Activities | | % Inc. (Dec.) | Business-Type Activities | | % Inc. (Dec.) | Total Primary Government | | % Inc. (Dec.) |
|--|----------------------------|-----------------|------------------|-----------------------------|-----------------|------------------|--------------------------|------------------|------------------|
| | 2020 | 2019 | | 2020 | 2019 | | 2020 | 2019 | |
| Revenues: | | | | | | | | | |
| Program revenues: | | | | | | | | | |
| Charges for services | \$ 10,331 | \$ 10,705 | -3% | \$ 29,508 | \$ 28,921 | 2% | \$ 39,839 | \$ 39,626 | 1% |
| Operating grants and contributions | 5,649 | 5,498 | 3% | 55 | - | 100% | 5,704 | 5,498 | 4% |
| Capital grants and contributions | 57 | 25 | 128% | - | - | 0% | 57 | 25 | 128% |
| General revenues: | | | | | | | | | |
| Sales and use taxes | 43,888 | 41,855 | 5% | - | - | 0% | 43,888 | 41,855 | 5% |
| Other taxes | 7,773 | 4,982 | 56% | - | - | 0% | 7,773 | 4,982 | 56% |
| Other general revenue | 10,223 | 11,884 | -14% | 1,075 | 1,436 | -25% | 11,298 | 13,320 | -15% |
| Total revenues | <u>77,921</u> | <u>74,949</u> | 4% | <u>30,638</u> | <u>30,357</u> | 1% | <u>108,559</u> | <u>105,306</u> | 3% |
| Program expenses: | | | | | | | | | |
| General government | 8,553 | 10,008 | -15% | - | - | - | 8,553 | 10,008 | -15% |
| Public safety | 34,371 | 26,211 | 31% | - | - | - | 34,371 | 26,211 | 31% |
| Streets | 15,342 | 15,938 | -4% | - | - | - | 15,342 | 15,938 | -4% |
| Cultural, parks and recreation | 1,825 | 2,160 | -16% | - | - | - | 1,825 | 2,160 | -16% |
| Health and welfare | 409 | 464 | -12% | - | - | - | 409 | 464 | -12% |
| Economic development | 10,244 | 4,724 | 117% | - | - | - | 10,244 | 4,724 | 117% |
| Interest expense | 4,411 | 4,322 | 2% | - | - | - | 4,411 | 4,322 | 2% |
| Water | - | - | - | 7,324 | 6,867 | 7% | 7,324 | 6,867 | 7% |
| Sewer | - | - | - | 8,451 | 8,238 | 3% | 8,451 | 8,238 | 3% |
| Sanitation | - | - | - | 5,380 | 5,012 | 7% | 5,380 | 5,012 | 7% |
| Drainage | - | - | - | 639 | 658 | -3% | 639 | 658 | -3% |
| Conference center | - | - | - | 6,529 | 8,390 | -22% | 6,529 | 8,390 | -22% |
| Other activities | - | - | - | 1,129 | 1,095 | 3% | 1,129 | 1,095 | 3% |
| Total expenses | <u>75,155</u> | <u>63,827</u> | 18% | <u>29,452</u> | <u>30,260</u> | -3% | <u>104,607</u> | <u>94,087</u> | 11% |
| Excess (deficiency) before transfers | 2,766 | 11,122 | -75% | 1,186 | 97 | 1123% | 3,952 | 11,219 | -65% |
| Transfers | <u>(3,598)</u> | <u>(3,648)</u> | -1% | <u>3,598</u> | <u>3,648</u> | -1% | <u>-</u> | <u>-</u> | |
| Increase (decrease) in net position | <u>\$ (832)</u> | <u>\$ 7,474</u> | -111% | <u>\$ 4,784</u> | <u>\$ 3,745</u> | 28% | <u>\$ 3,952</u> | <u>\$ 11,219</u> | -65% |

Governmental Activities. The revenues reflect an increase over the prior year of \$2,971,482. This increase is primarily the result of an increase in the sales and use tax collections caused by legal changes which allowed for collecting more on-line sales and use taxes and an increase in charges for services which is primarily related to leasehold income from an economic development agreement. Sales and use tax collections increased \$2,032,789 in FY 2020. Property taxes increased from \$344,844 in FY 2019 to \$3,073,076 due to the issuance of the 2019 General Obligation Bond Series.

The most significant governmental activities expense was providing public safety with a cost of \$34,370,973. These expenses were funded by revenue collected from a variety of sources with the largest being a transfer from the General Fund to the Police and Fire Special Revenue Funds in the amount of \$19,230,230 and dedicated sales tax of \$11,033,749 for the fiscal year ended June 30, 2020. Other significant governmental expenses are for economic development which increased by \$5,519,631 in FY 2020 mainly due to \$4.7 million in expenses for the Warren Theater infrastructure construction. Street expenses in the amount of \$15,341,451 relates to \$12,092,130 of depreciation expense.

Business-type Activities. Business-type revenue increased by \$280,223 or 0.92% from the prior year. Other general income totaled \$1,074,997 in FY 2020 and \$1,436,616 in FY 2019. The largest portion of this difference is attributed to investment income. Investment income totaled \$1,042,888 in FY 2019 and \$627,338 in FY 2020. The decrease is mainly attributed to unrealized gain on securities which decreased \$415,550 from FY 2019 to FY 2020.

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Hotel expenses decreased from \$8,389,592 in FY 2019 to \$6,528,860 in FY 2020 due to the impact of COVID-19 on the tourism industry.

Budgetary Highlights. For FY 2020, the General Fund revenue (including transfers) budget was amended by \$1,146,367 or 2.98% of the original budget of \$38,412,094. The actual revenue (including transfers) was less than the final budget projection by \$294,753, or 0.75%. The actual expenditures (including transfers) on a budgetary basis were \$37,638,498 compared to the final budget of \$40,614,337. General Fund actual expenditures (including transfers) on a budgetary basis were \$2,975,839 or 7.33% below final budget projections. See page 72 of the report for more detail.

The Police Fund revenue (including transfers) budget was increased by \$23,913, or 0.15%, of the original budget of \$16,012,211. The actual revenue (including transfers) was more than the final budget projection by \$312,424 or 1.95%. The revenue increase is attributed to sales tax coming in above projections for the year. The actual expenditures (including transfers) on a budgetary basis were \$15,317,728 compared to the final budget of \$16,326,518. Actual expenditures (including transfers) were \$1,008,790 or 6.18% below final budget projections.

The Fire Fund revenues (including transfers) budget was amended by \$57,962 or 0.46%. The actual revenue (including transfers) was more than the final budget projection by \$240,778 or 1.91%. The revenue increase is attributed to sales tax coming in above projections for the year. The actual expenditures (including transfers) on a budgetary basis were \$11,580,877 compared to the final budget of \$12,674,683. Actual expenditures (including transfers) were \$1,093,806 or 8.63% below projections.

The budget to actual comparisons for these funds can be found on pages 72-75 of the report.

Capital Assets. At the end of fiscal year 2020, the City had \$447,943,533 invested in a broad range of capital assets, including police and fire equipment, buildings, conference center and hotel, park facilities, roads, bridges, water and sewer facilities and distribution systems. This amount represents a net decrease (including additions and deductions) of \$6,057,951 for the governmental activities. Although the City had total additions of \$8,554,090; the depreciation expense of \$14,583,150 caused the current year reduction, with street depreciation for the year amounting to \$12,092,130.

The business-type activities had a net increase of \$1,177,705. Table 3 reflects the net key elements that make up the capital assets by type and source.

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**TABLE 3
Capital Assets
(In Thousands)**

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total Primary Government</u> | |
|--------------------------|------------------------------------|-------------------|-------------------------------------|-------------------|---------------------------------|-------------------|
| | Restated, | | 2020 | 2019 | 2020 | 2019 |
| | 2020 | 2019 | | | | |
| Land | \$ 39,950 | \$ 39,949 | \$ 2,072 | \$ 2,072 | \$ 42,022 | \$ 42,021 |
| Water rights | - | - | 6,953 | 4,673 | 6,953 | 4,673 |
| Construction in progress | 11,228 | 7,095 | 3,169 | 2,283 | 14,397 | 9,378 |
| Buildings | 31,747 | 30,058 | 32,688 | 32,563 | 64,435 | 62,621 |
| Machinery and equipment | 22,233 | 21,753 | 14,575 | 14,249 | 36,808 | 36,002 |
| Vehicles | 10,440 | 9,978 | 11,206 | 10,137 | 21,646 | 20,115 |
| Infrastructure | 452,511 | 451,460 | 184,062 | 181,904 | 636,573 | 633,364 |
| | 568,109 | 560,293 | 254,725 | 247,881 | 822,834 | 808,174 |
| Less: Depreciation | (268,341) | (254,467) | (106,550) | (100,884) | (374,891) | (355,351) |
| Totals | \$ 299,768 | \$ 305,826 | \$ 148,175 | \$ 146,997 | \$ 447,943 | \$ 452,823 |

Additional information on the City's capital assets can be found on pages 45-47 of this report.

Debt Administration. At year end, the City had \$175,944,417 in long term debt outstanding compared to \$193,181,895 at the end of the prior fiscal year, a decrease of 8.92% as shown in Table 4. The City had two new bond issuances in FY 2020. General Obligation Bonds totaling \$6,550,000 and one Note payable for \$2,280,047. See pages 49-53 for a more in depth review of long-term debt.

**TABLE 4
Long-Term Debt
(In Thousands)**

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total Primary Government</u> | |
|----------------------------------|------------------------------------|-------------------|-------------------------------------|------------------|---------------------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| General obligation bonds | \$ 44,125 | \$ 37,900 | \$ - | \$ - | \$ 44,125 | \$ 37,900 |
| General obligation bonds premium | 476 | 496 | - | - | 476 | 496 |
| Notes payable (direct borrowing) | - | 19,929 | - | - | - | 19,929 |
| Accrued compensated absences | 5,767 | 5,828 | 1,643 | 1,526 | 7,410 | 7,354 |
| Revenue bonds | 66,165 | 67,455 | 51,535 | 55,900 | 117,700 | 123,355 |
| Revenue bonds premium | - | - | 2,280 | 2,579 | 2,280 | 2,579 |
| Note payable | - | - | 2,280 | - | 2,280 | - |
| Refundable deposits | 115 | 46 | 1,558 | 1,523 | 1,673 | 1,569 |
| Totals | \$ 116,648 | \$ 131,654 | \$ 59,296 | \$ 61,528 | \$ 175,944 | \$ 193,182 |

FACTORS AFFECTING FINANCIAL CONDITION

Economic Outlook.

The spread of COVID-19, a novel strain of coronavirus, is altering the behavior of businesses, state and local governments, and people throughout the United States. Further, financial markets have experienced significant volatility attributed to coronavirus concerns. The continued spread of COVID-19 may adversely impact the local, regional and national economies. The extent to which the coronavirus impacts the City's results will depend on future developments, which are highly uncertain and cannot be predicted. The impact is highly dependent on the

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breadth and duration of the outbreak and could be affected by other factors that cannot currently be predicted. Accordingly, management cannot presently estimate the overall operation and financial impact to the City.

During the past year, we saw a handful of closures in Town Center Plaza, partly due to national retail failures and in part because of the COVID-19 pandemic. We also witnessed the temporary closing of the seven-month old Warren Theatre in the Sooner Rose Shopping & Entertainment Center, which was directly attributed to the virus.

Local, state and federal government programs have provided some remedy to employers and employees and more help may be necessary to get through this ordeal. The Midwest City Memorial Hospital Authority's Board of Grantors 2020 Business Relief Program helped 32 businesses survive by issuing over \$90,000 in small business assistance checks in September. However, amusement centers, bowling alleys, full-service restaurants, hotels and theaters are operating well under capacity. As result, there is discussion about launching a second local business rescue plan as early as January. This aid package could spread up to \$340,000 to the business who have been hit the hardest.

Oklahoma County has also initiated a \$15 million business assistance grant program that is funded by Federal CARES Act money. Thousands of applications are expected, and we feel our businesses community stands to benefit.

Economic growth for 2021 hinges on several key factors, not the least of which is the available use of a reliable COVID-19 vaccine. As of issue date, one vaccine is authorized and three large scale phase 3 clinical trials are in progress.

We expect little, if any, growth in our retail sales tax base over the next six months.

FY 2020-2021 Budgets and Rates - The fiscal year 202-2021 expenditure budgets presented to the Council and Board of Trustees was \$107,946,859, which is net of \$53,669,756 inter/intra-fund transfers.

Request for Information. This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws, regulations and demonstrate the City's commitment to public accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Midwest City, Finance Department, 100 N. Midwest Boulevard, Midwest City, Oklahoma 73110.

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BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF MIDWEST CITY, OKLAHOMA
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For the Year Ended June 30, 2020

Statement of Net Position– June 30, 2020

| | Primary Government | | |
|--|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash and cash equivalents | \$ 52,195,816 | \$ 14,465,212 | \$ 66,661,028 |
| Cash and cash equivalents, restricted | 29,798,489 | 13,865,471 | 43,663,960 |
| Investments | 116,024,655 | 7,775,865 | 123,800,520 |
| Investments, restricted | 13,687,797 | - | 13,687,797 |
| Land held for economic development | 3,439,804 | - | 3,439,804 |
| Accounts receivable, net | 2,526,959 | 3,693,951 | 6,220,910 |
| Interest receivable | 109,904 | 22,777 | 132,681 |
| Other receivable | 381,916 | 147,940 | 529,856 |
| Inventory | 101,545 | 275,083 | 376,628 |
| Internal balances | 393,030 | (393,030) | - |
| Prepaid items | 3,114 | 6,454 | 9,568 |
| Due from other governments | 10,755,512 | - | 10,755,512 |
| Net pension asset | 131,036 | - | 131,036 |
| Lease receivable | 43,600,541 | - | 43,600,541 |
| Deposits held by others | 86,608 | - | 86,608 |
| Investments, non- current, restricted | - | 558,304 | 558,304 |
| Capital assets: | | | |
| Land, water rights, and construction in progress | 51,178,679 | 12,194,304 | 63,372,983 |
| Other capital assets, net of depreciation | 248,589,465 | 135,981,085 | 384,570,550 |
| Total assets | <u>573,004,870</u> | <u>188,593,416</u> | <u>761,598,286</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred amount on refunding | - | 821,097 | 821,097 |
| Deferred amount related to pensions | 8,984,958 | - | 8,984,958 |
| Deferred amount related to OPEB | 3,534,483 | 830,454 | 4,364,937 |
| Total deferred outflows | <u>12,519,441</u> | <u>1,651,551</u> | <u>14,170,992</u> |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | 1,164,680 | 1,534,841 | 2,699,521 |
| Wages payable | 1,943,859 | 528,678 | 2,472,537 |
| Claims payable | 2,328,410 | - | 2,328,410 |
| Due to other governments | 10,467 | - | 10,467 |
| Accrued interest payable | 1,060,695 | 565,102 | 1,625,797 |
| Unearned revenue | 5,306,857 | - | 5,306,857 |
| Long-term liabilities: | | | |
| Due within one year | 5,443,528 | 5,268,085 | 10,711,613 |
| Due in more than one year | 158,645,907 | 59,561,402 | 218,207,309 |
| Total liabilities | <u>175,904,403</u> | <u>67,458,108</u> | <u>243,362,511</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred amount related to pensions | 4,633,244 | - | 4,633,244 |
| Deferred amount related to property taxes | 3,526,293 | - | 3,526,293 |
| Deferred amount related to OPEB | 1,052,922 | 1,650,040 | 2,702,962 |
| Total deferred inflows | <u>9,212,459</u> | <u>1,650,040</u> | <u>10,862,499</u> |
| NET POSITION | | | |
| Net investment in capital assets | 277,575,836 | 87,416,666 | 364,992,502 |
| Restricted for: | | | |
| Debt service | 1,999,307 | 1,541,810 | 3,541,117 |
| Hospital | 109,690,961 | - | 109,690,961 |
| Capital improvements | 46,639,705 | - | 46,639,705 |
| Public Safety | 20,173,438 | - | 20,173,438 |
| Street operations | 1,891,284 | - | 1,891,284 |
| Culture and recreation | 1,501,679 | - | 1,501,679 |
| Economic Development | 6,614,991 | - | 6,614,991 |
| Other | 4,677,108 | - | 4,677,108 |
| Unrestricted (deficit) | (70,356,860) | 32,178,343 | (38,178,517) |
| Total net position | <u>\$ 400,407,449</u> | <u>\$ 121,136,819</u> | <u>\$ 521,544,268</u> |

See accompanying notes to the basic financial statements.

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Statement of Activities –Year Ended June 30, 2020

| 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 | \$ 8,552,451 | \$ 3,645,228 | \$ 136,301 | \$ 48,738 | \$ (4,722,184) | \$ - | \$ (4,722,184) |
| Public safety | 34,370,973 | 1,883,982 | 3,945,726 | 8,673 | (28,532,592) | - | (28,532,592) |
| Streets | 15,341,451 | 579,271 | 616,495 | - | (14,145,685) | - | (14,145,685) |
| Culture and recreation | 1,825,214 | 402,995 | 228,556 | - | (1,193,663) | - | (1,193,663) |
| Health and welfare | 409,221 | - | - | - | (409,221) | - | (409,221) |
| Economic development | 10,243,915 | 3,819,179 | 722,035 | - | (5,702,701) | - | (5,702,701) |
| Interest expense | 4,410,918 | - | - | - | (4,410,918) | - | (4,410,918) |
| Total governmental activities | <u>75,154,143</u> | <u>10,330,655</u> | <u>5,649,113</u> | <u>57,411</u> | <u>(59,116,964)</u> | <u>-</u> | <u>(59,116,964)</u> |
| Business-type activities: | | | | | | | |
| Water | 7,323,707 | 8,368,990 | - | - | - | 1,045,283 | 1,045,283 |
| Sewer | 8,450,750 | 8,414,298 | 54,834 | - | - | 18,382 | 18,382 |
| Sanitation | 5,379,901 | 7,404,296 | - | - | - | 2,024,395 | 2,024,395 |
| Drainage | 639,667 | 493,111 | - | - | - | (146,556) | (146,556) |
| Conference center | 6,528,860 | 3,768,017 | - | - | - | (2,760,843) | (2,760,843) |
| Golf | 1,072,462 | 1,059,554 | - | - | - | (12,908) | (12,908) |
| Industrial park | 57,229 | - | - | - | - | (57,229) | (57,229) |
| Total business-type activities | <u>29,452,576</u> | <u>29,508,266</u> | <u>54,834</u> | <u>-</u> | <u>-</u> | <u>110,524</u> | <u>110,524</u> |
| Total primary government | <u>\$ 104,606,719</u> | <u>\$ 39,838,921</u> | <u>\$ 5,703,947</u> | <u>\$ 57,411</u> | <u>(59,116,964)</u> | <u>110,524</u> | <u>(59,006,440)</u> |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Sales and use taxes | | | | | 43,887,778 | - | 43,887,778 |
| Property tax | | | | | 3,073,076 | - | 3,073,076 |
| Payment in lieu of taxes | | | | | 1,081,431 | - | 1,081,431 |
| Franchise and public service taxes | | | | | 2,564,865 | - | 2,564,865 |
| Hotel/motel taxes | | | | | 535,515 | - | 535,515 |
| Intergovernmental revenue not restricted to specific programs | | | | | 517,573 | - | 517,573 |
| Investment income | | | | | 9,632,905 | 627,338 | 10,260,243 |
| Miscellaneous | | | | | 589,592 | 447,659 | 1,037,251 |
| Transfers - internal activity | | | | | (3,598,210) | 3,598,210 | - |
| Total general revenues and transfers | | | | | <u>58,284,525</u> | <u>4,673,207</u> | <u>62,957,732</u> |
| Change in net position | | | | | (832,439) | 4,783,731 | 3,951,292 |
| Net position - beginning | | | | | 401,239,888 | 116,353,088 | 517,592,976 |
| Net position - ending | | | | | <u>\$ 400,407,449</u> | <u>\$ 121,136,819</u> | <u>\$ 521,544,268</u> |

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA
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BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

**CITY OF MIDWEST CITY, OKLAHOMA
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For the Year Ended June 30, 2020**

Governmental Funds Balance Sheet - June 30, 2020

| | Midwest City | | | | | 2018 GO Bond CIP | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------|---------------------|-----------------------|----------------------|----------------------|--------------------------------|--------------------------------|
| | General Fund | Police Fund | Fire Fund | Hospital Authority | | | | |
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 5,804,284 | \$ 4,253,331 | \$ 3,335,205 | \$ 18,698,477 | \$ 17,322,523 | \$ 27,758,875 | \$ 77,172,695 | |
| Investments | 3,322,743 | 2,319,871 | 1,878,205 | 97,733,016 | 9,812,015 | 11,939,071 | 127,004,921 | |
| Land held for economic development | - | - | - | 3,439,804 | - | - | 3,439,804 | |
| Receivables: | | | | | | | | |
| Accounts receivable | 1,888,832 | 86,358 | 1,334 | 37,176 | - | 774,456 | 2,788,156 | |
| Accrued interest receivable | 9,306 | 8,386 | 5,675 | 13 | 38,067 | 41,283 | 102,730 | |
| Due from other funds | 325,156 | 3,635,979 | 2,885,913 | 2,689 | - | 297,800 | 7,147,537 | |
| Deposits held by others | - | - | - | 81,308 | - | 5,300 | 86,608 | |
| Prepaid items | 3,114 | - | - | - | - | - | 3,114 | |
| Other receivable | 17,141 | 4,439 | 7,749 | - | - | - | 29,329 | |
| Due from other governments | 3,521,853 | 880,770 | 691,256 | - | - | 5,661,633 | 10,755,512 | |
| Inventory | - | - | - | - | - | 60,000 | 60,000 | |
| Advance to other funds | 468,527 | - | - | - | - | - | 468,527 | |
| Total assets | <u>\$ 15,360,956</u> | <u>\$ 11,189,134</u> | <u>\$ 8,805,337</u> | <u>\$ 119,992,483</u> | <u>\$ 27,172,605</u> | <u>\$ 46,538,418</u> | <u>\$ 229,058,933</u> | |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 127,935 | \$ 5,588 | \$ 16,302 | \$ 36,542 | \$ 403,688 | \$ 329,518 | \$ 919,573 | |
| Wages payable | 523,191 | 679,235 | 553,344 | 12,953 | - | 100,180 | 1,868,903 | |
| Unearned revenue | - | - | - | 5,306,857 | - | - | 5,306,857 | |
| Refundable deposits - court | 114,688 | - | - | - | - | - | 114,688 | |
| Due to other funds | 6,438,709 | - | - | - | - | 1,174,338 | 7,613,047 | |
| Due to other governments | 10,467 | - | - | - | - | - | 10,467 | |
| Advance from other funds | - | - | 468,527 | - | - | - | 468,527 | |
| Total liabilities | <u>7,214,990</u> | <u>684,823</u> | <u>1,038,173</u> | <u>5,356,352</u> | <u>403,688</u> | <u>1,604,036</u> | <u>16,302,062</u> | |
| Deferred inflows of resources: | | | | | | | | |
| Unavailable revenue | 1,657,112 | 80,204 | - | 565,637 | - | 4,001,829 | 6,304,782 | |
| Fund balances: | | | | | | | | |
| Nonspendable | 471,641 | - | - | 3,521,112 | - | 109,362 | 4,102,115 | |
| Restricted | 2,333,992 | 10,424,107 | 7,767,164 | 109,125,327 | 26,768,917 | 39,973,949 | 196,393,456 | |
| Committed | - | - | - | 1,424,055 | - | - | 1,424,055 | |
| Assigned | 647,174 | - | - | - | - | 849,242 | 1,496,416 | |
| Unassigned | 3,036,047 | - | - | - | - | - | 3,036,047 | |
| Total fund balances | <u>6,488,854</u> | <u>10,424,107</u> | <u>7,767,164</u> | <u>114,070,494</u> | <u>26,768,917</u> | <u>40,932,553</u> | <u>206,452,089</u> | |
| Total liabilities, deferred inflows, and fund balances | <u>\$ 15,360,956</u> | <u>\$ 11,189,134</u> | <u>\$ 8,805,337</u> | <u>\$ 119,992,483</u> | <u>\$ 27,172,605</u> | <u>\$ 46,538,418</u> | <u>\$ 229,058,933</u> | |

See accompanying notes to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
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Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation – June 30, 2020:

| | |
|---|-----------------------|
| Fund balances of governmental funds | \$ 206,452,089 |
| | |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$267,032,044 | 298,983,210 |
| | |
| Certain long-term assets are not available to pay for current fund liabilities and therefore, along with deferred outflows, are either reported as deferred inflows of resources in the funds or not reported in the funds at all: | |
| Due from other governments | 138,762 |
| Other receivable, net of allowance | 2,639,727 |
| Lease receivable | 43,600,541 |
| Net pension asset | 131,036 |
| Pension related deferred outflows | 8,984,958 |
| OPEB related deferred outflows | 3,446,871 |
| | 58,941,895 |
| | |
| The net pension liability and the total OPEB liability and the pension and OPEB related deferred inflows are not due and payable from current financial resources and therefore, are not reported in these fund financial statements, but are reported in the governmental activities of the Statement of Net Position. | |
| Net pension liability | (26,774,282) |
| Pension related deferred inflows | (4,633,244) |
| Total OPEB liability | (19,949,141) |
| OPEB related deferred inflows | (946,613) |
| | (52,303,280) |
| | |
| Internal service funds are used by management to charge the cost of certain activities to individual funds. An allocation of the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position, net of amount allocated to business-type activities. | 5,776,340 |
| | |
| Certain other long-term liabilities are not due and payable from current financial resources and not reported in the funds: | |
| General obligation bonds payable | (44,125,000) |
| Bonds payable | (66,165,000) |
| Premium on debt | (475,592) |
| Accrued compensated absences | (5,616,518) |
| Accrued interest payable | (1,060,695) |
| | (117,442,805) |
| | |
| Net position of governmental activities | \$ 400,407,449 |

See accompanying notes to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
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For the Year Ended June 30, 2020

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

| | <u>General Fund</u> | <u>Police Fund</u> | <u>Fire Fund</u> | <u>Midwest City Hospital Authority</u> | <u>2018 GO Bond CIP</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------|----------------------|---------------------|--|-----------------------------|---|---|
| REVENUES | | | | | | | |
| Taxes | \$ 24,945,429 | \$ 6,171,936 | \$ 4,861,813 | \$ 1,081,431 | \$ - | \$ 14,021,282 | \$ 51,081,891 |
| Intergovernmental | 671,226 | 847,493 | 3,663,624 | - | - | 1,789,491 | 6,971,834 |
| Charges for services | 2,388,511 | 144,313 | 16,315 | - | - | 5,537,692 | 8,086,831 |
| Fines and forfeitures | 1,004,121 | 53,288 | - | - | - | 61,431 | 1,118,840 |
| Licenses and permits | 569,506 | 2,300 | 9,875 | - | - | 100,073 | 681,754 |
| Investment income | 212,037 | 133,069 | 100,667 | 7,169,991 | 584,819 | 772,394 | 8,972,977 |
| Miscellaneous | 740,514 | 81,875 | 72,961 | 1,023,582 | - | 238,655 | 2,157,587 |
| Total revenues | <u>30,531,344</u> | <u>7,434,274</u> | <u>8,725,255</u> | <u>9,275,004</u> | <u>584,819</u> | <u>22,521,018</u> | <u>79,071,714</u> |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General government | 5,030,245 | - | - | 1,149,841 | 28,479 | 1,988,374 | 8,196,939 |
| Public safety | 1,074,367 | 14,643,730 | 14,784,440 | - | 16,759 | 763,274 | 31,282,570 |
| Streets | 2,536,504 | - | - | - | - | 537,504 | 3,074,008 |
| Culture and recreation | 912,440 | - | - | - | 972 | 492,567 | 1,405,979 |
| Health and welfare | 350,520 | - | - | - | - | - | 350,520 |
| Economic development | 3,182,583 | - | - | - | 61,305 | 6,544,195 | 9,788,083 |
| Capital outlay | 82,633 | 840,418 | 18,546 | 1,960 | 5,779,512 | 4,091,993 | 10,815,062 |
| Debt service: | | | | | | | |
| Principal retirement | - | - | - | 19,929,040 | - | 1,615,000 | 21,544,040 |
| Interest and fiscal charges | - | - | 21,905 | 371,585 | - | 4,037,016 | 4,430,506 |
| Total expenditures | <u>13,169,292</u> | <u>15,484,148</u> | <u>14,824,891</u> | <u>21,452,426</u> | <u>5,887,027</u> | <u>20,069,923</u> | <u>90,887,707</u> |
| Excess (deficiency) of revenues over expenditures | <u>17,362,052</u> | <u>(8,049,874)</u> | <u>(6,099,636)</u> | <u>(12,177,422)</u> | <u>(5,302,208)</u> | <u>2,451,095</u> | <u>(11,815,993)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Proceeds from issuance of debt | - | - | - | - | 6,550,000 | - | 6,550,000 |
| Payment received for note receivable | - | - | - | 19,120,761 | - | - | 19,120,761 |
| Transfers in | 10,887,301 | 10,681,218 | 8,549,012 | - | - | 2,598,216 | 32,715,747 |
| Transfers out | (28,004,786) | - | (21,891) | (1,678,654) | (12,780) | (6,268,934) | (35,987,045) |
| Total other financing sources and uses | <u>(17,117,485)</u> | <u>10,681,218</u> | <u>8,527,121</u> | <u>17,442,107</u> | <u>6,537,220</u> | <u>(3,670,718)</u> | <u>22,399,463</u> |
| Net change in fund balances | 244,567 | 2,631,344 | 2,427,485 | 5,264,685 | 1,235,012 | (1,219,623) | 10,583,470 |
| Fund balances - beginning | 6,244,287 | 7,792,763 | 5,339,679 | 108,805,809 | 25,533,905 | 42,152,176 | 195,868,619 |
| Fund balances - ending | <u>\$ 6,488,854</u> | <u>\$ 10,424,107</u> | <u>\$ 7,767,164</u> | <u>\$ 114,070,494</u> | <u>\$ 26,768,917</u> | <u>\$ 40,932,553</u> | <u>\$ 206,452,089</u> |

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA
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Changes in Fund Balances – Changes in Net Position Reconciliation – Year Ended June 30, 2020:

Net change in fund balances - total governmental funds: \$ 10,583,470

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

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

| | |
|---|--------------|
| Capital asset purchases capitalized | 8,509,708 |
| Gain (loss) on disposal of capital assets | (28,992) |
| Depreciation expense | (14,518,444) |
| | (6,037,728) |

Repayment of debt principal is an expenditure and collections of leasehold receivables are a revenue in the governmental funds. However, the repayments reduce long-term liabilities or the long-term assets in the Statement of Net Position:

| | |
|--|--------------|
| Leasehold receivable receipts | (18,979,618) |
| Amortization of premium | 19,911 |
| Debt proceeds | (6,550,000) |
| Note payable principal payments | 19,929,040 |
| Bond payable principal payments | 1,290,000 |
| General obligation bond principal payments | 325,000 |
| | (3,965,667) |

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

| | |
|-------------------------------|---------|
| Change in unavailable revenue | 221,996 |
|-------------------------------|---------|

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as an equal amount of expenditures in the governmental funds. These are the adjustments needed to expenditures in order to report them as their full-accrual counterparts at the government -wide level.

| | |
|--------------------------------|-------------|
| Other post employment benefits | (993,281) |
| Interest expense | (323) |
| Pension expense | (752,724) |
| Accrued compensated absences | 41,663 |
| | (1,704,665) |

Internal service fund activity is reported as a proprietary fund in fund financial statements, but certain net revenues/expenses are reported in governmental activities on the Statement of Activities, net of amount allocated to business-type activities

70,155

| | |
|---|--------------|
| Change in net position of governmental activities | \$ (832,439) |
|---|--------------|

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2020**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2020

Proprietary Funds Statement of Net Position - June 30, 2020

| | Midwest City Municipal Authority | Nonmajor Enterprise Funds | Total | Internal Service Funds |
|--|---|--|----------------|-----------------------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 13,434,482 | \$ 613,799 | \$ 14,048,281 | \$ 5,238,541 |
| Cash and cash equivalents, restricted | 13,865,471 | - | 13,865,471 | - |
| Investments | 7,206,956 | 338,785 | 7,545,741 | 2,937,655 |
| Accounts receivable, net | 3,673,757 | - | 3,673,757 | 91,377 |
| Other receivable | 168,134 | - | 168,134 | - |
| Accrued interest receivable | 22,777 | - | 22,777 | 7,187 |
| Prepaid items | 6,454 | - | 6,454 | - |
| Inventory | 275,083 | - | 275,083 | 41,545 |
| Due from other funds | 1,001,009 | - | 1,001,009 | 3,607 |
| Total current assets | 39,654,123 | 952,584 | 40,606,707 | 8,319,912 |
| Non-current assets: | | | | |
| Investments, restricted | 558,304 | - | 558,304 | - |
| Land, construction in progress, and water rights | 11,517,275 | 677,029 | 12,194,304 | - |
| Other capital assets, net | 133,269,354 | 2,579,850 | 135,849,204 | 916,815 |
| Total non-current assets | 145,344,933 | 3,256,879 | 148,601,812 | 916,815 |
| Total assets | 184,999,056 | 4,209,463 | 189,208,519 | 9,236,727 |
| DEFERRED OUTFLOW OF RESOURCES | | | | |
| Deferred amount on refunding | 821,097 | - | 821,097 | - |
| Deferred amount related to OPEB | 783,138 | - | 783,138 | 134,928 |
| | 1,604,235 | - | 1,604,235 | 134,928 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | 1,534,185 | - | 1,534,185 | 261,082 |
| Claims liability | - | - | - | 1,107,410 |
| Wages payable | 480,587 | - | 480,587 | 107,728 |
| Due to other funds | 140,758 | - | 140,758 | 398,348 |
| Accrued interest payable | 565,102 | - | 565,102 | - |
| Accrued compensated absences | 505,754 | - | 505,754 | 119,092 |
| Refundable deposits | 168,628 | - | 168,628 | - |
| Revenue bonds payable | 4,525,000 | - | 4,525,000 | - |
| Total current liabilities | 7,920,014 | - | 7,920,014 | 1,993,660 |
| Non-current liabilities: | | | | |
| Accrued compensated absences | 931,556 | - | 931,556 | 238,184 |
| Claims liability | - | - | - | 1,221,000 |
| Total OPEB liability | 5,120,370 | - | 5,120,370 | 1,130,712 |
| Refundable deposits | 1,388,928 | - | 1,388,928 | - |
| Notes payable | 2,280,047 | - | 2,280,047 | - |
| Revenue bonds payable, net | 49,290,430 | - | 49,290,430 | - |
| Total non-current liabilities | 59,011,331 | - | 59,011,331 | 2,589,896 |
| Total liabilities | 66,931,345 | - | 66,931,345 | 4,583,556 |
| DEFERRED INFLOW OF RESOURCES | | | | |
| Deferred amount related to OPEB | 1,560,677 | - | 1,560,677 | 195,672 |
| NET POSITION | | | | |
| Net investment in capital assets | 84,027,906 | 3,256,879 | 87,284,785 | 916,815 |
| Restricted for debt service | 1,541,810 | - | 1,541,810 | - |
| Restricted for other purposes | 106,161 | 216,134 | 322,295 | - |
| Unrestricted | 32,435,392 | 736,450 | 33,171,842 | 3,675,612 |
| Total net position | \$ 118,111,269 | \$ 4,209,463 | \$ 122,320,732 | \$ 4,592,427 |

Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund balances are included with business-type activities and reported as interfund balances

(1,183,913)

Total net position per Government-Wide financial statements

\$ 121,136,819

See accompanying notes to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2020

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

| | Midwest City Municipal Authority | Nonmajor Enterprise Funds | Total | Internal Service Funds |
|---|---|--------------------------------------|-----------------------|-----------------------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 29,386,097 | \$ - | \$ 29,386,097 | \$ 11,805,504 |
| Fees, licenses and permits | 26,185 | - | 26,185 | - |
| Miscellaneous | 316,853 | - | 316,853 | 489,712 |
| Total operating revenues | <u>29,729,135</u> | <u>-</u> | <u>29,729,135</u> | <u>12,295,216</u> |
| OPERATING EXPENSES | | | | |
| Personal services | 10,537,156 | - | 10,537,156 | 2,025,725 |
| Materials and supplies | 3,966,801 | - | 3,966,801 | 1,573,058 |
| Other services and charges | 7,086,287 | 156 | 7,086,443 | 1,149,873 |
| Insurance claims and expense | - | - | - | 7,556,759 |
| Depreciation and amortization | 5,960,662 | 57,073 | 6,017,735 | 75,865 |
| Total operating expenses | <u>27,550,906</u> | <u>57,229</u> | <u>27,608,135</u> | <u>12,381,280</u> |
| Operating income (loss) | <u>2,178,229</u> | <u>(57,229)</u> | <u>2,121,000</u> | <u>(86,064)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Investment income | 835,873 | 15,899 | 851,772 | 159,008 |
| Interest expense and fiscal charges | (1,887,010) | - | (1,887,010) | - |
| Cain (loss) on asset retirement | (87,554) | - | (87,554) | - |
| Other non-operating revenue | 59,524 | - | 59,524 | - |
| Total non-operating revenue (expenses) | <u>(1,079,167)</u> | <u>15,899</u> | <u>(1,063,268)</u> | <u>159,008</u> |
| Income (loss) before contributions and transfers | <u>1,099,062</u> | <u>(41,330)</u> | <u>1,057,732</u> | <u>72,944</u> |
| Capital contributions | 433,237 | - | 433,237 | 18,675 |
| Transfers in | 14,053,051 | - | 14,053,051 | 125,000 |
| Transfers out | <u>(10,906,753)</u> | <u>-</u> | <u>(10,906,753)</u> | <u>-</u> |
| Change in net position | 4,678,597 | (41,330) | 4,637,267 | 216,619 |
| Total net position - beginning | 113,432,672 | 4,250,793 | 117,683,465 | 4,375,808 |
| Total net position - ending | <u>\$ 118,111,269</u> | <u>\$ 4,209,463</u> | <u>\$ 122,320,732</u> | <u>\$ 4,592,427</u> |
| Change in net position per above | | | \$ 4,637,267 | |
| Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities | | | 146,464 | |
| Change in Business-Type Activities in Net Position per Government-Wide Financial Statements | | | <u>\$ 4,783,731</u> | |

See accompanying notes to the basic financial statements.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2020

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

| | Midwest City Municipal Authority | Nonmajor Enterprise Funds | Total | Internal Service Funds |
|--|--|------------------------------|----------------------|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ 29,782,478 | \$ - | \$ 29,782,478 | \$ - |
| Receipts from interfund services | - | - | - | 12,286,113 |
| Payments to suppliers | (11,108,982) | (156) | (11,109,138) | (1,724,684) |
| Payments to employees | (10,454,084) | - | (10,454,084) | (1,985,413) |
| Receipts (payments) from interfund loans | (62,759) | - | (62,759) | 72,027 |
| Receipt of customer deposits | 486,373 | - | 486,373 | - |
| Return of customer deposits | (439,639) | - | (439,639) | - |
| Claims and benefits paid | - | - | - | (8,439,703) |
| Net cash provided by (used in) operating activities | 8,203,387 | (156) | 8,203,231 | 208,340 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfers from other funds | 14,053,051 | - | 14,053,051 | - |
| Transfers to other funds | (10,906,753) | - | (10,906,753) | 125,000 |
| Net cash provided by noncapital financing activities | 3,146,298 | - | 3,146,298 | 125,000 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Capital assets purchased | (6,901,556) | - | (6,901,556) | (51,213) |
| Principal paid on capital debt | (4,365,000) | - | (4,365,000) | - |
| Proceeds from issuance of bonds | 2,280,047 | - | 2,280,047 | - |
| Interest and fiscal charges paid on capital debt | (2,173,437) | - | (2,173,437) | - |
| Proceeds from sale of capital assets | 64,132 | - | 64,132 | - |
| Net cash used in capital and related financing activities | (11,095,814) | - | (11,095,814) | (51,213) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Sale of investments | 1,468,916 | 97,298 | 1,566,214 | 708,789 |
| Interest and dividends | 815,598 | 15,899 | 831,497 | 155,262 |
| Net cash provided by investing activities | 2,284,514 | 113,197 | 2,397,711 | 864,051 |
| Net increase in cash and cash equivalents | 2,538,385 | 113,041 | 2,651,426 | 1,146,178 |
| Balances - beginning of year | 24,761,568 | 500,758 | 25,262,326 | 4,092,363 |
| Balances - end of year | \$ 27,299,953 | \$ 613,799 | \$ 27,913,752 | \$ 5,238,541 |
| Reconciliation to Statement of Net Position: | | | | |
| Cash and cash equivalents | \$ 13,434,482 | \$ 613,799 | \$ 14,048,281 | \$ 5,238,541 |
| Restricted cash and cash equivalents | 13,865,471 | - | 13,865,471 | - |
| Total cash and cash equivalents | \$ 27,299,953 | \$ 613,799 | \$ 27,913,752 | \$ 5,238,541 |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ 2,178,229 | \$ (57,229) | \$ 2,121,000 | \$ (86,064) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation expense | 5,965,352 | 57,073 | 6,022,425 | 75,865 |
| Other nonoperating revenue | 54,834 | - | 54,834 | - |
| Change in assets and liabilities: | | | | |
| Receivables, net | (54,932) | - | (54,932) | (9,103) |
| Other receivable | 61,244 | - | 61,244 | - |
| Due from other funds | (104,721) | - | (104,721) | (1,283) |
| Prepaid items | (965) | - | (965) | - |
| Inventory | 5,579 | - | 5,579 | 20,418 |
| Deferred outflows OPEB | (420,278) | - | (420,278) | (81,678) |
| Accounts payable | (60,508) | - | (60,508) | (14,291) |
| Claims liability | - | - | - | 109,176 |
| Due to other funds | 41,962 | - | 41,962 | 73,310 |
| Accrued payroll and related liabilities | 52,532 | - | 52,532 | 26,126 |
| Refundable deposits | 34,241 | - | 34,241 | - |
| Total OPEB liability | (372,037) | - | (372,037) | 29,838 |
| Accrued compensated absences | 94,720 | - | 94,720 | 3,887 |
| Deferred inflows OPEB | 728,135 | - | 728,135 | 62,139 |
| Net cash provided by (used in) operating activities | \$ 8,203,387 | \$ (156) | \$ 8,203,231 | \$ 208,340 |
| Noncash activities: | | | | |
| Contributed capital assets - from governmental funds | \$ 433,237 | \$ - | \$ 433,237 | \$ 18,675 |

See accompanying notes to the basic financial statements.

FOOTNOTES TO BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The City of Midwest City's (the "City") accounting and financial reporting policies conform to accounting principles generally accepted in the United State of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

1.A. Financial Reporting Entity

The City of Midwest City – operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities

The City of Midwest City is an incorporated municipality located in central Oklahoma. The City operates under a council-manager form of government with a charter that provides for three branches of government:

- Legislative – the governing body includes an elected seven-member City Council and Mayor
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judges are practicing attorneys appointed by the City Council

In determining the financial reporting entity, the City of Midwest City complies with the provisions of Governmental Accounting Standards Board and includes all component units for which the City is financially accountable. The City's financial reporting entity primary government presentation includes the City of Midwest City and certain component units as follows:

Blended Component Units: Separate legal entities for which the City Council members also serve as the trustees/governing body of the Authorities and/or the City is able to impose its will on the Authorities through required approval of all debt obligations issued by these entities. These component units funds are blended into the City's by appropriate fund type to comprise part of the primary government presentation.

Midwest City Utilities Authority – created for industrial development.

Midwest City Municipal Authority – created to operate the water, sewer, sanitation and conference center/hotel.

Midwest City Hospital Authority – created to operate the hospital, however, in 1996 the hospital was leased for a 30 year term. In March 2009, this lease was extended to May 2048. The Trustees manage activities related to the hospital lease. Economic development is also a principal mission of the Authority.

Urban Renewal Authority – created for economic development.

Economic Development Authority – created for economic development.

Each of these component units listed above 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.

In accordance with state law, the City Council must approve, by two-thirds vote, all debt obligations of these public trusts prior to incurring the obligation. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trusts within the City's financial reporting entity. The public trusts do not issue separate annual financial statements.

1.B. Basis of Presentation and Accounting

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

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

Government-Wide Financial Statements:

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. In the Statement of Net Position and the Statement of Activities, the City presents two kinds of activities:

Governmental activities - Most of the City's basic services are reported here, including the police, fire, general administration, streets, parks and recreation. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.

Business-type activities – Services where the City charges a fee to customers to help cover all or most of the cost of the services it provides. The City's water, sewer, sanitation and the hotel/conference center activities are reported here.

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

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

Fund Financial Statements:

Governmental Funds:

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances remaining at year-end. Governmental funds report their activities on the modified accrual basis of accounting and current financial resources measurement focus that is different from other funds. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for reimbursement type grants that are recorded as revenues when the related expenditures are recognized and available within 120 days of year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, judgments, postemployment benefits and net pension liabilities are recorded only when payment is due.

Sales and use taxes, property taxes, franchise taxes, licenses, court fines and interest associated with the current fiscal period are all considered to be susceptible to accrual, and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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 one determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The City's governmental funds include:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds. For reporting purposes the General Fund also includes the activities of the Reimbursed Projects Account, Employee Activity Account, Activity Account, Animals Best Friend Account, 29th and Douglas Account, Disaster Relief Account, and Retiree Health Claims Account.
- Police Fund – is a special revenue fund that accounts for police services funded by a restricted sales tax, a transfer of 34.21% of General Fund revenues per ordinance legally restricted for police operations, and fines and fees restricted for traffic enforcement operations. For reporting purposes, the Police Fund includes the Jail Fund.
- Fire Fund — is a special revenue fund that accounts for fire protection services funded by sales tax legally restricted for fire and a transfer of 27.66% of General Fund revenues per ordinance legally restricted for fire operations.
- Midwest City Hospital Authority – is a special revenue fund that manages activities related to the hospital lease, funded by interest income and in lieu of taxes. The Hospital Authority also makes investments and expenditures in economic development activities.
- 2018 GO Bond CIP – is a capital project fund funded with proceeds from general obligation bond issues to finances voter approved projects.

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2020

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

Special Revenue Funds include Grants, Juvenile, Parks and Recreation, Emergency Operations, Technology, Welcome Center, Police Impound Fees, Street and Alley, Police Special Projects, Police Lab Fee, Convention/Visitors Bureau, Sooner Rose TIF, Urban Renewal Authority Funds, Economic Development Authority Fund , Street Light Fee, and General Government Sales Tax.

Debt Service Fund – accounts for ad-valorem taxes levied by the City for use in retiring general obligation bonds, and their related interest expenses.

Capital Project Funds:

- Capital Improvement Fund – accounts for assessed fees that help fund capital projects for various functions of the City.
- Downtown Redevelopment Authority – accounts for the lease proceeds from the 29th street redevelopment. Proceeds are used to fund various needs of the City.
- 2002 Street Project Fund – accounts for the proceeds from the 2002 General Obligation Street Bonds which funds capital street projects.
- Dedicated Tax 2012 Fund – accounts for the sales tax restricted for street, parks, trails, sidewalks and public transportation projects.
- 2018 GO Bond Proprietary Fund – accounts for general obligation bond proceeds restricted to proprietary projects.
- Sales Tax Capital Improvement Fund – accounts for sales tax restricted by a vote of the citizens for capital improvements, including debt retirements.
- Capital Outlay Reserve Fund – accounts for funds set aside to fund the five year capital needs projects.

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

Proprietary Funds:

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

Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Midwest City Municipal Authority (Municipal Authority), non major enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

The City's proprietary funds include the following:

Enterprise Funds

Major:

The Municipal Authority Funds includes the following accounts:

- Water Account (includes the Water Operating Account and the Water Capital Projects Account) accounts for the activities providing water services to the public.
- Sewer Account (includes the Sewer Operating Account and the Sewer Capital Projects Account) accounts for the activities providing sewer services to the public.
- Sanitation Account (includes the Sanitation Operating Account) accounts for the activities providing sanitation services to the public.
- Conference Center/Hotel Account (includes the Conference and Hotel Operating Account) accounts for the activities related to the Conference Center and Hotel.
- Drainage Account (includes the Drainage Operating Fund and the Capital Projects Account) accounts for the activities providing drainage services to the public.
- Debt Service Account accounts for the debt activities related to the 2011 and 2011A Revenue Bonds.
- Utility Services Account – accounts for activities related to billing for water, sewer, sanitation, storm water, and drainage.
- Utilities Capital Account – accounts for capital purchases for the water, sewer, and sanitation systems.
- Customer Deposit Account –accounts for utility customer deposits.
- Golf Course Account –accounts for activities of the John Conrad and the Hidden Creek golf courses.

Non-Major:

- Utilities Authority Fund –accounts for industrial development activities.

Internal Service Funds (aggregated in a single column for reporting purposes)

- Risk Management Fund - accounts for the cost of providing various insurance services (i.e, general liability, vehicle and property) to other funds and departments of the City.
- Public Works Administration Fund - accounts for the cost of centralization of administrative resources to various departments of the City. This fund primarily serves the business-type activities.
- Fleet Services Fund - accounts for fuel, maintenance and repairs for the City's fleet.
- Surplus Property Fund - accounts for the disposal of surplus property on behalf of all departments.
- L&H Benefits Fund - accounts for health and life benefits to employees.
- Workers Compensation Fund – accounts for the cost of providing workers compensation insurance services to the other funds and departments of the city.

1.C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments:

Cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less, and money market investments. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

Investments, other than Hospital Authority investments, consist of long-term certificates of deposit, U.S. Treasury bonds and notes, and U.S. agency securities. Certificates of deposit are reported at cost, while the U.S. Treasury and agency securities are reported at fair value. Hospital investment consist of mutual funds, equities, and foreign equities. Investments are reported at fair value.

Except where otherwise required, cash resources have been pooled in order to maximize investment opportunities. Income from investments purchased with pooled cash is allocated to individual funds based on the funds' average cash balance and legal requirements.

Restricted Assets:

Certain proceeds of the enterprise funds' promissory notes, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because they are maintained in separate bank accounts, and their use is limited by applicable loan covenants. The debt service fund accounts are used to segregate resources accumulated for debt service payments over the next 12 months. In addition, amounts held for meter deposit refunds are considered restricted.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants and court fines. Business-type activities report utilities as its major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues. Non-exchange transactions collectible but not available are reported as a deferred inflow of resources in the fund financial statements in accordance with the modified accrual basis of accounting, but not reported as a deferred inflow of resources in the government-wide financial statements in accordance with the accrual basis. Interest on investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories:

Inventories are valued at average cost. Governmental fund inventory is related to parts of vehicle and equipment maintenance. Proprietary fund inventory is related to material on hand for repairs and improvements to the utility system. The cost of inventories are recorded as expenditures when consumed rather than when purchased.

Land Held for Economic Development:

The Hospital Authority owns land that is being held for future economic development. This land is carried at the lower of cost or fair value.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciable capital assets are depreciated on a straight-line basis over their useful lives. The range of estimated lives by type of assets is as follows:

- Buildings/improvements 25-60 years
- Utility systems 25-99 years
- Infrastructure 25-99 years
- Machinery and equipment 5-20 years
- Vehicles 5-25 years

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.

Unearned Revenue

In 1996, the Hospital Authority entered into a long-term lease agreement with a third party to lease the Midwest City Municipal Hospital for a 30 year period. The lessee prepaid the entire amount of the rent for the 30 years, a total of \$26.9 million. This amount is being recognized in income over the 30 year period.

Long-term obligations:

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statements of Net Position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of bond premium or discount. Deferred amount on refundings are amortized over the shorter of the life of the new debt or the remaining life of the refunded debt using the straight line method. Deferred amounts are shown as deferred inflows or outflows.

Long-term obligations of governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

The City's long term debt consists of general obligation bonds, revenue bonds and notes, accrued compensated absences, contracts payable, net pension liability, total OPEB liability, and refundable deposits.

Compensated Absences:

Under the terms of union contracts and City personnel policies, City employees are granted vacation and sick leave in varying amounts. Regular full-time civilian employees earn vacation leave per pay period in varying amounts from 80.08 hours per year to 204.10 hours per year based upon years of service. Upon separation from the city, a civilian employee is paid for accrued vacation up to a maximum of 192 hours plus current year accrual earned to date of separation. Civilian employees earn sick leave per pay period of 3.7 hours, for a total of 96.20 hours per year with the exception of Fire Rookies working 24 hour shifts who earn 5.54 hours per pay period for an annual total of 144.04 hours per year. Civilian employees who separate from employment with the city will be compensated for all accrued but unused sick leave as follows: Upon separation from the city after 10 years of service, a civilian employee is paid for accrued sick leave up to a maximum of 960 hours plus current year accrual earned to date of separation at 1/2 his/her hourly rate of pay. Civilian employees who separate from employment prior to 10 years of service shall receive no compensation for accrued sick leave benefits.

Police union employees earn vacation leave per pay period in varying amounts from 80.08 hours per year to 204.10 hours per year based upon years of service. Upon separation from the city, a police union employee is paid for accrued vacation up to a maximum of 216 hours plus current year accrual earned to date of separation. Police union employees earn sick leave per pay period of 4.6 hours for an annual total of 119.60 hours. Police union employees who separate from employment with the city will be compensated for all accrued but unused sick leave as follows: Upon separation from the city after 10 years or more of service, a police union employee is paid for accrued sick leave up to a maximum of 11,000 hours plus current year accrual earned to date of separation at 1/2 his/her hourly rate of pay. Police union employees who separate from employment prior to 10 years of service shall receive no compensation for accrued sick leave benefits. 100% of the sick leave balance shall be paid to the police union employee's named beneficiary in the event an employee is killed in the line of duty.

Fire union employees earn vacation leave per pay period in varying amounts from 80.08 hours per year to 301.34 hours per year based upon shift worked and years of service. Upon separation from the city, a fire union employee is paid for accrued vacation up to a maximum of 300 hours plus current year accrual earned to date of separation for 24 hour workers; up to a maximum of 216 hours plus current

year accrual earned to date of separation for 8 hour workers. Fire union employees earn sick leave per pay period of 5.54 for a total of 144.04 hours per year for 24 hour workers and 96.20 hours per year for 8 hour workers. Fire union employees who separate from employment with the city will be compensated for all accrued but unused sick leave as follows: Upon separation from the city after 10 years or more of service or with an on-the-job injury, a fire union employee is paid for accrued sick leave up to a maximum of 1,314 hours for 24 hour workers; up to a maximum of 939 hours for 8 hour workers at 1/3 his/her hourly rate of pay. Hours accumulated over the maximum are paid at the rate of 1/2 his/her hourly rate of pay each bi-weekly pay period. Employees, regardless of years of service, will be paid out at 1/2 for separation due to on the job injury. Fire union employees who separate from employment prior to 10 years of service and without an on-the-job injury shall receive no compensation for accrued sick leave benefits.

Deferred Outflow/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources until then. The City has three items that qualify for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The city also reports deferred outflows for pension and OPEB-related amounts.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenues) until that time. The governmental funds report unavailable revenues from court fines and property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the City's government-wide statements the property tax revenues remain as a deferred inflow under the full accrual basis of accounting and will become an inflow in the year for which they are levied. The government-wide Statement of Net Position also reports deferred inflows for pension and OPEB-related amounts.

Fund Equity:

Government-Wide and Proprietary Fund Financial Statements:

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, plus the remaining construction proceeds of debt issued for capital improvements.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

Governmental Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is 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. The Hospital Authority and Urban Renewal Authority highest level of decision-making authority is made by resolution.
- 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 revenues in other governmental funds are made through 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. Deficit fund balances of other governmental funds are also reported as unassigned.

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

1.D. Revenues, Expenditures and Expenses

Program Revenues:

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

- Public Safety – Fire, Police, 911 – fines and forfeitures, restricted operating grants, 911 revenue, and restricted capital grants, property seizure, donations, state on-behalf pension contributions
- Streets – commercial vehicle and gasoline excise tax shared by the State.

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- Culture and recreation – pool fees, rental of community center and senior center, programming fees, park fees, softball fees, operating and capital grants
- Health and Welfare – FEMA grants
- Economic Development – rental income and operating grants
- General Government – license and permits, technology and false alarm fees, impact fees, and operating grants

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

Sales Tax Revenue:

Sales tax revenue represents a 4.60 cents tax on each dollar of taxable sales which is collected by the Oklahoma Tax Commission and remitted to the City. Upon final allocation the sales tax is broken down as follows:

| | Effective January 2018 | |
|--|-----------------------------------|--------|
| General Government | 1.25 | 27.17% |
| Police | 1.42 | 30.87% |
| Fire | 1.14 | 24.78% |
| 911 | .04 | .87% |
| Capital Improvements | .25 | 5.43% |
| Parks and Recreation | .05 | 1.09% |
| Sewer Plant | .40 | 8.70% |
| Streets/Parks/Sidewalks/Trails/and Public Transportation | .05 | 1.09% |
| Totals | 4.6 | 100% |

Property Tax Revenue:

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. Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property tax is levied each October 1st on the assessed valuation of non-exempt real property located in the City as of the preceding January 1st, the lien date. Property taxes are due on November 1st following the levy date, although they may be paid in two equal installments (if the first installment is paid prior to January 1st, the second installment is not delinquent until April 1st). Property taxes are collected by the County Treasurer and are remitted to the City. Property tax receivables are recorded on the lien date, although the related revenue is reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is levied. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. For the year ended June 30, 2020, the City's net assessed valuation of taxable property was \$352,794,185. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2020 was \$8.08.

Property tax accrued on the lien date of January 1, 2020 and recorded as a deferred inflow of resources was \$3,526,293.

Expenditures and Expenses:

In the government-wide financial statements, expenses, including depreciation of capital assets, are reported by function or activity. In the governmental fund financial statements, expenditures are reported by class as current (further reported by function), capital outlay and debt service. In the proprietary fund financial statements, expenses are reported by object or activity.

1.E. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Government-Wide Financial Statements:

Interfund activity, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. *Internal balances* – amounts reported in the fund financial statements as interfund receivable and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. *Internal activities* - amounts reported in the fund financial statements as interfund transfers are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds is not eliminated in the statement of activities.

Fund Financial Statements:

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - flow of assets from one fund to another where repayment is not

expected are reported as transfers in and out.

1.F. Use of Estimates

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

2. Cash and Cash Equivalents, Deposits and Investments

Deposits and Investments Risks

Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total Fair Value |
|------------------------|---|--|--|----------------------|
| US agency securities | \$ - | \$ 34,364,197 | \$ - | \$ 34,364,197 |
| Real Estate | - | - | 554,559 | 554,559 |
| Mutual Fund - equities | 32,783,620 | - | - | 32,783,620 |
| | <u>\$ 32,783,620</u> | <u>\$ 34,364,197</u> | <u>\$ 554,559</u> | <u>\$ 67,702,376</u> |

As of June 30, 2020, the City’s investments in U.S. agency securities are valued using Level 2 inputs. The value is determined using quoted prices for similar assets or liabilities in active markets.

Real estate investments classified in Level 3 are valued using the change in assessed property tax land values for similar properties from the county assessor.

Certain investments that do not have a readily determinable fair value are measured at net asset value (NAV), or its equivalent. NAV per share is calculated as of the City’s year-end in a manner consistent with the Governmental Accounting Standards Board’s measurement principles. There are no unfunded commitments related to these investment vehicles. The valuation method for investments measured at the NAV per share (or its equivalent) is presented on the following table.

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| Investments Measured at Net Asset Value | Fair Value | Redemption Frequency | Redemption Notice Period |
|---|----------------------|----------------------|--------------------------|
| US equity index funds ⁽¹⁾ | \$ 50,449,726 | Daily | 2 days |
| US fixed income debt funds ⁽²⁾ | 9,896,626 | Daily | 3 days |
| | <u>\$ 60,346,352</u> | | |

- (1) **US equity index funds** – The Fund is an index fund that seeks investment results that correspond generally to the S&P 500 Index. The Fund is invested and reinvested in a portfolio of equity securities with the objective of approximating as closely as practicable the capitalization weighted total rate of return of that segment of the U.S. market for publicly traded equity securities represented by the larger capitalized companies. The investment is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.
- (2) **US fixed income debt funds** – The US fixed income debt fund is an index fund that establishes an objective of delivering investment performance approximating as closely as practicable the total rate of return of the market for debt securities as defined by the Barclays U.S. Aggregate Bond Index. The Fund uses a "passive" or indexing approach to try to achieve the Fund's investment objective. The investment is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

The City of Midwest City primary government and blended component units are governed by the deposit and investment limitations of state law and trust indentures. The deposits and investments held at June 30, 2020 by these entities are as follows:

| Type | Carrying Value | Credit Rating | Maturities in Years | | | | |
|---|-----------------------|---------------|-----------------------|----------------------|----------------------|------------------|----------------------|
| | | | On Demand | Less Than One | 1 - 5 | 6 - 10 | More than 10 |
| Demand deposits | \$ 92,536,352 | n/a | \$ 92,536,352 | \$ - | \$ - | \$ - | \$ - |
| Time deposits | 10,129,812 | n/a | - | 6,500,000 | 3,629,812 | - | - |
| Government Money Market Accounts | 17,789,398 | AAAm | 17,789,398 | - | - | - | - |
| U.S. Agencies Obligations | 34,231,517 | Aaa | - | 10,119,227 | 11,337,629 | 15,857 | 12,758,804 |
| Sub-total | 154,687,079 | | <u>\$ 110,325,750</u> | <u>\$ 16,619,227</u> | <u>\$ 14,967,441</u> | <u>\$ 15,857</u> | <u>\$ 12,758,804</u> |
| Real Estate | 554,559 | n/a | | | | | |
| Mutual Funds - equities | 83,233,345 | n/a | | | | | |
| Fixed Income | 9,896,626 | n/a | | | | | |
| Sub-total | 93,684,530 | | | | | | |
| Total Deposits and Investments | <u>\$ 248,371,609</u> | | | | | | |
| Reconciliation to Financial Statements: | | | | | | | |
| Cash and cash equivalents | \$ 66,661,028 | | | | | | |
| Cash and cash equivalents, restricted | 43,663,960 | | | | | | |
| Investments | 123,800,520 | | | | | | |
| Investments, restricted | 13,687,797 | | | | | | |
| Investments, restricted non-current | 558,304 | | | | | | |
| | <u>\$ 248,371,609</u> | | | | | | |

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

The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at a minimum level of 110% of the uninsured deposits and accrued

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interest thereon. The City's policy limits acceptable collateral to U.S. Treasury securities, federally insured obligations, or direct debt obligations of municipalities, counties, and school districts in Oklahoma. Also, as required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement

At June 30, 2020, the City had no exposure to custodial credit risk as defined above.

Investment Credit Risk – The City's investment policy limits investments, excluding the Hospital Authority and Municipal Authority, to the following:

- a. Obligations of the U. S. Government, its agencies and instrumentalities;
- b. Collateralized or insured non-negotiable certificates of deposit or other evidences of deposit that are either insured or secured with acceptable collateral with an in-state financial institution, and fully insured deposits in out-of-state institutions;
- c. Insured or fully collateralized negotiable certificates of deposit;
- d. Repurchase agreements that have underlying collateral consisting of those items specified in paragraph a above; and
- e. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraph a.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

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's investment policy indicates that the investment portfolio, shall remain sufficiently liquid to enable the City to meet all operating requirements as anticipated. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments by date range.

At June 30, 2020, the investments held by the City mature between 2020 through 2047.

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's investments in Blackrock (classified as mutual funds – equities) and Vanguard mutual funds each exceed 5%.

Hospital Authority Investments:

The Hospital Authority policy provides that assets be invested to preserve its principal, produce a proscribed level of income, and provide for growth of principal with no outside additions to the fund

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being anticipated. Assets are to be invested in a diversified portfolio to achieve attractive real rates of return. The investment policy of the Hospital Authority allows for the investment of funds in domestic and international common stocks, government and corporate bonds, short-term fixed income securities maturing in one year or less (cash equivalents); by utilizing primarily index funds, mutual funds, or collective trust funds. In addition, the Hospital Authority may invest portions of the fund corpus, or income, in real estate. Such real estate investments would typically include developed or undeveloped real property located in Midwest City, Oklahoma or its environs, or commingled funds which invest in various kinds of property located throughout the United States. The overall rate of return objective of the portfolio is a highest possible rate of return consistent with the risk levels established by the Board.

The acceptable long-term rate of return is expected to provide equal or superior results, using a three to five year moving average, relative to the following benchmarks:

1. An absolute return objective of the Consumer Price Index plus 4% compounded annually.
2. An income return sufficient to meet any disbursement requirement as stipulated by the Board.
3. A return exceeding the 90 Day U.S. Treasury Bill rate (risk-free rate).
4. Domestic equity fund returns which exceed the S&P 500 Stock index return by 1% (100 basis points), per year and fixed income return which exceed the Barclays Capital Aggregate Bond Index by ½% per year (50 basis points).
5. Stock and bond returns which fall into the top 25% of the Consultant's Universe (or other representative universe approved by The Board) of common stock and bond funds (referred to as equity and fixed income), with some consistency.
6. Passive domestic returns which replicate the return of the Standard and Poor's 500 Stock Index, passive fixed returns which replicate the return of the Barclays Capital Aggregate Bond Index, and passive international returns which replicate the return of the MSCI EAFE International Index.

Asset allocation guidelines for the Hospital Authority are as follows:

| Class | Target | Maximum | June 2020 Percent |
|---------------------|----------|---------|-------------------|
| Equities - Domestic | 20%-70% | 85% | 75.0% |
| Fixed Income | 2.5%-30% | 80% | 8.9% |
| Cash Equivalents | 0% | 20% | 16.0% |

Restricted Cash and Investments

The amounts reported as restricted assets on the Statement of Net Position are comprised of amounts held for Debt Service accounts by the trustee bank for revenue bond retirement and revenue bond construction funds, and the Customer Deposit Account for refundable deposits held by others. The restricted assets as of June 30, 2020 are as follows:

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| | |
|--|---------------|
| Cash and Cash Equivalents: | |
| Restricted for Debt Service | \$ 7,740,418 |
| Restricted Construction proceeds | 34,937,890 |
| Restricted for Refundable Deposits | 985,652 |
| | \$ 43,663,960 |
| | |
| Investments: | |
| Restricted for Debt Service | \$ 13,687,797 |
| Investments Restricted for Refundable Deposits | 558,304 |
| | \$ 14,246,101 |

3. Leases Receivable

The Hospital Authority entered into an agreement with the Midwest Regional Medical Center (now known as Alliance Health Midwest) to provide funds up to \$25,000,000 to construct two additional floors onto the existing six floor patient tower. The loan is amortized over a 25 year period with an interest rate of 7.5%, will be repaid within 9 years from December 2010, with a balloon payment due in November 2019. The loan is secured with a lease receivable for future rental of the facility. During fiscal year 2020, the lease and related debt were paid in full.

The Economic Development Authority entered into an agreement with Sooner Town Center, LLC to provide funds up to \$49,155,000 for the Town Center Plaza Project. The loan is amortized over a 30 year period with interest rates of 2.40% to 4.70%. The loan is secured with a lease receivable for future rental of the facility. At the end of the fiscal year, the City reflects a \$43.6 million receivable in the governmental activities. At the end of the fiscal year, the borrower had not drawn \$3.4 million of the available loan proceeds.

4. Capital Assets and Depreciation

Capital Assets:

For the year ended June 30, 2020, capital assets balances changed as follows:

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| | Balance at July 1, 2019 | Additions | Transfers, Retirements, and Disposals | Balance at June 30, 2020 |
|---|----------------------------|-----------------------|---|-----------------------------|
| PRIMARY GOVERNMENT: | | | | |
| <i>Governmental activities:</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 39,949,356 | \$ 1,040 | \$ - | \$ 39,950,396 |
| Construction in progress | 7,095,031 | 5,549,837 | 1,416,585 | 11,228,283 |
| Total capital assets not being depreciated | <u>47,044,387</u> | <u>5,550,877</u> | <u>1,416,585</u> | <u>51,178,679</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 30,058,005 | 1,688,925 | - | 31,746,930 |
| Machinery and equipment | 21,753,300 | 1,059,163 | 579,060 | 22,233,403 |
| Vehicles | 9,977,631 | 621,339 | 159,364 | 10,439,606 |
| Infrastructure | 451,460,264 | 1,050,371 | - | 452,510,635 |
| Total other capital assets | <u>513,249,200</u> | <u>4,419,798</u> | <u>738,424</u> | <u>516,930,574</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 13,678,290 | 690,243 | - | 14,368,533 |
| Machinery and equipment | 16,469,951 | 946,051 | 567,729 | 16,848,273 |
| Vehicles | 5,932,795 | 618,837 | 141,804 | 6,409,828 |
| Infrastructure | 218,386,456 | 12,328,019 | - | 230,714,475 |
| Total accumulated depreciation | <u>254,467,492</u> | <u>14,583,150</u> | <u>709,533</u> | <u>268,341,109</u> |
| Capital assets being depreciated, net | <u>258,781,708</u> | <u>(10,163,352)</u> | <u>28,891</u> | <u>248,589,465</u> |
| Governmental activities capital assets, net | <u>\$ 305,826,095</u> | <u>\$ (4,612,475)</u> | <u>\$ 1,445,476</u> | <u>\$ 299,768,144</u> |

| | Balance at July 1, 2019 | Additions | Transfers, Retirements, and Disposals | Balance at June 30, 2020 |
|--|----------------------------|---------------------|---|-----------------------------|
| <i>Business-type activities:</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 2,072,449 | \$ - | \$ - | \$ 2,072,449 |
| Water rights | 4,672,610 | 2,280,047 | - | 6,952,657 |
| Construction in progress | 2,283,487 | 2,520,852 | 1,635,141 | 3,169,198 |
| Total capital assets not being depreciated | <u>9,028,546</u> | <u>4,800,899</u> | <u>1,635,141</u> | <u>12,194,304</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 32,562,683 | 125,260 | - | 32,687,943 |
| Machinery and equipment | 14,249,467 | 349,819 | 24,298 | 14,574,988 |
| Vehicles | 10,136,605 | 1,374,047 | 304,816 | 11,205,836 |
| Utility systems | 181,904,071 | 2,345,618 | 187,200 | 184,062,489 |
| Total other capital assets | <u>238,852,826</u> | <u>4,194,744</u> | <u>516,314</u> | <u>242,531,256</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 12,101,960 | 741,639 | - | 12,843,599 |
| Machinery and equipment | 10,239,695 | 562,064 | 22,078 | 10,779,681 |
| Vehicles | 5,718,310 | 579,131 | 275,173 | 6,022,268 |
| Utility systems | 72,823,723 | 4,146,060 | 65,160 | 76,904,623 |
| Total accumulated depreciation | <u>100,883,688</u> | <u>6,028,894</u> | <u>362,411</u> | <u>106,550,171</u> |
| Capital assets being depreciated, net | <u>137,969,138</u> | <u>(1,834,150)</u> | <u>153,903</u> | <u>135,981,085</u> |
| Business-type activities capital assets, net | <u>\$ 146,997,684</u> | <u>\$ 2,966,749</u> | <u>\$ 1,789,044</u> | <u>\$ 148,175,389</u> |

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Depreciation:

Depreciation expense has been allocated as follows:

Governmental Activities:

| | |
|---|-------------------|
| General government | \$ 478,478 |
| Public safety | 1,243,220 |
| Streets | 12,092,130 |
| Culture and recreation | 357,360 |
| Health and welfare | 21,970 |
| Economic development | 325,286 |
| Sub-total governmental funds depreciation | <u>14,518,444</u> |

| | |
|---|-----------------------------|
| Depreciation on capital assets held by the City's internal service funds is charged to the various functions based upon usage | <u>64,706</u> |
| Total | <u><u>\$ 14,583,150</u></u> |

Business-Type Activities:

| | |
|--------------------------------|------------------|
| Water | \$ 1,182,464 |
| Sewer | 2,966,503 |
| Sanitation | 538,784 |
| Drainage | 276,782 |
| Conference center/hotel | 877,723 |
| Golf | 118,406 |
| Industrial park | 57,073 |
| Total Business Type Activities | <u>6,017,735</u> |

| | |
|---|----------------------------|
| Depreciation on capital assets held by the City's internal service funds is charged to the various functions based upon usage | <u>11,159</u> |
| Total | <u><u>\$ 6,028,894</u></u> |

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5. Internal and Interfund Balances and Transfers

Internal and Interfund Balances:

Interfund receivables and payables at June 30, 2020 were as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> | <u>Nature of Interfund Balance</u> | | |
|-----------------------------|-------------------------------|---------------------|---|--|--|
| General Gov Sales Tax | Surplus Property | \$ 100,832 | Surplus properties sales proceeds to be distributed | | |
| General Fund | Comm Dev Block Grant | 76,975 | To cover negative balance in pooled cash | | |
| General Fund | Housing Grant | 41,903 | To cover negative balance in pooled cash | | |
| General Fund | Grant | 206,278 | To cover negative balance in pooled cash | | |
| General Fund | Fire Fund | 468,527 | Long-term loan for capital improvements | | |
| Police Fund | General Fund | 3,560,178 | Restricted sales tax payable | | |
| Police Fund | Surplus Property | 75,801 | Surplus properties sales proceeds to be distributed | | |
| Juvenile Fund | Surplus Property | 780 | Surplus properties sales proceeds to be distributed | | |
| Fire Fund | General Fund | 2,878,531 | Restricted sales tax payable | | |
| Fire Fund | Surplus Property | 7,382 | Surplus properties sales proceeds to be distributed | | |
| Welcome Center | Surplus Property | 350 | Surplus properties sales proceeds to be distributed | | |
| Welcome Center | Golf | 70,379 | Long-term loan for capital improvements | | |
| Convention & Visitor Bureau | Surplus Property | 148 | Surplus properties sales proceeds to be distributed | | |
| Emergency Operating Fund | Surplus Property | 3,022 | Surplus properties sales proceeds to be distributed | | |
| Park & Recreation | Golf | 70,379 | Long-term loan for capital improvements | | |
| Grant Fund | Surplus Property | 1,222 | Surplus properties sales proceeds to be distributed | | |
| Hospital Authority | Surplus Property | 2,689 | Surplus properties sales proceeds to be distributed | | |
| Capital Improvements Fund | Debt Service | 50,688 | Revenue accrued to be transferred | | |
| Public Works Administration | Surplus Property | 3 | Surplus properties sales proceeds to be distributed | | |
| Fleet Services Fund | Surplus Property | 3,604 | Surplus properties sales proceeds to be distributed | | |
| Storm Water Quality | Surplus Property | 54 | Surplus properties sales proceeds to be distributed | | |
| Sanitation Fund | Surplus Property | 140,848 | Surplus properties sales proceeds to be distributed | | |
| Water Fund | Surplus Property | 17,948 | Surplus properties sales proceeds to be distributed | | |
| Sewer | Surplus Property | 27,990 | Surplus properties sales proceeds to be distributed | | |
| Hotel | Surplus Property | 13,161 | Surplus properties sales proceeds to be distributed | | |
| Golf | Surplus Property | 2,514 | Surplus properties sales proceeds to be distributed | | |
| Debt Service | Sales Tax Capital Improvement | 798,494 | Revenue accrued to be transferred | | |
| | | <u>\$ 8,620,680</u> | | | |

| | <u>Due From Other Funds</u> | <u>Advance From Other Funds</u> | <u>Due To Other Funds</u> | <u>Advance To Other Funds</u> | <u>Net Internal Balances</u> |
|---|-----------------------------|---------------------------------|---------------------------|-------------------------------|------------------------------|
| Reconciliation to Fund Financial Statements: | | | | | |
| Governmental Funds | \$ 7,147,537 | \$ 468,527 | \$ 7,613,047 | \$ 468,527 | \$ (465,510) |
| Proprietary Funds | 1,001,009 | - | 140,758 | - | 860,251 |
| Internal Service Funds | 3,607 | - | 398,348 | - | (394,741) |
| Total | <u>\$ 8,152,153</u> | <u>\$ 468,527</u> | <u>\$ 8,152,153</u> | <u>\$ 468,527</u> | <u>\$ -</u> |

| | |
|---|---------------------|
| Reconciliation to Statement of Net Position: | |
| Net Internal Balances | \$ 860,251 |
| Internal Service Fund Activity reported in Business-Type Activities | (1,253,281) |
| Net Internal Balances | <u>\$ (393,030)</u> |

Internal and Interfund Transfers:

The City's policy is to eliminate interfund transfers between funds in the Statement of Activities to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and then offset in the total column. Internal activities between funds and activities for the year ended June 30, 2020 were as follows:

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| Transfer In | Transfer Out | Amount | Nature of Transfer |
|---|---------------------------------------|----------------------|----------------------------|
| General Fund | Storm Water Quality Fund | \$ 41,907 | Indirect Cost Allocation |
| General Fund | Sanitation Fund | 763,936 | Indirect Cost Allocation |
| General Fund | Water Fund | 748,459 | Indirect Cost Allocation |
| General Fund | Sewer Fund | 772,099 | Indirect Cost Allocation |
| General Fund | Capital Improvement Revenue Bond Fund | 8,558,800 | Debt Service Subsidy |
| General Fund | Downtown Redevelopment | 2,100 | Operating Subsidy |
| General Gov Sales Tax | General Fund | 24,549 | Capital Outlay Subsidy |
| General Gov Sales Tax | G.O. Debt Services | 23,624 | Capital Outlay Subsidy |
| Street and Alley Fund | Water Fund | 21,552 | Capital Outlay Subsidy |
| Technology Fund | Emergency Operations Fund | 90,000 | Contract Cost Allocation |
| Police Fund | General Fund | 10,656,218 | Ordinance Obligation |
| Police Fund | Police Impound Fee | 25,000 | Operating Subsidy |
| Juvenile Fund | Grants Fund | 40,000 | Operating Subsidy |
| Fire Fund | Grants Fund | 8,536,232 | Ordinance Obligation |
| Fire Fund | 2018 Election G.O. Bonds | 12,780 | Capital Outlay Subsidy |
| Emergency Management Fund | Grants Fund | 20,000 | Grant Subsidy |
| Community Development Block Grant | General Fund | 188,987 | City Match of CDBG Program |
| Grants Fund | Police Impound Fee | 2,413 | Grant Subsidy |
| Grants Fund | Fire Fund | 21,891 | Grant Subsidy |
| Economic Dev Authority | Hospital Authority | 1,678,654 | Capital Outlay Subsidy |
| Capital Improvement Fund | Revenue Bond Sinking Fund | 486,546 | Capital Outlay Subsidy |
| L&H Benefit | Economic Development Authority | 125,000 | Operating Subsidy |
| Capital Improvement Revenue Bond Fund | Revenue Bond Sinking Fund | 5,494,251 | Debt Service Subsidy |
| Capital Improvement Revenue Bond Fund | General Fund | 8,558,800 | Debt Service Subsidy |
| | | <u>\$ 46,893,798</u> | |
| | | Transfers From | Transfers To Other |
| | | Other Funds | Funds |
| Reconciliation to Fund Financial Statements: | | Net Transfers | |
| Governmental Funds | | \$ 32,715,747 | \$ (35,987,045) |
| Proprietary Funds | | 14,053,051 | (10,906,753) |
| Internal Service Funds | | 125,000 | - |
| Total | | <u>\$ 46,893,798</u> | <u>\$ (46,893,798)</u> |
| | | | <u>\$ -</u> |
| Reconciliation to Statement of Activities: | | | |
| Net Transfers | | | \$ 3,146,298 |
| Capital Contributions to Enterprise Fund | | | 451,912 |
| Transfers - Internal Activity | | | <u>\$ 3,598,210</u> |

6. Long-Term Liabilities and Obligations

The City's long term obligations consist of general obligation bonds, notes payable, revenue bonds payable accrued compensated absences, total OPEB liability and net pension liabilities. For the year ended June 30, 2020, the City's long-term debt balances changed as follows:

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Primary Government:

| <u>Type of Debt</u> | <u>Balance</u> <u>July 1, 2019</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2020</u> | <u>Due Within</u> <u>One Year</u> |
|---|---------------------------------------|---------------------|----------------------|--|--------------------------------------|
| Governmental Activities: | | | | | |
| General Obligation Bonds | \$ 37,900,000 | \$ 6,550,000 | \$ 325,000 | \$ 44,125,000 | \$ 1,695,000 |
| General Obligation Bonds premium | 495,503 | - | 19,911 | 475,592 | - |
| Notes Payable (direct borrowing) | 19,929,041 | - | 19,929,041 | - | - |
| Revenue Bonds Payable | 67,455,000 | - | 1,290,000 | 66,165,000 | 1,730,000 |
| Accrued Compensated Absences | 5,828,416 | 3,017,449 | 3,078,181 | 5,767,684 | 1,903,840 |
| Refundable Deposits | 46,195 | 294,901 | 226,408 | 114,688 | 114,688 |
| Total Governmental Activities | <u>\$ 131,654,155</u> | <u>\$ 9,862,350</u> | <u>\$ 24,868,541</u> | <u>116,647,964</u> | <u>5,443,528</u> |
| Reconciliation to Statement of Net Position: | | | | | |
| Plus: Total OPEB Liability | | | | 20,667,189 | - |
| Net Pension Liability | | | | 26,774,282 | - |
| | | | | <u>\$ 164,089,435</u> | <u>\$ 5,443,528</u> |
| Business-Type Activities: | | | | | |
| Revenue Bonds Payable | \$ 55,900,000 | \$ - | \$ 4,365,000 | \$ 51,535,000 | \$ 4,525,000 |
| Revenue Bonds Premium | 2,578,682 | - | 298,252 | 2,280,430 | - |
| Notes Payable | - | 2,280,047 | - | 2,280,047 | - |
| Refundable Deposits | 1,523,315 | 486,373 | 452,132 | 1,557,556 | 168,628 |
| Accrued Compensated Absences | 1,525,743 | 1,006,846 | 889,169 | 1,643,420 | 574,457 |
| Total Business-Type Activities | <u>\$ 61,527,740</u> | <u>\$ 3,773,266</u> | <u>\$ 6,004,553</u> | <u>\$ 59,296,453</u> | <u>\$ 5,268,085</u> |
| Reconciliation to Statement of Net Position: | | | | | |
| Plus: Total OPEB Liability | | | | 5,533,034 | - |
| | | | | <u>\$ 64,829,487</u> | <u>\$ 5,268,085</u> |

Accrued compensated absences liability of the governmental activities is liquidated by the General Fund, Police Fund, the Fire Fund, Juvenile Fund, Grant Fund, Welcome Center Fund, Convention and Visitors Bureau Fund, Technology Fund, Park and Recreation Fund, Downtown Redevelopment Fund, Hospital Authority, and the Emergency Operations Fund. Net pension liability and total OPEB liability are paid from the General Fund, Police Fund and Fire Fund.

Governmental activities long-term debt payable from property tax levies or other governmental revenues includes the following:

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General Obligation Bonds:

| | |
|---|------------------|
| \$4,500,000 general obligation bonds dated May 1, 2006 for public safety, payable in annual installments of \$275,000 the first year and \$325,000, thereafter, with interest rates of 3.75% to 3.95%, repaid by property tax levies. Final maturity in May 2021. | \$ 325,000 |
| | |
| \$20,000,000 general obligation bonds dated April 1, 2019, payable in annual installments of \$795,000 the first year in 2021 and \$835,000, thereafter, with interest rates of 3.00% to 3.50%, repaid by property tax levies. Final maturity April 2044. | 20,000,000 |
| | |
| \$17,250,000 general obligation bonds dated June 1, 2019, payable in annual installments of \$575,000 the first year in 2021 and \$725,000, thereafter, with interest rates of 3.00%, repaid by property tax levies. Final maturity June 2044. | 17,250,000 |
| | |
| \$6,550,000 general obligation bonds dated June 1, 2020, payable in annual installments of 225,000 the first year and \$275,000, thereafter, with interest rates of 2.25% to 2.50%, repaid by property tax levies. Final maturity June 2045. | <u>6,550,000</u> |

| | |
|--------------------------------|----------------------|
| Total general obligation bonds | <u>\$ 44,125,000</u> |
| | |
| Current | \$ 1,695,000 |
| Non-current | <u>42,430,000</u> |
| Total | <u>\$ 44,125,000</u> |

Revenue Bonds Payable:

| | |
|--|----------------------|
| \$49,155,000 Economic Development Revenue Bonds due in annual principal installments of \$795,000 to \$4,265,000 through February 1, 2048; interest rate ranges from 2.40% to 4.70%. Secured by mortgage lien on the property. | \$ 47,450,000 |
| | |
| \$19,250,000 Tax Apportionment Refunding Bonds due in annual principal installments of \$795,000 to \$1,810,000 starting July 1, 2021 through July 1, 2037; interest rate ranges from 3.45% to 4.75%. Repaid by property tax levies and sales/use tax apportioned. | <u>\$ 18,715,000</u> |

| | |
|--------------------------|----------------------|
| Total Revenue Bonds, Net | <u>\$ 66,165,000</u> |
| | |
| Current | \$ 1,730,000 |
| Non-current | <u>64,435,000</u> |
| Total | <u>\$ 66,165,000</u> |

Business-type activities long-term debt payable from net revenues generated and taxes pledged to the City's business-type activities include the following:

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Revenue Bonds Payable:

\$46,550,000 Series 2011A Capital Improvement Revenue Bonds, due in annual principal installments of \$2,605,000 to \$4,530,000 through June 30, 2025; interest rate from 0.5% to 5.0%.

\$ 20,950,000

\$31,265,000 Series 2019 Capital Improvement Revenue Bonds due in annual principal installments of \$680,000 to \$1,725,000 through April 1, 2048; interest rate ranges from 2.0% to 4.0%.

30,585,000

| | |
|----------------------------------|----------------------|
| Total Revenue Bonds | \$ 51,535,000 |
| Unamortized Revenue Bond Premium | 2,280,430 |
| Total Revenue Bonds, Net | <u>\$ 53,815,430</u> |

| | |
|-------------|----------------------|
| Current | \$ 4,525,000 |
| Non-current | 49,290,430 |
| Total | <u>\$ 53,815,430</u> |

Note Payable:

\$2,280,047 note payable with the Central Oklahoma Master Conservancy District is the City of Midwest City's estimated share of the cost of a new water facility. The project is a joint project with cities of Norman, Del City and Midwest City. The contract provides the City with a share of the District's water supply (40.45). The construction project is anticipated to be completed in FY20-21. Final debt payments schedule is available once the project is complete. The agreement is dated July 9,

\$ 2,280,047

| | |
|-------------|---------------------|
| Current | \$ - |
| Non-current | 2,280,047 |
| Total | <u>\$ 2,280,047</u> |

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

| Governmental-Type Activities | | | | | |
|------------------------------|-----------------------|----------------------|----------------------|----------------------|--|
| Year Ending June 30, | Revenue Bonds Payable | | G.O. Bonds Payable | | |
| | Principal | Interest | Principal | Interest | |
| 2021 | \$ 1,730,000 | \$ 2,850,903 | \$ 1,695,000 | \$ 1,310,523 | |
| 2022 | 1,790,000 | 2,796,828 | 1,785,000 | 1,256,585 | |
| 2023 | 1,850,000 | 2,737,143 | 1,835,000 | 1,204,722 | |
| 2024 | 1,910,000 | 2,673,598 | 1,835,000 | 1,151,735 | |
| 2025 | 1,980,000 | 2,605,560 | 1,835,000 | 1,098,748 | |
| 2026-2030 | 11,100,000 | 11,823,077 | 9,175,000 | 4,698,925 | |
| 2031-2035 | 13,690,000 | 9,227,615 | 9,175,000 | 3,373,193 | |
| 2036-2040 | 11,640,000 | 6,146,021 | 9,175,000 | 2,017,194 | |
| 2041-2045 | 11,040,000 | 3,794,225 | 7,615,000 | 610,174 | |
| 2046-2050 | 9,435,000 | 968,670 | - | - | |
| | <u>\$ 66,165,000</u> | <u>\$ 45,623,640</u> | <u>\$ 44,125,000</u> | <u>\$ 16,721,799</u> | |

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| Business-Type Activities | | |
|--------------------------|-----------------------|---------------|
| Year Ending June 30, | Revenue Bonds Payable | |
| | Principal | Interest |
| 2021 | \$ 4,525,000 | \$ 1,972,613 |
| 2022 | 4,715,000 | 1,785,775 |
| 2023 | 4,920,000 | 1,580,275 |
| 2024 | 5,070,000 | 1,430,775 |
| 2025 | 5,270,000 | 1,235,250 |
| 2026-2030 | 4,090,000 | 4,869,525 |
| 2031-2035 | 4,965,000 | 3,992,725 |
| 2036-2040 | 5,915,000 | 3,049,150 |
| 2041-2045 | 7,090,000 | 1,868,000 |
| 2046-2050 | 4,975,000 | 403,200 |
| | \$ 51,535,000 | \$ 22,187,288 |

An amortization schedule will not be available on the note payable until construction of the project is complete.

Pledge of Future Revenues

Sales Tax Pledge - The City has pledged one-fourth of one percent (or .25%) of future sales tax revenues to repay the 2019 Revenue Bonds which are payable through 2048. Proceeds from the bond provided financing to current refund the 2011 Revenue Bonds which were originally used for advance refunding the 2003 series bonds and to provide capital funding. The total principal and interest payable for the remainder of the life of the bond is \$50,174,725. Pledged sales taxes transferred in the current year was \$14,053,051. Debt service payments on 2019 Revenue Bonds of \$1,790,349 for the current fiscal year were 12.74% of pledged sales tax. Other sources of revenues such as water and sewer are also pledged. Total net revenues including utilities and sales tax pledged was \$19,922,255.

Sales Tax Pledge - The City has pledged one-fourth of one percent (or .25%) of future sales tax revenues to repay the 2011A Revenue Bonds which are payable through 2025. Proceeds from the bond provided financing for construction and improvements to the sewer treatment plant. The total principal and interest payable for the remainder of the life of the bond is \$23,547,563. Pledged sales taxes transferred in the current year was \$14,053,051. Debt service payments on the bonds were \$4,708,513 for the current fiscal year or 33.5% of pledged sales tax. Other sources of revenues such as water and sewer are also pledged. Total net revenues including utilities and sales tax pledged was \$19,922,255.

Current Refunding

On April 1, 2012 the City issued \$31,265,000 series 2019 Capital Improvement Refunding Revenue Bonds with interest rates from 2.0 percent to 4.0 percent to current refund \$20,502,048 of outstanding 2011 Series Capital Improvement Refunding Bonds with interest rates from 0.4 percent to 5.0 percent. A portion of the proceeds along with \$531,257 of the 2011 revenue bonds debt service fund were used to current refund the 2011 bonds.

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The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$899,050. This difference, reported in the accompanying financial statements as deferred outflow of resources, is being charged to operations through the year 2034 using the straight line method.

7. Net Position and Fund Balances

The following table shows the governmental activities net position that is restricted:

| Fund | Restricted By | Amount |
|-----------------------------------|------------------------|-----------------------|
| Hospital Authority | Enabling legislation | \$ 109,690,961 |
| Technology Fund | Enabling legislation | 224,251 |
| Police Impound Fund | Enabling legislation | 104,778 |
| Urban Renewal Authority | Enabling legislation | 3,804 |
| Capital Outlay Reserve Fund | Enabling legislation | 746,651 |
| Street Lighting Fund | Enabling legislation | 1,891,284 |
| 2018 GO Bond Proprietary | Enabling legislation | 10,717,679 |
| 2018 GO Bond CIP | Enabling legislation | 26,768,917 |
| Economic Development Authority | Enabling legislation | 4,075,493 |
| | | <u>154,223,818</u> |
| Street and Alley Fund | Statutory requirements | 1,670,606 |
| Juvenile Fund | Statutory requirements | 28,593 |
| Police Special Projects | Statutory requirements | 214,719 |
| Police Lab Fee | Statutory requirements | 23,959 |
| | | <u>1,937,877</u> |
| Grant Fund | External contracts | 120,916 |
| General Fund | External contracts | 2,333,992 |
| Police Fund | External contracts | 10,424,107 |
| Fire Fund | External contracts | 7,767,164 |
| Park and Recreation Fund | External contracts | 704,501 |
| Emergency Operation Fund | External contracts | 814,413 |
| Welcome Center | External contracts | 362,770 |
| Convention and Visitors Bureau | External contracts | 205,605 |
| GO Debt Service Fund | External contracts | 1,999,307 |
| 2002 GO Street Bond | External contracts | 314,872 |
| Downtown Redevelopment | External contracts | 1,818,805 |
| Dedicated Tax Fund | External contracts | 1,915,665 |
| Capital Improvement Fund | External contracts | 2,462,259 |
| General Government Sales Tax Fund | External contracts | 4,125,376 |
| Sooner Rose TIF | External contracts | 1,657,026 |
| | | <u>37,026,778</u> |
| Total Restricted Net Position | | <u>\$ 193,188,473</u> |
| Restricted (by purpose) for: | | |
| Debt service | | \$ 1,999,307 |
| Hospital | | 109,690,961 |
| Capital improvements | | 46,639,705 |
| Public Safety | | 20,173,438 |
| Street operations | | 1,891,284 |
| Culture and recreation | | 1,501,679 |
| Economic Development | | 6,614,991 |
| Other | | 4,677,108 |
| | | <u>\$ 193,188,473</u> |

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The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet:

| | General Fund | Major Special Revenue Funds | | | Capital Project Major | Other | Total |
|--|---------------------|-----------------------------|---------------------|-----------------------|-----------------------|----------------------|-----------------------|
| | | Police Fund | Fire Fund | Hospital Authority | 2018 GO Bond CIP | Governmental Fund | |
| Fund Balance: | | | | | | | |
| Nonspendable: | | | | | | | |
| Inventory | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 60,000 | \$ 60,000 |
| Deposits held by others | 468,527 | - | - | 3,521,112 | - | 49,362 | 4,039,001 |
| Prepaid expenses | 3,114 | - | - | - | - | - | 3,114 |
| | <u>471,641</u> | <u>-</u> | <u>-</u> | <u>3,521,112</u> | <u>-</u> | <u>109,362</u> | <u>4,102,115</u> |
| Restricted: | | | | | | | |
| Public safety | 795,705 | 10,424,107 | 7,767,164 | - | - | 1,186,462 | 20,173,438 |
| Hospital | - | - | - | 109,125,327 | - | - | 109,125,327 |
| General obligation debt service | - | - | - | - | - | 1,920,465 | 1,920,465 |
| Capital improvements | - | - | - | - | 26,768,917 | 15,198,800 | 41,967,717 |
| Street improvements | - | - | - | - | - | 4,447,737 | 4,447,737 |
| Street operations | - | - | - | - | - | 1,891,284 | 1,891,284 |
| Technology improvements | - | - | - | - | - | 224,251 | 224,251 |
| Culture and rec programs | 434,408 | - | - | - | - | 1,067,271 | 1,501,679 |
| Economic development | 552,147 | - | - | - | - | 9,912,303 | 10,464,450 |
| Public works | 242,072 | - | - | - | - | - | 242,072 |
| Health and welfare programs | 136,757 | - | - | - | - | - | 136,757 |
| General government | 172,903 | - | - | - | - | 4,125,376 | 4,298,279 |
| Sub-total restricted | <u>2,333,992</u> | <u>10,424,107</u> | <u>7,767,164</u> | <u>109,125,327</u> | <u>26,768,917</u> | <u>39,973,949</u> | <u>196,393,456</u> |
| Committed to: | | | | | | | |
| Economic development | - | - | - | 1,424,055 | - | - | 1,424,055 |
| Assigned to: | | | | | | | |
| Culture and rec programs | 24,747 | - | - | - | - | - | 24,747 |
| Health and welfare programs | 52,857 | - | - | - | - | - | 52,857 |
| Capital improvements | - | - | - | - | - | 772,677 | 772,677 |
| Public safety | 284,500 | - | - | - | - | - | 284,500 |
| Economic development | - | - | - | - | - | 76,565 | 76,565 |
| General government | 288 | - | - | - | - | - | 288 |
| Public works | 85,344 | - | - | - | - | - | 85,344 |
| Appropriation for use in FY 20-21 budget | 98,143 | - | - | - | - | - | 98,143 |
| General government - encumbrances | 20,731 | - | - | - | - | - | 20,731 |
| Public safety - encumbrances | 1,245 | - | - | - | - | - | 1,245 |
| Public works - encumbrances | 43,663 | - | - | - | - | - | 43,663 |
| Culture and rec - encumbrances | 3,697 | - | - | - | - | - | 3,697 |
| Economic development - encumbrances | 30,093 | - | - | - | - | - | 30,093 |
| Health and welfare - encumbrances | 1,866 | - | - | - | - | - | 1,866 |
| Sub-total assigned | <u>647,174</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>849,242</u> | <u>1,496,416</u> |
| Unassigned: | 3,036,047 | - | - | - | - | - | 3,036,047 |
| TOTAL FUND BALANCE | <u>\$ 6,488,854</u> | <u>\$ 10,424,107</u> | <u>\$ 7,767,164</u> | <u>\$ 114,070,494</u> | <u>\$ 26,768,917</u> | <u>\$ 40,932,553</u> | <u>\$ 206,452,089</u> |

The following is a breakdown of encumbrances at June 30, 2020:

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| Fund | Balance |
|--------------------------------|---------------------|
| Major Funds: | |
| General Fund | \$ 229,328 |
| Police Fund | 55,958 |
| Fire Fund | 137,827 |
| Hospital Authority | 72,061 |
| 2018 GO Bond CIP | 8,311,043 |
| | <u>\$ 8,806,217</u> |
| Non Major Fund: | |
| General Govt Sales Tax | \$ 213,972 |
| Street and Alley Fund | 73,447 |
| Police Federal Projects | 180 |
| Juvenile Fund | 305 |
| Police Lab Fund | 2,362 |
| Police Impound Fund | 7,515 |
| Welcome Center Fund | 16 |
| Convention and Visitor Bureau | 5,193 |
| Street Tax Fund | 149,086 |
| Emergency Operations Fund | 12,882 |
| Park and Recreation Fund | 65,335 |
| Grant Fund | 144,149 |
| Capital Improvement Fund | 78,088 |
| Downtown Redevelopment Fund | 453,608 |
| Economic Development Authority | 125,835 |
| 2018 GO Bond CIP Proprietary | 588,681 |
| | <u>\$ 1,920,654</u> |

Per resolution, the City Council has established a minimum fund balance policy for the General Fund equal to ten percent (10%) of the fund’s budgetary operating expenditures each fiscal year. In addition, a reserve equal to five percent (5%) of the budgetary operating expenditures for each fund has been established for the following funds: Police Fund, Fire Fund, Welcome Center Fund, Convention and Visitors Bureau Fund and the Juvenile Fund. The reserves are to ensure the fiscal solvency of the City as a safeguard and all or a portion of the reserves may be appropriated by the city council as necessary in the event of a natural disaster or other catastrophic circumstances, or in the event of significant accounting errors.

8. Risk Management

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

- General Liability – Covered through self-insurance with stop-loss for individual claims in excess of \$250,000 and aggregate stop loss of \$1,000,000.
- Physical Property – Covered through purchased insurance with deductibles, by coverage as follows:

| | |
|-----------|----------|
| Wind/hail | \$10,000 |
|-----------|----------|

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| | |
|----------------------------|-------|
| Miscellaneous equipment | 500 |
| Mobile equipment | 500 |
| Fine arts deductible | 1,000 |
| Automobile physical damage | 1,000 |

- Workers' Compensation – Workers' compensation is covered through self-insurance with the a third party administering the claims process. The City carry's stop-loss insurance for individual claims in excess of \$450,000 for all employees with an aggregate stop loss of \$1,000,000.
- Employee's Group Medical –Covered through self-insurance using a third party administrator to process medical claims. The City uses the third party processor's estimates to record group insurance claims payable. The City also has a stop-loss policy which covers individual claims in excess of \$150,000 during any year with aggregate stop loss of \$7,803,281.

Management believes the insurance coverage listed above 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.

Claims Liability Analysis

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. For the internal service self-insurance funds, changes in the claims liability for the City from June 30, 2018, to June 30, 2020, are as follows:

| | <u>Workers Comp</u> | <u>Health Care</u> | <u>Total</u> |
|---------------------------------|---------------------|--------------------|---------------------|
| Claims liability, June 30, 2018 | \$ 2,042,000 | \$ 268,403 | \$ 2,310,403 |
| Claims and changes in estimates | 1,289,936 | 6,170,306 | 7,460,242 |
| Claims payments | <u>(1,369,936)</u> | <u>(6,181,475)</u> | <u>(7,551,411)</u> |
| Claims liability, June 30, 2019 | 1,962,000 | 257,234 | 2,219,234 |
| Claims and changes in estimates | 1,346,530 | 7,222,973 | 8,569,503 |
| Claims payments | <u>(1,364,530)</u> | <u>(7,095,797)</u> | <u>(8,460,327)</u> |
| Claims liability, June 30, 2020 | <u>\$ 1,944,000</u> | <u>\$ 384,410</u> | <u>\$ 2,328,410</u> |

9. Retirement Plan Participation

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

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

Summary Defined Benefit Plans Balances:

| | Governmental Activities |
|--------------------------------------|----------------------------|
| Net Pension Asset | |
| Police Pension System | \$ 131,036 |
| Net Pension Liability | |
| Firefighter’s Pension System | \$ 26,774,282 |
| Total Net Pension Liability | \$ 26,774,282 |
| Deferred Outflows of Resources | |
| Police Pension System | \$ 2,547,577 |
| Firefighter’s Pension System | 6,437,381 |
| Total Deferred Outflows of Resources | \$ 8,984,958 |
| Deferred Inflows of Resources | |
| Police Pension System | \$ 671,833 |
| Firefighter’s Pension System | 3,961,411 |
| Total Deferred Inflows of Resources | \$ 4,633,244 |

Oklahoma Police Pension and Retirement Systems

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

Plan description - The City of Midwest City, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan

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administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/OPPRS.

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

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

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

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

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$906,468. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$838,732 that is reported as both revenue and expenditure in the Police 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 \$811,976. These on-behalf payments do not meet the criteria of a special funding situation.

The City's contract with the union provides that member contributions will be 8% and employer contributions will be 13%.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported an asset of \$131,036

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for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2019. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2020. Based upon this information, the City's proportion was 2.053% at June 30, 2019, which was an increase of .010% compared to its proportion at June 2019.

For the year ended June 30, 2020, the City recognized pension expense of \$1,571,413. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 78,638 | \$ 618,681 |
| Changes of assumptions | 334,588 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,197,418 | - |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 4,226 | 37,053 |
| City Contributions during measurement period | 26,239 | 16,099 |
| City contributions subsequent to the measurement date | 906,468 | - |
| Total | \$ 2,547,577 | \$ 671,833 |

The \$906,468 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase to or a reduction of the net pension asset in the year ended June 30, 2021. Other deferred outflows and deferred inflows of resources related to pensions are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period. The net deferred outflows related to the difference between expected and actual investment earnings and is being amortized over a closed 5-year period as of the beginning of each measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | | |
|---------------------|------|------------|
| | 2021 | \$ 574,042 |
| | 2022 | (193,149) |
| | 2023 | 182,316 |
| | 2024 | 393,178 |
| | 2025 | 12,889 |
| | | \$ 969,276 |

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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| | |
|----------------------------|--|
| Inflation: | 2.75% |
| Salary increases: | 3.5% to 12% average, including inflation |
| Investment rate of return: | 7.5% net of pension plan investment expense |
| Mortality rates: | <p>Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.</p> <p>Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.</p> <p>Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.</p> |
| Cost-of-living Adjustment: | Police officers eligible to receive increased benefits according to repealed Section 50-150 of Title 11 of the Oklahoma Statutes pursuant to a court order receive and 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). |

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

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

| <u>Asset Class</u> | <u>Target Allocation</u> |
|-----------------------------------|------------------------------|
| Equities | 60% |
| Fixed Income | 25% |
| Real Estate and other investments | 15% |
| | <u>100%</u> |

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

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.

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 would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

| | 1% Decrease (6.5%) | Current Discount Rate (7.5%) | 1% Increase (8.5%) |
|--|-----------------------|---------------------------------|-----------------------|
| Employers' net pension liability (asset) | \$ 5,582,088 | \$ (131,036) | \$ (4,961,555) |

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

Oklahoma Fire Pension and Retirement Systems

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

Plan description - The City of Midwest City, 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.

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

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$1,007,730. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$3,663,624 that is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$2,576,922. These on-behalf payments did not meet the criteria of a special funding situation.

The City's contract with the union provides that member contributions will be 9% and employer contributions will be 14%.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a liability of \$26,774,282 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2019. Based upon this information, the City's proportion was 2.534%, at June 30, 2020, which was an increase of .028% compared to its proportion at June 30, 2019.

For the year ended June 30, 2020, the City recognized pension expense of \$4,484,407. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 4,483,344 | \$ 544,599 |
| Changes of assumptions | - | 687,816 |
| Net difference between projected and actual earnings on pension plan investments | - | 1,938,148 |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 809,590 | 762,089 |
| City contributions during the measurement period | 136,717 | 28,759 |
| City contributions subsequent to the measurement date | 1,007,730 | - |
| Total | \$ 6,437,381 | \$ 3,961,411 |

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The \$1,007,730 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other deferred outflows of resources related to pensions are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period. The net deferred outflows of resources related to the difference between expected and actual investment earnings and is being amortized over a closed 5-year period as of the beginning of each measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

| | | |
|------|-----------|------------------|
| 2021 | \$ | 1,028,708 |
| 2022 | | (85,245) |
| 2023 | | 404,697 |
| 2024 | | 197,174 |
| 2025 | | (77,094) |
| | <u>\$</u> | <u>1,468,240</u> |

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

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

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

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

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

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

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

| | 1% Decrease (6.5%) | Current Discount Rate (7.5%) | 1% Increase (8.5%) |
|----------------------------------|-----------------------|---------------------------------|-----------------------|
| Employers' net pension liability | \$ 34,573,136 | \$ 26,774,282 | \$ 18,210,390 |

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.

OMRF Defined Contribution Plan:

The City has provided a defined contribution plan and trust known as the City of Midwest City Plan and Trust (the "Plan") in the form of the Oklahoma Municipal Retirement System Master Defined Contribution Plan an agent multiple employer defined contribution plan. OMRF operations are supervised by a nine-member Council of Trustees elected by the participating municipalities. The Plan is administered by JPMorgan Chase of Oklahoma City. The defined contribution plan is available to all full-time employees on a voluntary basis who are not participating in a state sponsored plan. According to City Ordinance, the employee and employer are required to contribute amounts equal to 0.0% and 14%, respectively, of the employee's salary each month. The employer's contributions for each employee are 50% vested after five years, with 10% vesting for each subsequent year thereafter. If an employee terminates before becoming fully vested, the employer's contributions that are forfeited are allocated to the remaining fund participants based on percentage of contribution. The authority to

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establish and amend the provisions of the plan rests with the City Council. For the year ended June 30, 2020, the City contributed \$2,294,189 to the plan, while the employee contributions totaled \$14,027.

OMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 525 Central Park Drive, Suite 320, Oklahoma City, Oklahoma, 73105, by calling (405) 606-7880, or at www.okmrf.org.

10. Postemployment Healthcare Plan

Plan Description. The City offers post-employment benefit (OPEB) options Medical, Rx, and Dental insurance to qualifying retirees and their dependents. Coverage is provided through self-insurance that collectively operates as a substantive single-employer defined benefit plan. A substantive plan is one in which the plan terms are understood by the employer and the plan members. This understanding is based on communications between the employer and plan member and the historical pattern of practice with regard to the sharing of benefit costs. Qualifying retirees are those employees who are eligible for immediate disability or retirement benefits under the Oklahoma Police Pension and Retirement System, Oklahoma Firefighter's Pension and Retirement System, or the City of Midwest City Retirement Plan. Retirees may continue coverage with the City by paying the determined rate. Coverage is available for each of the lifetimes of retirees and their spouses. Authority to establish and amend benefit provisions rest with the City Council. Retirees may continue coverage with the City by paying 50% of the premium rate. Benefits are paid from general operating assets of the City as assessed by the self-insurance fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The plan does not issue separate financial statements.

Benefits provided - The Plan covers all current retirees of the City who elected postretirement medical coverage through the City Health Plan and future retired employees of the City fully self-insured health plan. In accordance with administrative policy, the benefit levels are the same as those afforded to active employees; this creates an implicit rate subsidy. The benefits offered by the City to retirees include health, RX, and dental benefits. The retiree retains coverage with the City, by making an election within 30 days of termination of service and have 10+ years of creditable service in with the City and are at least 55 years old at the time of termination.

The amount of benefit payments during fiscal year June 30, 2020 were \$881,386.

Employees Covered by Benefit Terms

| | |
|--|------------|
| Active Employees | 458 |
| Inactive not yet receiving benefits | 100 |
| Inactive or beneficiaries receiving benefits | <u>140</u> |
| Total | <u>698</u> |

Total OPEB Liability – The total OPEB liability was determined based on actuarial valuation performed as of June 30, 2019 which is also the measurement date.

Actuarial Assumptions- The total OPEB liability in the June 30, 2019 valuation, was determined using the following actuarial assumptions:

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- Actuarial Cost Method - Entry Age Normal
- Discount Rate – 3.50% based on the 20 year municipal bond yield (Bond Buyers’ index)
- Retirement Age – Civilians - 55 with 10 years of service, Police and Fire 20 years of service
- Medical Trend Rates

| <u>Year</u> | <u>Rate</u> |
|-------------|-------------|
| 2020 | 5.99% |
| 2025 | 5.86% |
| 2030 | 5.99% |
| 2035 | 5.87% |
| 2040 | 5.33% |
| 2045 | 5.15% |
| 2050 | 5.03% |
| 2060 | 4.87% |

Changes in Total OPEB Liability –

| | Total OPEB Liability |
|--|-----------------------------|
| Balances at Beginning of Year | \$ 22,894,776 |
| Changes for the Year: | |
| Service cost | 861,255 |
| Interest expense | 919,357 |
| Differences between expected and actual experience | 373,421 |
| Change in assumptions | 2,032,800 |
| Benefits paid | (881,386) |
| Net Changes | 3,305,447 |
| Balances End of Year | \$ 26,200,223 |

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2020, the City recognized OPEB expense of \$1,799,787. At June 30, 2020, 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 | \$ 308,023 | \$ 94,211 |
| Changes of assumptions | 1,676,793 | 1,089,021 |
| Change in porportion and contributions during the measurement period | 1,519,736 | 1,519,730 |
| City Contributions (benefit payments) subsequent to the measurement date | 860,385 | - |
| Total | \$ 4,364,937 | \$ 2,702,962 |

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The \$860,385 reported as deferred outflows of resources related to OPEB resulting from City benefit payments subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021. Any other amounts reported as deferred outflows or resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

| Year Ended June 30: | |
|----------------------------|------------|
| 2021 | \$ 19,174 |
| 2022 | 19,174 |
| 2023 | 118,895 |
| 2024 | 345,145 |
| 2025 | 299,202 |
| | \$ 801,590 |

Sensitivity of the City's total OPEB liability to changes in the discount rate- The following presents the City's total net OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

| | 1% Decrease (2.50%) | Current Discount Rate (3.50%) | 1% Increase (4.50%) |
|---------------------------------|----------------------|--------------------------------|----------------------|
| Employers' total OPEB liability | \$ 32,286,409 | \$ 26,200,223 | \$ 21,608,830 |

Sensitivity of the City's total OPEB liability to changes in the healthcare cost trend rates - The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.09 percent decreasing to 3.876 percent) or 1-percentage-point higher (7.09 percent decreasing to 5.87 percent) than the current healthcare cost trend rates:

| | 1% Decrease (5.09 % decreasing to 3.87%) | Current Discount Rate (6.09 % decreasing to 4.87%) | 1% Increase (7.09% decreasing to 5.87%) |
|---------------------------------|---|---|---|
| Employers' total OPEB liability | \$ 21,768,527 | \$ 26,200,223 | \$ 31,913,110 |

11. Commitments and Contingencies

Litigation

The City is a 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. 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.

Grant Programs

The City of Midwest City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Asset Retirement Obligation

The City has incurred certain asset retirement obligations related to the operation of its sewer utility system. The estimated liability of the legally required closure costs for the sewer utility system cannot be reasonably estimated as of June 30, 2020, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs and obtaining an estimate of those costs in the subsequent fiscal year.

12. Subsequent Events

On December 3, 2020, the Municipal Authority issued the Series 2020 Capital Improvement Refunding Revenue Note, principal of \$18,455,000. The note has a fixed interest rate of 1.16% and matures March 1, 2025. Proceeds along with debts service funds of \$3,179,730 were used to refund \$20,950,000 of the outstanding Capital Improvement Revenue Bonds, Series 2011A.

REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedules – Year Ended June 30, 2020

| | GENERAL FUND | | | |
|--|---------------------|-----------------------|---------------------|-------------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with |
| | Original | Final | (Budget Basis) | Final Budget Positive (Negative) |
| Beginning Budgetary Fund Balance: | \$ 1,180,133 | \$ (216,449) | \$ 5,811,138 | \$ 6,027,587 |
| Resources (Inflows): | | | | |
| Taxes | 23,991,464 | 24,459,464 | 24,502,414 | 42,950 |
| Charges for services | 792,560 | 705,807 | 673,974 | (31,833) |
| Fines and forfeitures | 1,371,969 | 1,371,970 | 1,075,276 | (296,694) |
| Licenses and permits | 463,620 | 463,620 | 569,507 | 105,887 |
| Investment income | 179,771 | 179,771 | 165,678 | (14,093) |
| Intergovernmental | 468,360 | 871,740 | 880,888 | 9,148 |
| Miscellaneous | 364,909 | 476,774 | 498,639 | 21,865 |
| Total Resources (Inflows) | <u>27,632,653</u> | <u>28,529,146</u> | <u>28,366,376</u> | <u>(162,770)</u> |
| Amounts available for appropriation | <u>28,812,786</u> | <u>28,312,697</u> | <u>34,177,514</u> | <u>5,864,817</u> |
| Charges to Appropriations (Outflows): | | | | |
| CITY CLERK | 102,173 | 102,420 | 100,029 | 2,391 |
| HUMAN RESOURCES | 414,900 | 430,900 | 346,970 | 83,930 |
| CITY ATTORNEY | 57,035 | 59,638 | 56,524 | 3,114 |
| COMMUNITY DEVELOPMENT | 2,148,804 | 2,501,821 | 2,017,750 | 484,071 |
| PARK & REC | 631,859 | 657,221 | 469,668 | 187,553 |
| FINANCE | 717,767 | 766,695 | 699,111 | 67,584 |
| STREETS | 3,227,546 | 3,498,022 | 2,622,779 | 875,243 |
| ANIMAL WELFARE | 487,773 | 592,241 | 352,479 | 239,762 |
| MUNICIPAL COURT | 541,307 | 542,483 | 473,373 | 69,110 |
| GENERAL GOVT | 21,500 | 193,007 | 44,608 | 148,399 |
| NEIGHBORHOOD SVCS | 1,592,230 | 1,632,283 | 1,502,659 | 129,624 |
| INFORMATION TECHNOLOGY | 694,684 | 715,322 | 653,271 | 62,051 |
| EMERGENCY RESPONSE | 1,083,582 | 1,101,306 | 1,066,551 | 34,755 |
| SWIMMING POOLS | 302,108 | 308,966 | 285,501 | 23,465 |
| COMMUNICATIONS | 199,365 | 299,804 | 215,490 | 84,314 |
| SENIOR CENTER | 222,392 | 222,392 | 161,795 | 60,597 |
| Total Charges to Appropriations | <u>12,445,025</u> | <u>13,624,521</u> | <u>11,068,558</u> | <u>2,555,963</u> |
| Other financing sources (uses) | | | | |
| Transfers from other funds | 10,779,441 | 11,029,315 | 10,897,332 | (131,983) |
| Transfers to other funds | (26,259,387) | (27,092,236) | (26,669,970) | 422,266 |
| Total other financing sources (uses) | <u>(15,479,946)</u> | <u>(16,062,921)</u> | <u>(15,772,638)</u> | <u>290,283</u> |
| Ending Budgetary Fund Balance | <u>\$ 887,815</u> | <u>\$ (1,374,745)</u> | <u>\$ 7,336,318</u> | <u>\$ 8,711,063</u> |

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| | POLICE FUND | | | |
|--|---------------------|-------------------|----------------------------------|--|
| | Budgeted Amounts | | Actual Amounts (Budget Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| Beginning Budgetary Fund Balance: | \$ 1,203,803 | \$ 709,495 | \$ 4,481,332 | \$ 3,771,837 |
| Resources (Inflows): | | | | |
| Taxes | 5,877,981 | 5,877,981 | 6,049,861 | 171,880 |
| Intergovernmental | 8,202 | 8,202 | 8,761 | 559 |
| Charges for services | 181,425 | 181,425 | 144,313 | (37,112) |
| License and permits | - | 2,178 | 2,300 | 122 |
| Investment income | 82,252 | 82,252 | 98,143 | 15,891 |
| Fines and forfeitures | 67,342 | 67,342 | 87,960 | 20,618 |
| Miscellaneous | 2,178 | 23,913 | 60,861 | 36,948 |
| Total Resources (Inflows) | <u>6,219,380</u> | <u>6,243,293</u> | <u>6,452,199</u> | <u>208,906</u> |
| Amounts available for appropriation | <u>7,423,183</u> | <u>6,952,788</u> | <u>10,933,531</u> | <u>3,980,743</u> |
| Charges to Appropriations (Outflows): | | | | |
| Public Safety | 15,147,465 | 15,626,518 | 14,617,728 | 1,008,790 |
| Total Charges to Appropriations | <u>15,147,465</u> | <u>15,626,518</u> | <u>14,617,728</u> | <u>1,008,790</u> |
| Other financing sources (uses) | | | | |
| Transfers from other funds | 9,792,831 | 9,792,831 | 9,896,349 | 103,518 |
| Transfers to other funds | (700,000) | (700,000) | (700,000) | - |
| Total other financing sources (uses) | <u>9,092,831</u> | <u>9,092,831</u> | <u>9,196,349</u> | <u>103,518</u> |
| Ending Budgetary Fund Balance | <u>\$ 1,368,549</u> | <u>\$ 419,101</u> | <u>\$ 5,512,152</u> | <u>\$ 5,093,051</u> |

| | FIRE FUND | | | |
|--|-----------------------|-------------------|----------------------------------|--|
| | Budgeted Amounts | | Actual Amounts (Budget Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| Beginning Budgetary Fund Balance: | \$ (5,759,128) | \$ 270,473 | \$ 3,431,003 | \$ 3,160,530 |
| Resources (Inflows): | | | | |
| Taxes | 4,631,143 | 4,631,143 | 4,765,630 | 134,487 |
| Charges for services | 21,279 | 21,279 | 16,315 | (4,964) |
| Investment income | 72,559 | 72,559 | 77,106 | 4,547 |
| Licenses and permits | 9,107 | 9,107 | 9,875 | 768 |
| Miscellaneous | 9,720 | 67,682 | 77,145 | 9,463 |
| Total Resources (Inflows) | <u>4,743,808</u> | <u>4,801,770</u> | <u>4,946,071</u> | <u>144,301</u> |
| Amounts available for appropriation | <u>(1,015,320)</u> | <u>5,072,243</u> | <u>8,377,074</u> | <u>3,304,831</u> |
| Charges to Appropriations (Outflows): | | | | |
| Public Safety | 11,884,229 | 12,424,683 | 11,308,986 | 1,115,697 |
| Total Charges to Appropriations | <u>11,884,229</u> | <u>12,424,683</u> | <u>11,308,986</u> | <u>1,115,697</u> |
| Other financing sources (uses) | | | | |
| Transfers from other funds | 7,817,940 | 7,817,940 | 7,914,417 | 96,477 |
| Transfers to other funds | (250,000) | (250,000) | (271,891) | (21,891) |
| Total other financing sources (uses) | <u>7,567,940</u> | <u>7,567,940</u> | <u>7,642,526</u> | <u>74,586</u> |
| Ending Budgetary Fund Balance | <u>\$ (5,331,609)</u> | <u>\$ 215,500</u> | <u>\$ 4,710,614</u> | <u>\$ 4,495,114</u> |

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Footnotes to Budgetary Comparison Schedule:

1. The budgetary comparison schedules and budgetary fund balance amounts are reported on the modified cash basis of accounting. In addition, obligations that are required to be funded from ending budgetary fund balances are subtracted from total ending budgetary fund balances to arrive at the unreserved budgetary fund balance. This presentation of unreserved fund balances on a budgetary basis is used to demonstrate compliance with Article 10, § 26 of the Oklahoma State Constitution.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation between departments and object categories require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.
3. The Hospital Authority does not present a budget to actual comparison because it is a Title 60 Public Trust. Title 60 Trust are only required to prepare a budget and submit to the beneficiary, but there are no requirements related to form, content or monitoring, and it is not considered a legal annual budget.
4. The budgetary basis differs from the modified accrual (GAAP) basis as shown in the schedules below:

| GENERAL FUND | Fund Balance | Net Change in | Fund Balance |
|---------------------------------------|----------------------|----------------------|----------------------|
| | June 30, 2019 | Fund Balance | June 30, 2020 |
| Budget to GAAP Reconciliation: | | | |
| Fund Balance - GAAP Basis | \$ 6,244,287 | \$ 244,567 | \$ 6,488,854 |
| Increases (Decreases): | | | |
| Revenues: | | | |
| Receivable | (5,375,769) | (556,645) | (5,932,414) |
| Change in fair value of investments | 927 | (6,013) | (5,086) |
| Other misc items | 688,064 | 435,442 | 1,123,506 |
| Expenditures: | | | |
| Payables | 6,914,163 | 1,719,838 | 8,634,001 |
| Encumbrances | (142,651) | 41,356 | (101,295) |
| Impact of combining accounts: | | | |
| Reimbursed Projects Account | (887,585) | (372,440) | (1,260,025) |
| Employee Activity Account | (20,232) | (35) | (20,267) |
| Activity Account | (350,655) | 1,816 | (348,839) |
| Animals Best Friend Account | (80,941) | (7,045) | (87,986) |
| 29th and Douglas Account | (283) | (5) | (288) |
| Disaster Relief Account | (1,178,187) | 124,374 | (1,053,813) |
| Fund Balance - Budgetary Basis | \$ 5,811,138 | \$ 1,625,210 | \$ 7,436,348 |

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| POLICE FUND | <u>Fund Balance June 30, 2019</u> | <u>Net Change in Fund Balance</u> | <u>Fund Balance June 30, 2020</u> |
|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Budget to GAAP Reconciliation: | | | |
| Fund Balance - GAAP Basis | \$ - | \$ - | \$ - |
| Increases (Decreases): | | | |
| Revenues: | | | |
| Receivable | (3,725,505) | (890,427) | (4,615,932) |
| Change in fair value of investments | 769 | (5,352) | (4,583) |
| Other misc items | (318,516) | (737,951) | (1,056,467) |
| Expenditures: | | | |
| Payables | 731,821 | 33,206 | 765,027 |
| Fund Balance - Budgetary Basis | <u>\$ (3,311,431)</u> | <u>\$ (1,600,524)</u> | <u>\$ (4,911,955)</u> |
| | | | |
| FIRE FUND | <u>Fund Balance June 30, 2019</u> | <u>Net Change in Fund Balance</u> | <u>Fund Balance June 30, 2020</u> |
| Budget to GAAP Reconciliation: | | | |
| Fund Balance - GAAP Basis | \$ - | \$ - | \$ - |
| Increases (Decreases): | | | |
| Revenues: | | | |
| Receivable | (2,862,929) | (728,998) | (3,591,927) |
| Change in fair value of investments | 502 | (3,603) | (3,101) |
| Other misc items | (323,140) | (176,555) | (499,695) |
| Expenditures: | | | |
| Payables | 1,185,891 | (147,718) | 1,038,173 |
| Fund Balance - Budgetary Basis | <u>\$ (1,999,676)</u> | <u>\$ (1,056,874)</u> | <u>\$ (3,056,550)</u> |

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Required Supplementary Information – Pensions

Schedules of Required Supplementary Information

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

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Measurement date | June 30, 2014 | June 30, 2015 | June 30, 2016 | June 30, 2017 | June 30, 2018 | June 30, 2019 |
| City's proportion of the net pension liability (asset) | 2.2929% | 2.3249% | 2.2789% | 2.0280% | 2.0430% | 2.0530% |
| City's proportionate share of the net pension liability (asset) | \$ (772,001) | \$ 94,795 | \$ 3,490,072 | \$ 155,991 | \$ (973,201) | \$ (131,036) |
| City's covered payroll | \$ 6,171,257 | \$ 6,571,604 | \$ 6,720,857 | \$ 6,047,423 | \$ 6,230,526 | \$ 6,683,330 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 12.51% | 1.44% | 51.93% | 2.58% | 15.62% | 1.96% |
| Plan fiduciary net position as a percentage of the total pension liability | 101.53% | 99.82% | 93.50% | 99.68% | 101.89% | 100.24% |

Notes to Schedule:

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

SCHEDULE OF CITY CONTRIBUTIONS

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|---------------------|----------------|----------------|----------------|-----------------|--------------------|
| Statutorily required contribution | \$ 854,309 | \$ 873,711 | \$ 786,165 | \$ 813,621 | \$ 868,833 | \$ 868,833 |
| Contributions in relation to the statutorily required contribution | <u>1,021,780</u> | <u>873,705</u> | <u>786,167</u> | <u>813,621</u> | <u>869,006</u> | <u>906,468</u> |
| Contribution deficiency (excess) | <u>\$ (167,471)</u> | <u>\$ 6</u> | <u>\$ (2)</u> | <u>\$ -</u> | <u>\$ (173)</u> | <u>\$ (37,635)</u> |
| City's covered payroll | \$ 6,571,604 | \$ 6,720,857 | \$ 6,047,423 | \$ 6,230,526 | \$ 6,683,330 | \$ 6,971,293 |
| Contributions as a percentage of covered payroll | 15.55% | 13.00% | 13.00% | 13.06% | 13.00% | 13.00% |

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

Notes to Schedule:

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

The City's contract with the union provides that member contributions will be 3% and employer contributions will be 18% for years 2015-2018

There were no changes in the trends that affected the amounts reported in the schedules.

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Schedules of Required Supplementary Information

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

Last 10 Fiscal Years*

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Measurement date | June 30, 2014 | June 30, 2015 | June 30, 2016 | June 30, 2017 | June 30, 2018 | June 30, 2019 |
| City's proportion of the net pension liability | 2.392% | 2.613% | 2.627% | 2.554% | 2.506% | 2.534% |
| City's proportionate share of the net pension liability | \$ 24,598,661 | \$ 27,733,504 | \$ 32,089,584 | \$ 32,124,179 | \$ 28,208,718 | \$ 26,774,282 |
| City's covered payroll | \$ 6,734,825 | \$ 7,151,904 | \$ 6,922,999 | \$ 7,259,523 | \$ 7,458,084 | \$ 7,834,624 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 365% | 388% | 464% | 443% | 378% | 342% |
| Plan fiduciary net position as a percentage of the total pension liability | 68.12% | 68.27% | 64.87% | 66.61% | 70.73% | 72.58% |

Notes to Schedule:

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

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

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|--------------------|----------------|------------------|------------------|------------------|-------------------|
| Measurement date | June 30, 2014 | June 30, 2015 | June 30, 2016 | June 30, 2017 | June 30, 2018 | June 30, 2019 |
| Statutorily required contribution | \$ 1,001,267 | \$ 969,220 | \$ 1,016,333 | \$ 1,164,029 | \$ 1,096,847 | \$ 1,152,988 |
| Contributions in relation to the statutorily required contribution | <u>1,064,424</u> | <u>969,270</u> | <u>1,016,378</u> | <u>1,164,029</u> | <u>1,096,998</u> | <u>1,007,730</u> |
| Contribution deficiency (excess) | <u>\$ (63,157)</u> | <u>\$ (50)</u> | <u>\$ (45)</u> | <u>\$ -</u> | <u>\$ (151)</u> | <u>\$ 145,258</u> |
| City's covered payroll | \$ 7,151,904 | \$ 6,922,999 | \$ 7,259,523 | \$ 7,458,084 | \$ 7,834,624 | \$ 8,235,629 |
| Contributions as a percentage of covered payroll | 14.88% | 14.00% | 14.00% | 15.61% | 14.00% | 12.24% |

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

Notes to Schedule:

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

The City's contract with the union provides that member contributions will be 5% and employer contributions will be 18% for years 2015-2018

There were no changes in the trends that affected the amounts reported in the schedules.

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Required Supplementary Information – Other Post Employment Benefit (OPEB)

Schedule of Changes in Total OPEB Liability and Related Ratios
Postemployment Health Insurance Implicit Rate Subsidy Plan

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | |
| Service cost | \$ 948,825 | \$ 929,222 | \$ 861,255 |
| Interest | 671,955 | 390,053 | 919,357 |
| Differences between expected and actual experience | - | (145,135) | 373,421 |
| Changes in assumptions | (2,572,581) | (475,835) | 2,032,800 |
| Experience Gain/(Loss) | (862,742) | (869,660) | (881,386) |
| Net increase (decrease) in total OPEB liability | <u>(1,814,543)</u> | <u>(171,355)</u> | <u>3,305,447</u> |
| Balances at Beginning of Year | <u>24,880,674</u> | <u>23,066,131</u> | <u>22,894,776</u> |
| Balances End of Year | <u>\$ 23,066,131</u> | <u>\$ 22,894,776</u> | <u>\$ 26,200,223</u> |
| | | | |
| Covered payroll | \$ 27,950,000 | \$ 28,460,000 | \$ 28,560,000 |
| | | | |
| Total OPEB liability as a percentage of covered payroll | 82.53% | 80.45% | 91.74% |

Notes to Schedule:

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

OTHER SUPPLEMENTARY INFORMATION

**CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2020**

Combining Balance Sheet – General Fund Accounts – June 30, 2020

| | General Fund Accounts | | | | | | | Totals |
|--|-----------------------|--------------------------------|------------------------------|-------------------|--------------------------------|-----------------------------|----------------------------|----------------------|
| | General Fund | Reimbursed Projects Account | Employee Activity Account | Activity Account | Animals Best Friend Account | 29th and Douglas Account | Disaster Relief Account | |
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 4,020,484 | \$ 787,907 | \$ 20,356 | \$ 225,129 | \$ 89,075 | \$ 288 | \$ 661,045 | \$ 5,804,284 |
| Investments | 2,398,739 | 434,883 | - | 124,259 | - | - | 364,862 | 3,322,743 |
| Accounts receivable | 1,590,385 | 38,639 | - | - | 25,093 | - | 234,715 | 1,888,832 |
| Accrued interest receivable | 9,306 | - | - | - | - | - | - | 9,306 |
| Other receivable | 14,511 | - | - | 2,630 | - | - | - | 17,141 |
| Due from other governments | 3,521,415 | - | - | - | - | - | 438 | 3,521,853 |
| Due from other funds | 325,156 | - | - | - | - | - | - | 325,156 |
| Prepaid items | 3,114 | - | - | - | - | - | - | 3,114 |
| Advance from other funds | 468,527 | - | - | - | - | - | - | 468,527 |
| Total assets | <u>\$ 12,351,637</u> | <u>\$ 1,261,429</u> | <u>\$ 20,356</u> | <u>\$ 352,018</u> | <u>\$ 114,168</u> | <u>\$ 288</u> | <u>\$ 1,261,060</u> | <u>\$ 15,360,956</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 114,414 | \$ 1,404 | \$ 89 | \$ 2,320 | \$ 2,493 | \$ - | \$ 7,215 | \$ 127,935 |
| Wages payable | 513,303 | - | - | 859 | - | - | 9,029 | 523,191 |
| Due to other governments | 10,467 | - | - | - | - | - | - | 10,467 |
| Refundable deposits | 114,688 | - | - | - | - | - | - | 114,688 |
| Due to other funds | 6,438,709 | - | - | - | - | - | - | 6,438,709 |
| Total liabilities | <u>7,191,581</u> | <u>1,404</u> | <u>89</u> | <u>3,179</u> | <u>2,493</u> | <u>-</u> | <u>16,244</u> | <u>7,214,990</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| Unavailable revenue | 1,442,420 | - | - | - | 23,689 | - | 191,003 | 1,657,112 |
| Fund balances: | | | | | | | | |
| Nonspendable | 471,641 | - | - | - | - | - | - | 471,641 |
| Restricted | 10,510 | 1,170,201 | - | 348,839 | 35,129 | - | 769,313 | 2,333,992 |
| Assigned | 199,438 | 89,824 | 20,267 | - | 52,857 | 288 | 284,500 | 647,174 |
| Unassigned | 3,036,047 | - | - | - | - | - | - | 3,036,047 |
| Total fund balances | <u>3,717,636</u> | <u>1,260,025</u> | <u>20,267</u> | <u>348,839</u> | <u>87,986</u> | <u>288</u> | <u>1,053,813</u> | <u>6,488,854</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 12,351,637</u> | <u>\$ 1,261,429</u> | <u>\$ 20,356</u> | <u>\$ 352,018</u> | <u>\$ 114,168</u> | <u>\$ 288</u> | <u>\$ 1,261,060</u> | <u>\$ 15,360,956</u> |

CITY OF MIDWEST CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2020

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund
Accounts – Year Ended June 30, 2020

| General Fund Accounts | | | | | | | | |
|---|---------------------|-----------------------------------|------------------------------|-------------------|--------------------------------|-----------------------------|----------------------------|---------------------|
| | General Fund | Reimbursed Projects Account | Employee Activity Account | Activity Account | Animals Best Friend Account | 29th and Douglas Account | Disaster Relief Account | Totals |
| REVENUES | | | | | | | | |
| Taxes | \$ 24,945,429 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 24,945,429 |
| Intergovernmental | 517,573 | 153,653 | - | - | - | - | - | 671,226 |
| Charges for services | 2,178,710 | 98,879 | - | 49,632 | - | - | 61,290 | 2,388,511 |
| Investment income | 169,876 | 16,450 | 333 | 5,845 | 1,435 | 5 | 18,093 | 212,037 |
| Fines & forfeitures | 987,817 | - | - | - | 16,304 | - | - | 1,004,121 |
| Licenses & permits | 565,106 | 4,400 | - | - | - | - | - | 569,506 |
| Miscellaneous | 242,755 | 283,727 | 2,331 | 87,124 | 3,359 | - | 121,218 | 740,514 |
| Total revenues | 29,607,266 | 557,109 | 2,664 | 142,601 | 21,098 | 5 | 200,601 | 30,531,344 |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General government | 4,627,247 | 85,354 | 11,629 | - | - | - | 306,015 | 5,030,245 |
| Public Safety | 1,074,367 | - | - | - | - | - | - | 1,074,367 |
| Streets | 2,536,504 | - | - | - | - | - | - | 2,536,504 |
| Culture and recreation | 775,023 | - | - | 137,417 | - | - | - | 912,440 |
| Health & welfare | 336,467 | - | - | - | 14,053 | - | - | 350,520 |
| Economic development | 3,139,941 | 42,642 | - | - | - | - | - | 3,182,583 |
| Capital outlay | - | 56,673 | - | 7,000 | - | - | 18,960 | 82,633 |
| Debt service: | | | | | | | | |
| Interest and fiscal charges | - | - | - | - | - | - | - | - |
| Total expenditures | 12,489,549 | 184,669 | 11,629 | 144,417 | 14,053 | - | 324,975 | 13,169,292 |
| Revenues over (under) expenditures | 17,117,717 | 372,440 | (8,965) | (1,816) | 7,045 | 5 | (124,374) | 17,362,052 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | 10,887,301 | - | - | - | - | - | - | 10,887,301 |
| Transfers out | (28,004,786) | - | - | - | - | - | - | (28,004,786) |
| Transfers in - interaccount | - | - | 9,000 | - | - | - | - | 9,000 |
| Transfers out - interaccount | (9,000) | - | - | - | - | - | - | (9,000) |
| Total other financing sources (uses) | (17,126,485) | - | 9,000 | - | - | - | - | (17,117,485) |
| Net change in fund balances | (8,768) | 372,440 | 35 | (1,816) | 7,045 | 5 | (124,374) | 244,567 |
| Fund balances - beginning of year | 3,726,404 | 887,585 | 20,232 | 350,655 | 80,941 | 283 | 1,178,187 | 6,244,287 |
| Fund balances - end of year | \$ 3,717,636 | \$ 1,260,025 | \$ 20,267 | \$ 348,839 | \$ 87,986 | \$ 288 | \$ 1,053,813 | \$ 6,488,854 |

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

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2020

| | <u>Special Revenue Funds</u> | | | | | | | | | | | |
|--|------------------------------|----------------------|-----------------------------------|----------------------------------|------------------------|----------------------------|----------------------------|--------------------------------|-------------------------------------|----------------------------|--|------------------------|
| | <u>Grant Fund</u> | <u>Juvenile Fund</u> | <u>Park & Recreation Fund</u> | <u>Emergency Operations Fund</u> | <u>Technology Fund</u> | <u>Welcome Center Fund</u> | <u>Police Impound Fund</u> | <u>Street & Alley Fund</u> | <u>Police Special Projects Fund</u> | <u>Police Lab Fee Fund</u> | <u>Convention/Visitors Bureau Fund</u> | <u>Sooner Rose TIF</u> |
| ASSETS | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 144,245 | \$ 27,943 | \$ 366,300 | \$ 492,694 | \$ 201,307 | \$ 182,488 | \$ 109,036 | \$ 1,034,357 | \$ 214,719 | \$ 23,424 | \$ 184,975 | \$ 1,355,177 |
| Investments | - | - | 202,178 | 271,941 | - | 100,724 | - | 585,892 | - | - | - | 299,051 |
| Accrued interest receivable | - | - | - | - | - | - | - | 2,273 | - | - | - | - |
| Deposits held by others | - | - | - | - | - | - | - | - | - | - | - | - |
| Other receivable | 50,089 | 72,648 | 800 | 559 | 303,513 | - | - | - | - | 12,128 | - | 2,798 |
| Due from other governments | 490,434 | - | 74,530 | 65,308 | - | 15,398 | - | 48,084 | - | - | 28,744 | - |
| Due from other funds | 1,222 | 780 | 70,379 | 3,022 | - | 70,729 | - | - | - | - | 148 | - |
| Inventory | 60,000 | - | - | - | - | - | - | - | - | - | - | - |
| Total assets | <u>745,990</u> | <u>101,371</u> | <u>714,187</u> | <u>833,524</u> | <u>504,820</u> | <u>369,339</u> | <u>109,036</u> | <u>1,670,606</u> | <u>214,719</u> | <u>35,552</u> | <u>213,867</u> | <u>1,657,026</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | |
| Accounts payable and accrued liabilities | 130,121 | - | 5,217 | 1,500 | - | 770 | 4,258 | - | - | 59 | 1,803 | - |
| Wages payable | 26,864 | 4,233 | 4,319 | 17,611 | 4,888 | 5,799 | - | - | - | - | 6,459 | - |
| Due to other funds | 325,156 | - | - | - | - | - | - | - | - | - | - | - |
| Total liabilities | <u>482,141</u> | <u>4,233</u> | <u>9,536</u> | <u>19,111</u> | <u>4,888</u> | <u>6,569</u> | <u>4,258</u> | <u>-</u> | <u>-</u> | <u>59</u> | <u>8,262</u> | <u>-</u> |
| Deferred inflows: | | | | | | | | | | | | |
| Unavailable revenue | 38,871 | 68,545 | 150 | - | 275,681 | - | - | - | - | 11,534 | - | - |
| Fund balances: | | | | | | | | | | | | |
| Nonspendable | 104,062 | - | - | - | - | - | - | - | - | - | - | - |
| Restricted | 120,916 | 28,593 | 704,501 | 814,413 | 224,251 | 362,770 | 104,778 | 1,670,606 | 214,719 | 23,959 | 205,605 | 1,657,026 |
| Assigned | - | - | - | - | - | - | - | - | - | - | - | - |
| Total fund balances | <u>224,978</u> | <u>28,593</u> | <u>704,501</u> | <u>814,413</u> | <u>224,251</u> | <u>362,770</u> | <u>104,778</u> | <u>1,670,606</u> | <u>214,719</u> | <u>23,959</u> | <u>205,605</u> | <u>1,657,026</u> |
| Total liabilities, deferred inflows, and fund balances | <u>\$ 745,990</u> | <u>\$ 101,371</u> | <u>\$ 714,187</u> | <u>\$ 833,524</u> | <u>\$ 504,820</u> | <u>\$ 369,339</u> | <u>\$ 109,036</u> | <u>\$ 1,670,606</u> | <u>\$ 214,719</u> | <u>\$ 35,552</u> | <u>\$ 213,867</u> | <u>\$ 1,657,026</u> |

(continued)

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

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2020

| | Special Revenue Funds | | | | Capital Project Funds | | | | Debt Service Fund | | | Totals | |
|--|-------------------------|--------------------------------|-----------------------------------|---------------------|--------------------------------|--------------------------|-------------------------|--------------------------|------------------------------------|--------------------------|-----------------------------|---------------------|------------------------|
| | Urban Renewal Authority | Economic Development Authority | General Government Sales Tax Fund | Street Light Fee | Downtown Development Authority | 2002 Street Project Fund | Dedicated Tax 2012 Fund | 2018 GO Bond Proprietary | Sales Tax Capital Improvement Fund | Capital Improvement Fund | Capital Outlay Reserve Fund | | G.O. Debt Service Fund |
| ASSETS | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 81,862 | \$ 6,668,163 | \$ 2,364,461 | \$ 1,185,666 | \$ 1,517,114 | \$ 202,888 | \$ 1,178,733 | \$ 6,842,460 | \$ - | \$ 1,612,772 | \$ 565,942 | \$ 1,202,149 | \$ 27,758,875 |
| Investments | - | 1,046,777 | 1,339,304 | 671,598 | 859,340 | 111,984 | 667,671 | 3,875,782 | - | 913,524 | 312,370 | 680,935 | 11,939,071 |
| Accrued interest receivable | - | 4,061 | 5,196 | 2,606 | 3,334 | - | 2,590 | 15,037 | - | 3,544 | - | 2,642 | 41,283 |
| Deposits held by others | - | - | - | - | 500 | 300 | - | - | - | 4,500 | - | - | 5,300 |
| Other receivable | - | 250,779 | - | 81,142 | - | - | - | - | - | - | - | - | 774,456 |
| Due from other governments | - | - | 354,770 | - | - | - | 66,671 | - | 849,182 | 28,315 | - | 3,640,197 | 5,661,633 |
| Due from other funds | - | - | 100,832 | - | - | - | - | - | - | 50,688 | - | - | 297,800 |
| Inventory | - | - | - | - | - | - | - | - | - | - | - | - | 60,000 |
| Total assets | <u>81,862</u> | <u>7,969,780</u> | <u>4,164,563</u> | <u>1,941,012</u> | <u>2,380,288</u> | <u>315,172</u> | <u>1,915,665</u> | <u>10,733,279</u> | <u>849,182</u> | <u>2,613,343</u> | <u>878,312</u> | <u>5,525,923</u> | <u>46,538,418</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | |
| Accounts payable and accrued liabilities | 1,493 | 43,238 | 10,243 | 48,665 | 13,502 | - | - | 15,600 | - | 53,049 | - | - | 329,518 |
| Wages payable | - | - | 28,944 | 1,063 | - | - | - | - | - | - | - | - | 100,180 |
| Due to other funds | - | - | - | - | - | - | - | - | 849,182 | - | - | - | 1,174,338 |
| Total liabilities | <u>1,493</u> | <u>43,238</u> | <u>39,187</u> | <u>49,728</u> | <u>13,502</u> | <u>-</u> | <u>-</u> | <u>15,600</u> | <u>849,182</u> | <u>53,049</u> | <u>-</u> | <u>-</u> | <u>1,604,036</u> |
| Deferred inflows: | | | | | | | | | | | | | |
| Unavailable revenue | - | 1,590 | - | - | - | - | - | - | - | - | - | 3,605,458 | 4,001,829 |
| Fund balances: | | | | | | | | | | | | | |
| Nonspendable | - | - | - | - | 500 | 300 | - | - | - | 4,500 | - | - | 109,362 |
| Restricted | 3,804 | 7,924,952 | 4,125,376 | 1,891,284 | 1,818,805 | 314,872 | 1,915,665 | 10,717,679 | - | 2,462,259 | 746,651 | 1,920,465 | 39,973,949 |
| Assigned | 76,565 | - | - | - | 547,481 | - | - | - | - | 93,535 | 131,661 | - | 849,242 |
| Total fund balances | <u>80,369</u> | <u>7,924,952</u> | <u>4,125,376</u> | <u>1,891,284</u> | <u>2,366,786</u> | <u>315,172</u> | <u>1,915,665</u> | <u>10,717,679</u> | <u>-</u> | <u>2,560,294</u> | <u>878,312</u> | <u>1,920,465</u> | <u>40,932,553</u> |
| Total liabilities, deferred inflows, and fund balances | <u>\$ 81,862</u> | <u>\$ 7,969,780</u> | <u>\$ 4,164,563</u> | <u>\$ 1,941,012</u> | <u>\$ 2,380,288</u> | <u>\$ 315,172</u> | <u>\$ 1,915,665</u> | <u>\$ 10,733,279</u> | <u>\$ 849,182</u> | <u>\$ 2,613,343</u> | <u>\$ 878,312</u> | <u>\$ 5,525,923</u> | <u>\$ 46,538,418</u> |

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

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

| | Special Revenue Funds | | | | | | | | | | | |
|---------------------------------------|-----------------------|---------------|------------------------|---------------------------|-----------------|---------------------|---------------------|---------------------|------------------------------|---------------------|---------------------------------|------------------|
| | Grant Fund | Juvenile Fund | Park & Recreation Fund | Emergency Operations Fund | Technology Fund | Welcome Center Fund | Police Impound Fund | Street & Alley Fund | Police Special Projects Fund | Police Lab Fee Fund | Convention/Visitors Bureau Fund | Sooner Rose TIF |
| REVENUES | | | | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ 547,954 | \$ 521,226 | \$ - | \$ 160,655 | \$ - | \$ - | \$ - | \$ - | \$ 299,888 | \$ 582,129 |
| Intergovernmental | 1,272,519 | - | - | - | - | - | - | 506,178 | - | - | - | - |
| Charges for services | - | - | 300 | 4,542 | 242,687 | - | 43,800 | - | - | - | - | - |
| Investment income | 10 | 276 | 11,254 | 12,608 | 2,896 | 6,191 | 2,242 | 31,383 | 3,220 | 390 | 3,639 | 60,754 |
| Fines & forfeitures | - | 43,213 | - | - | 8,231 | - | - | - | 1,256 | 8,731 | - | - |
| Licenses & permits | - | - | - | - | 23,400 | - | - | - | - | - | - | - |
| Miscellaneous | 17,468 | - | 6,257 | 1,725 | - | 37,552 | - | 1,424 | 32,440 | - | 7,050 | 5,654 |
| Total revenues | 1,289,997 | 43,489 | 565,765 | 540,101 | 277,214 | 204,398 | 46,042 | 538,985 | 36,916 | 9,121 | 310,577 | 648,537 |
| EXPENDITURES | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| General government | - | - | - | - | 321,623 | - | - | - | - | - | - | - |
| Public safety | 162,726 | 85,012 | - | 407,922 | - | - | 69,957 | - | 29,677 | 7,980 | - | - |
| Streets | - | - | - | - | - | - | - | 51,733 | - | - | - | - |
| Culture and recreation | - | - | 303,505 | - | - | 189,062 | - | - | - | - | - | - |
| Economic development | 765,029 | - | - | - | - | - | - | - | - | - | 336,681 | 4,758,376 |
| Capital outlay | 554,369 | 1,493 | 220,823 | 1,987 | - | 817 | - | 141,936 | 5,000 | - | - | - |
| Debt service: | | | | | | | | | | | | |
| Principal retirement | - | - | - | - | - | - | - | - | - | - | - | 380,000 |
| Interest and fiscal charges | - | - | - | - | - | - | - | - | - | - | - | 839,918 |
| Total expenditures | 1,482,124 | 86,505 | 524,328 | 409,909 | 321,623 | 189,879 | 69,957 | 193,669 | 34,677 | 7,980 | 336,681 | 5,978,294 |
| Revenues over (under) expenditures | (192,127) | (43,016) | 41,437 | 130,192 | (44,409) | 14,519 | (23,915) | 345,316 | 2,239 | 1,141 | (26,104) | (5,329,757) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | |
| Transfers in | 213,291 | 40,000 | - | 20,000 | 90,000 | - | - | 21,552 | - | - | - | - |
| Transfers out | (20,000) | - | - | (90,000) | - | - | (27,413) | - | - | - | - | - |
| Total other financing sources (uses) | 193,291 | 40,000 | - | (70,000) | 90,000 | - | (27,413) | 21,552 | - | - | - | - |
| Net change in fund balances | 1,164 | (3,016) | 41,437 | 60,192 | 45,591 | 14,519 | (51,328) | 366,868 | 2,239 | 1,141 | (26,104) | (5,329,757) |
| Fund balances - beginning of year | 223,814 | 31,609 | 663,064 | 754,221 | 178,660 | 348,251 | 156,106 | 1,303,738 | 212,480 | 22,818 | 231,709 | 6,986,783 |
| Fund balances - end of year | \$ 224,978 | \$ 28,593 | \$ 704,501 | \$ 814,413 | \$ 224,251 | \$ 362,770 | \$ 104,778 | \$ 1,670,606 | \$ 214,719 | \$ 23,959 | \$ 205,605 | \$ 1,657,026 |

(continued)

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

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

| | Special Revenue Funds | | | | | Capital Project Funds | | | | | Debt Service Fund | | Totals |
|---------------------------------------|-------------------------|--------------------------------|-----------------------------------|------------------|--------------------------------|--------------------------|-------------------------|--------------------------|------------------------------------|--------------------------|-----------------------------|------------------------|-------------------|
| | Urban Renewal Authority | Economic Development Authority | General Government Sales Tax Fund | Street Light Fee | Downtown Development Authority | 2002 Street Project Fund | Dedicated Tax 2012 Fund | 2018 GO Bond Proprietary | Sales Tax Capital Improvement Fund | Capital Improvement Fund | Capital Outlay Reserve Fund | G.O. Debt Service Fund | |
| REVENUES | | | | | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ 2,498,473 | \$ - | \$ - | \$ - | \$ 468,252 | \$ - | \$ 5,976,795 | \$ 186,161 | \$ - | \$ 2,779,749 | \$ 14,021,282 |
| Intergovernmental | - | - | - | - | - | - | - | - | - | 10,794 | - | - | 1,789,491 |
| Charges for services | - | 4,667,092 | - | 579,271 | - | - | - | - | - | - | - | - | 5,537,692 |
| Investment income | 806 | 53,544 | 80,829 | 42,842 | 54,605 | 6,710 | 39,385 | 250,958 | 4,002 | 57,005 | 15,048 | 31,797 | 772,394 |
| Fines & forfeitures | - | - | - | - | - | - | - | - | - | - | - | - | 61,431 |
| Licenses & permits | - | - | - | - | - | - | - | - | - | 76,673 | - | - | 100,073 |
| Miscellaneous | 50,500 | 1,090 | 58,545 | 4,200 | - | - | 11,500 | - | - | - | - | 3,250 | 238,655 |
| Total revenues | 51,306 | 4,721,726 | 2,637,847 | 626,313 | 54,605 | 6,710 | 519,137 | 250,958 | 5,980,797 | 330,633 | 15,048 | 2,814,796 | 22,521,018 |
| EXPENDITURES | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | |
| General government | - | - | 1,666,751 | - | - | - | - | - | - | - | - | - | 1,988,374 |
| Public safety | - | - | - | - | - | - | - | - | - | - | - | - | 763,274 |
| Streets | - | - | - | 418,490 | - | - | 33,899 | - | - | 33,382 | - | - | 537,504 |
| Culture and recreation | - | - | - | - | - | - | - | - | - | - | - | - | 492,567 |
| Economic development | 1,493 | 671,251 | - | - | 11,365 | - | - | - | - | - | - | - | 6,544,195 |
| Capital outlay | 3,115 | 1,674,236 | 391,543 | - | 8,457 | 135,856 | 142,783 | 282,014 | - | 493,308 | 34,256 | - | 4,091,993 |
| Debt service: | | | | | | | | | | | | | |
| Principal retirement | - | 910,000 | - | - | - | - | - | - | - | - | - | 325,000 | 1,615,000 |
| Interest and fiscal charges | - | 2,059,838 | - | - | - | - | - | - | - | - | - | 1,137,260 | 4,037,016 |
| Total expenditures | 4,608 | 5,315,325 | 2,058,294 | 418,490 | 19,822 | 135,856 | 176,682 | 282,014 | - | 526,690 | 34,256 | 1,462,260 | 20,069,923 |
| Revenues over (under) expenditures | 46,698 | (593,599) | 579,553 | 207,823 | 34,783 | (129,146) | 342,455 | (31,056) | 5,980,797 | (196,057) | (19,208) | 1,352,536 | 2,451,095 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | | |
| Transfers in | - | 1,678,654 | 48,173 | - | - | - | - | - | - | 486,546 | - | - | 2,598,216 |
| Transfers out | - | (125,000) | - | - | (2,100) | - | - | - | (5,980,797) | - | - | (23,624) | (6,268,934) |
| Total other financing sources (uses) | - | 1,553,654 | 48,173 | - | (2,100) | - | - | - | (5,980,797) | 486,546 | - | (23,624) | (3,670,718) |
| Net change in fund balances | 46,698 | 960,055 | 627,726 | 207,823 | 32,683 | (129,146) | 342,455 | (31,056) | - | 290,489 | (19,208) | 1,328,912 | (1,219,623) |
| Fund balances - beginning of year | 33,671 | 6,964,897 | 3,497,650 | 1,683,461 | 2,334,103 | 444,318 | 1,573,210 | 10,748,735 | - | 2,269,805 | 897,520 | 591,553 | 42,152,176 |
| Fund balances - end of year | \$ 80,369 | \$ 7,924,952 | \$ 4,125,376 | \$ 1,891,284 | \$ 2,366,786 | \$ 315,172 | \$ 1,915,665 | \$ 10,717,679 | \$ - | \$ 2,560,294 | \$ 878,312 | \$ 1,920,465 | \$ 40,932,553 |

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

Combining Schedule of Net Position – Midwest City Municipal Authority Accounts – June 30, 2020

| Midwest City Municipal Authority | | | | | | | | | | | |
|--|---------------|---------------|--------------------|---------------------------------|------------------|----------------------|--------------------------|---------------------------|--------------------------|----------------------|----------------|
| | Water Account | Sewer Account | Sanitation Account | Conference Center/Hotel Account | Drainage Account | Debt Service Account | Utility Services Account | Utilities Capital Account | Customer Deposit Account | Golf Courses Account | Total |
| ASSETS | | | | | | | | | | | |
| Current assets: | | | | | | | | | | | |
| Cash and cash equivalents | \$ 3,792,444 | \$ 4,302,316 | \$ 1,753,502 | \$ 788,148 | \$ 384,135 | \$ - | \$ 275,695 | \$ 1,941,073 | \$ - | \$ 197,169 | \$ 13,434,482 |
| Cash and cash equivalents, restricted | - | - | - | - | - | 12,879,819 | - | - | 985,652 | - | 13,865,471 |
| Investments | 2,134,872 | 2,310,500 | 993,238 | 197,017 | 212,022 | - | 152,169 | 1,099,484 | - | 107,654 | 7,206,956 |
| Accounts receivable, net | 1,293,455 | 1,164,498 | 1,019,396 | 66,538 | 64,400 | - | 65,440 | - | 30 | - | 3,673,757 |
| Other receivable | - | - | - | 82,903 | - | - | - | 80,465 | - | 4,766 | 168,134 |
| Accrued interest receivable | 6,319 | 6,173 | 3,853 | - | - | - | - | 4,266 | 2,166 | - | 22,777 |
| Prepaid items | - | - | - | 6,454 | - | - | - | - | - | - | 6,454 |
| Inventory | 175,581 | 96,462 | - | - | - | - | - | - | - | 3,040 | 275,083 |
| Due from other funds - interaccount | - | 15,233 | - | - | - | - | - | - | 3,803 | - | 19,036 |
| Due from other funds | 17,948 | 28,044 | 140,848 | 13,161 | - | 798,494 | - | - | - | 2,514 | 1,001,009 |
| Total current assets | 7,420,619 | 7,923,226 | 3,910,837 | 1,154,221 | 660,557 | 13,678,313 | 493,304 | 3,125,288 | 991,651 | 315,143 | 39,673,159 |
| Non-current assets: | | | | | | | | | | | |
| Investments, restricted | - | - | - | - | - | - | - | - | 558,304 | - | 558,304 |
| Due from other funds - interaccount | 822,169 | - | - | - | - | - | - | - | - | - | 822,169 |
| Land, construction in progress, and water rights | 8,165,433 | 932,121 | 700,000 | 1,224,414 | 1,250 | - | - | 262,000 | - | 232,057 | 11,517,275 |
| Other capital assets, net | 18,332,002 | 71,327,907 | 4,206,271 | 19,408,732 | 13,165,779 | - | 30,967 | 5,521,118 | - | 1,276,578 | 133,269,354 |
| Total non-current assets | 27,319,604 | 72,260,028 | 4,906,271 | 20,633,146 | 13,167,029 | - | 30,967 | 5,783,118 | 558,304 | 1,508,635 | 146,167,102 |
| Total assets | 34,740,223 | 80,183,254 | 8,817,108 | 21,787,367 | 13,827,586 | 13,678,313 | 524,271 | 8,908,406 | 1,549,955 | 1,823,778 | 185,840,261 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | | | | |
| Deferred amount on refunding | - | - | - | - | - | 821,097 | - | - | - | - | 821,097 |
| Deferred amount related to OPEB | 253,625 | 197,854 | 161,910 | - | 14,266 | - | 126,458 | - | - | 29,025 | 783,138 |
| Total deferred inflows | 253,625 | 197,854 | 161,910 | - | 14,266 | 821,097 | 126,458 | - | - | 29,025 | 1,604,235 |
| LIABILITIES | | | | | | | | | | | |
| Current liabilities: | | | | | | | | | | | |
| Accounts payable and accrued liabilities | 272,289 | 248,185 | 176,303 | 469,699 | 22 | - | 13,404 | 344,245 | - | 10,038 | 1,534,185 |
| Wages payable | 125,723 | 166,348 | 58,040 | 36,406 | 11,287 | - | 44,337 | - | - | 38,446 | 480,587 |
| Due to other funds - interaccount | 3,803 | - | - | - | - | 15,233 | - | - | - | - | 19,036 |
| Due to other funds | - | - | - | - | - | - | - | - | - | 140,758 | 140,758 |
| Accrued interest payable | - | - | - | - | - | 565,102 | - | - | - | - | 565,102 |
| Accrued compensated absences | 150,997 | 164,931 | 40,299 | 46,158 | 15,388 | - | 49,064 | - | - | 38,917 | 505,754 |
| Refundable deposits | - | - | - | 14,303 | - | - | - | - | 154,325 | - | 168,628 |
| Revenue bonds payable | - | - | - | - | - | 4,525,000 | - | - | - | - | 4,525,000 |
| Total current liabilities | 552,812 | 579,464 | 274,642 | 566,566 | 26,697 | 5,105,335 | 106,805 | 344,245 | 154,325 | 228,159 | 7,939,050 |
| Non-current liabilities: | | | | | | | | | | | |
| Accrued compensated absences | 301,994 | 329,861 | 80,597 | 12,367 | 30,776 | - | 98,128 | - | - | 77,833 | 931,556 |
| Total OPEB liability | 1,595,094 | 1,589,109 | 961,672 | - | 117,538 | - | 643,252 | - | - | 213,705 | 5,120,370 |
| Due to other funds - interaccount | - | - | - | - | - | - | - | 822,169 | - | - | 822,169 |
| Refundable deposits | - | - | - | - | - | - | - | - | 1,388,928 | - | 1,388,928 |
| Notes payable | 2,280,047 | - | - | - | - | - | - | - | - | - | 2,280,047 |
| Revenue bonds payable, net | - | - | - | - | - | 49,290,430 | - | - | - | - | 49,290,430 |
| Total non-current liabilities | 4,177,135 | 1,918,970 | 1,042,269 | 12,367 | 148,314 | 49,290,430 | 741,380 | 822,169 | 1,388,928 | 291,538 | 59,833,500 |
| Total liabilities | 4,729,947 | 2,498,434 | 1,316,911 | 578,933 | 175,011 | 54,395,765 | 848,185 | 1,166,414 | 1,543,253 | 519,697 | 67,772,550 |
| DEFERRED INFLOW OF RESOURCES | | | | | | | | | | | |
| Deferred amount related to OPEB | 290,960 | 777,505 | 124,800 | - | 47,170 | - | 147,075 | - | - | 173,167 | 1,560,677 |
| NET POSITION | | | | | | | | | | | |
| Net investment in capital assets | 24,217,389 | 72,260,027 | 4,906,273 | 20,633,150 | 13,167,029 | (58,478,682) | 30,967 | 5,783,118 | - | 1,508,635 | 84,027,906 |
| Restricted for debt service | - | - | - | - | - | 1,541,810 | - | - | - | - | 1,541,810 |
| Restricted for other purposes | - | - | - | - | - | - | 55,501 | - | - | - | 50,660 |
| Unrestricted (deficit) | 5,755,552 | 4,845,142 | 2,631,034 | 575,284 | 452,642 | 17,040,517 | (430,999) | 1,958,874 | 6,702 | (399,356) | 32,435,392 |
| Total net position | \$ 29,972,941 | \$ 77,105,169 | \$ 7,537,307 | \$ 21,208,434 | \$ 13,619,671 | \$ (39,896,355) | \$ (344,531) | \$ 7,741,992 | \$ 6,702 | \$ 1,159,939 | \$ 118,111,269 |

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

Combining Schedule of Revenues, Expenses and Changes in Net Position – Midwest City Municipal Authority Accounts – Year Ended June 30, 2020

| Midwest City Municipal Authority | | | | | | | | | | | |
|--|----------------------|----------------------|---------------------------|--|-------------------------|-----------------------------|---------------------------------|----------------------------------|---------------------------------|-----------------------------|-----------------------|
| | Water Account | Sewer Account | Sanitation Account | Conference Center/Hotel Account | Drainage Account | Debt Service Account | Utility Services Account | Utilities Capital Account | Customer Deposit Account | Golf Courses Account | Total |
| OPERATING REVENUES | | | | | | | | | | | |
| Charges for services | \$ 7,637,906 | \$ 8,198,499 | \$ 7,209,685 | \$ 3,682,760 | \$ 460,432 | \$ - | \$ 1,094,821 | \$ - | \$ - | \$ 1,101,994 | \$ 29,386,097 |
| Fees, licenses and permits | 9,825 | 16,360 | - | - | - | - | - | - | - | - | 26,185 |
| Miscellaneous | 42,501 | 905 | 8,961 | 45,151 | 800 | - | 5,583 | 212,700 | - | 252 | 316,853 |
| Total operating revenues | <u>7,690,232</u> | <u>8,215,764</u> | <u>7,218,646</u> | <u>3,727,911</u> | <u>461,232</u> | <u>-</u> | <u>1,100,404</u> | <u>212,700</u> | <u>-</u> | <u>1,102,246</u> | <u>29,729,135</u> |
| OPERATING EXPENSES | | | | | | | | | | | |
| Personal services | 2,363,791 | 3,305,772 | 1,300,504 | 1,694,517 | 254,709 | - | 931,510 | - | - | 686,353 | 10,537,156 |
| Materials and supplies | 838,698 | 807,021 | 1,160,797 | 855,417 | 81,252 | - | 25,958 | - | - | 197,658 | 3,966,801 |
| Other services and charges | 1,654,989 | 1,336,333 | 2,532,714 | 1,222,155 | 35,596 | - | 172,260 | 54,513 | - | 77,727 | 7,086,287 |
| Depreciation and amortization | 740,505 | 2,966,503 | 538,784 | 877,723 | 276,782 | - | 4,083 | 437,876 | - | 118,406 | 5,960,662 |
| Total operating expenses | <u>5,597,983</u> | <u>8,415,629</u> | <u>5,532,799</u> | <u>4,649,812</u> | <u>648,339</u> | <u>-</u> | <u>1,133,811</u> | <u>492,389</u> | <u>-</u> | <u>1,080,144</u> | <u>27,550,906</u> |
| Operating income (loss) | <u>2,092,249</u> | <u>(199,865)</u> | <u>1,685,847</u> | <u>(921,901)</u> | <u>(187,107)</u> | <u>-</u> | <u>(33,407)</u> | <u>(279,689)</u> | <u>-</u> | <u>22,102</u> | <u>2,178,229</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | | | | | | | | |
| Investment income | 136,248 | 133,564 | 56,494 | - | 9,168 | 162,383 | 7,484 | 296,072 | 32,018 | 2,442 | 835,873 |
| Interest expense and fiscal charges | - | - | - | - | - | (1,853,433) | - | (33,577) | - | - | (1,887,010) |
| Gain (loss) on asset retirement | 175 | (2,192) | 36,189 | 316 | - | - | - | (122,042) | - | - | (87,554) |
| Other non-operating revenue | - | 5,000 | 49,834 | - | - | 4,690 | - | - | - | - | 59,524 |
| Total non-operating revenue (expenses) | <u>136,423</u> | <u>136,372</u> | <u>142,517</u> | <u>316</u> | <u>9,168</u> | <u>(1,686,360)</u> | <u>7,484</u> | <u>140,453</u> | <u>32,018</u> | <u>2,442</u> | <u>(1,079,167)</u> |
| Income (loss) before contributions and transfers | <u>2,228,672</u> | <u>(63,493)</u> | <u>1,828,364</u> | <u>(921,585)</u> | <u>(177,939)</u> | <u>(1,686,360)</u> | <u>(25,923)</u> | <u>(139,236)</u> | <u>32,018</u> | <u>24,544</u> | <u>1,099,062</u> |
| Capital contributions | - | 380,702 | - | - | - | - | - | - | - | 52,535 | 433,237 |
| Transfers in - interaccount | 87,758 | - | - | 892,973 | - | 981,668 | - | 167,958 | - | - | 2,130,357 |
| Transfers out - interaccount | (167,958) | (981,668) | - | - | - | (892,973) | - | - | (87,758) | - | (2,130,357) |
| Transfers in | - | - | - | - | - | 14,053,051 | - | - | - | - | 14,053,051 |
| Transfers out | (770,011) | (814,006) | (763,936) | - | - | (8,558,800) | - | - | - | - | (10,906,753) |
| Change in net position | 1,378,461 | (1,478,465) | 1,064,428 | (28,612) | (177,939) | 3,896,586 | (25,923) | 28,722 | (55,740) | 77,079 | 4,678,597 |
| Total net position - beginning | 28,594,480 | 78,583,634 | 6,472,879 | 21,237,046 | 13,797,610 | (43,792,941) | (318,608) | 7,713,270 | 62,442 | 1,082,860 | 113,432,672 |
| Total net position - ending | <u>\$ 29,972,941</u> | <u>\$ 77,105,169</u> | <u>\$ 7,537,307</u> | <u>\$ 21,208,434</u> | <u>\$ 13,619,671</u> | <u>\$ (39,896,355)</u> | <u>\$ (344,531)</u> | <u>\$ 7,741,992</u> | <u>\$ 6,702</u> | <u>\$ 1,159,939</u> | <u>\$ 118,111,269</u> |

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

Combining Schedule of Cash Flows – Midwest City Municipal Authority Accounts – June 30, 2020

| | Midwest City Municipal Authority | | | | | | | | | | |
|--|----------------------------------|---------------------|---------------------|---------------------------------|-------------------|----------------------|--------------------------|---------------------------|--------------------------|----------------------|----------------------|
| | Water Account | Sewer Account | Sanitation Account | Conference Center/Hotel Account | Drainage Account | Debt Service Account | Utility Services Account | Utilities Capital Account | Customer Deposit Account | Golf Courses Account | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | | | | | |
| Receipts from customers | \$ 7,440,947 | \$ 8,190,830 | \$ 7,242,533 | \$ 3,956,781 | \$ 461,521 | \$ 4,690 | \$ 1,106,357 | \$ 271,722 | \$ 2,594 | \$ 1,104,503 | \$ 29,782,478 |
| Payments to suppliers | (2,766,335) | (2,297,924) | (3,685,818) | (1,939,866) | (159,231) | - | (198,512) | 216,336 | - | (277,632) | (11,108,982) |
| Payments to employees | (2,276,564) | (3,352,903) | (1,246,453) | (1,661,648) | (262,945) | - | (915,716) | - | - | (737,855) | (10,454,084) |
| Receipts (payments) from interfund loans | (59,873) | (1,337) | (65,832) | (316) | - | (95,449) | - | - | 59,698 | 100,350 | (62,759) |
| Receipt of customer deposits | - | - | - | - | - | - | - | - | 486,373 | - | 486,373 |
| Return of customer deposits | - | - | - | - | - | - | - | - | (439,639) | - | (439,639) |
| Net cash provided by (used in) operating activities | 2,338,175 | 2,538,666 | 2,244,430 | 354,951 | 39,345 | (90,759) | (7,871) | 488,058 | 109,026 | 189,366 | 8,203,387 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | | | | | |
| Transfers from other funds - interaccount | 87,758 | - | - | 892,973 | - | 981,668 | - | 167,958 | - | - | 2,130,357 |
| Transfers to other funds - interaccount | (167,958) | (981,668) | - | - | - | (892,973) | - | - | (87,758) | - | (2,130,357) |
| Transfers from other funds | - | - | - | - | - | 14,053,051 | - | - | - | - | 14,053,051 |
| Transfers to other funds | (770,011) | (814,006) | (763,936) | - | - | (8,558,800) | - | - | - | - | (10,906,753) |
| Net cash provided by (used in) noncapital financing activities | (850,211) | (1,795,674) | (763,936) | 892,973 | - | 5,882,946 | - | 167,958 | (87,758) | - | 3,146,298 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | | | | | |
| Capital assets purchased | (3,451,632) | (495,166) | (838,196) | (1,360,436) | (3,376) | - | - | (752,750) | - | - | (6,901,556) |
| Principal paid on capital debt | - | - | - | - | - | (4,365,000) | - | - | - | - | (4,365,000) |
| Proceeds issuance of debt | 2,280,047 | - | - | - | - | - | - | - | - | - | 2,280,047 |
| Payments of interfund loan for capital purchases | 134,382 | - | - | - | - | - | - | (134,382) | - | - | - |
| Interest and fiscal charges paid on capital debt | - | - | - | - | - | (2,139,860) | - | (33,577) | - | - | (2,173,437) |
| Proceeds from sale of capital assets | 175 | (2,192) | 65,833 | 316 | - | - | - | - | - | - | 64,132 |
| Net cash provided by (used in) capital and related financing activities | (1,037,028) | (497,358) | (772,363) | (1,360,120) | (3,376) | (6,504,860) | - | (920,709) | - | - | (11,095,814) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | |
| Sale (purchase) of investments | 384,851 | 583,917 | (54,079) | 105,859 | 44,468 | - | 47,174 | 324,700 | 137,769 | (105,743) | 1,468,916 |
| Interest and dividends | 131,374 | 128,432 | 52,774 | - | 9,168 | 162,383 | 7,484 | 292,874 | 28,668 | 2,441 | 815,598 |
| Net cash provided by (used in) investing activities | 516,225 | 712,349 | (1,305) | 105,859 | 53,636 | 162,383 | 54,658 | 617,574 | 166,437 | (103,302) | 2,284,514 |
| Net increase (decrease) in cash and cash equivalents | 967,161 | 957,983 | 706,826 | (6,337) | 89,605 | (850,290) | 46,787 | 352,881 | 187,705 | 86,064 | 2,538,385 |
| Balances - beginning of year | 2,825,283 | 3,344,333 | 1,046,676 | 794,485 | 294,530 | 13,730,109 | 228,908 | 1,588,192 | 797,947 | 111,105 | 24,761,568 |
| Balances - end of year | \$ 3,792,444 | \$ 4,302,316 | \$ 1,753,502 | \$ 788,148 | \$ 384,135 | \$ 12,879,819 | \$ 275,695 | \$ 1,941,073 | \$ 985,652 | \$ 197,169 | \$ 27,299,953 |
| Reconciliation to Statement of Net Position: | | | | | | | | | | | |
| Cash and cash equivalents | \$ 3,792,444 | \$ 4,302,316 | \$ 1,753,502 | \$ 788,148 | \$ 384,135 | \$ - | \$ 275,695 | \$ 1,941,073 | \$ - | \$ 197,169 | \$ 13,434,482 |
| Restricted cash and cash equivalents | - | - | - | - | - | 12,879,819 | - | - | 985,652 | - | 13,865,471 |
| Total cash and cash equivalents | \$ 3,792,444 | \$ 4,302,316 | \$ 1,753,502 | \$ 788,148 | \$ 384,135 | \$ 12,879,819 | \$ 275,695 | \$ 1,941,073 | \$ 985,652 | \$ 197,169 | \$ 27,299,953 |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | | | | | | | |
| Operating income (loss) | \$ 2,092,249 | \$ (199,865) | \$ 1,685,847 | \$ (921,901) | \$ (187,107) | \$ - | \$ (33,407) | \$ (279,689) | \$ - | \$ 22,102 | \$ 2,178,229 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | | | | | | |
| Depreciation expense | 740,505 | 2,966,503 | 538,784 | 877,723 | 276,782 | 4,690 | 4,083 | 437,876 | - | 118,406 | 5,965,352 |
| Other nonoperating revenue | - | 5,000 | 49,834 | - | - | - | - | - | - | - | 54,834 |
| Change in assets and liabilities: | | | | | | | | | | | |
| Receivables, net | (254,339) | (29,934) | (25,947) | 244,195 | 289 | - | 5,953 | - | 2,594 | 2,257 | (54,932) |
| Other receivable | 5,054 | - | (2,832) | - | - | - | - | 59,022 | - | - | 61,244 |
| Due from other funds | (175) | (1,337) | (65,832) | (316) | - | (96,759) | - | - | 59,698 | - | (104,721) |
| Prepaid items | - | - | - | (965) | - | - | - | - | - | - | (965) |
| Inventory | 9,467 | (3,125) | - | - | - | - | - | - | - | - | (763) |
| Accounts payable | (282,115) | (151,445) | 7,693 | 138,671 | (42,383) | - | (294) | 270,849 | - | (1,484) | (60,508) |
| Deferred outflows OPEB | (193,661) | (113,573) | (56,712) | - | (8,484) | - | (33,159) | - | - | (14,689) | (420,278) |
| Due to other funds | (59,698) | - | - | - | - | 1,310 | - | - | - | - | 100,350 |
| Due to employees | 19,063 | 14,001 | 7,023 | 8,477 | (1,807) | - | 3,639 | - | - | - | 52,532 |
| Refundable deposits | - | - | - | (12,493) | - | - | - | - | 46,734 | - | 34,241 |
| Total OPEB liability | 283,935 | (502,578) | 31,206 | - | (28,678) | - | (50,610) | - | - | (105,312) | (372,037) |
| Accrued compensated absences | 52,483 | 31,158 | 14,565 | 24,392 | (1,878) | - | (802) | - | - | (25,198) | 94,720 |
| Deferred inflows OPEB | (74,593) | 523,861 | 57,969 | - | 32,611 | - | 96,726 | - | - | 91,561 | 728,135 |
| Net cash provided by (used in) operating activities | \$ 2,338,175 | \$ 2,538,666 | \$ 2,244,430 | \$ 354,951 | \$ 39,345 | \$ (90,759) | \$ (7,871) | \$ 488,058 | \$ 109,026 | \$ 189,366 | \$ 8,203,387 |
| Noncash activities: | | | | | | | | | | | |
| Contributed capital assets - from governmental funds | \$ - | \$ 380,702 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 52,535 | \$ 433,237 |

CITY OF MIDWEST CITY, OKLAHOMA
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Combining Statement of Net Position– Internal Service Funds – June 30, 2020

| | Public Works Administration | Fleet Services Fund | Surplus Property Fund | Risk Management Fund | L & H Benefits Fund | Worker's Comp Fund | Totals |
|--|--------------------------------|------------------------|--------------------------|----------------------------|------------------------|-----------------------|---------------------|
| ASSETS | | | | | | | |
| Current assets: | | | | | | | |
| Cash and cash equivalents | \$ 416,931 | \$ 394,451 | \$ 302,574 | \$ 854,342 | \$ 1,130,263 | \$ 2,139,980 | \$ 5,238,541 |
| Investments | 230,124 | 217,716 | 165,896 | 471,552 | 640,216 | 1,212,151 | 2,937,655 |
| Receivables: | | | | | | | |
| Accounts receivable | - | - | 39,068 | 11,147 | 24,595 | 16,567 | 91,377 |
| Accrued interest receivable | - | - | - | - | 2,484 | 4,703 | 7,187 |
| Due from other funds | 3 | 3,604 | - | - | - | - | 3,607 |
| Inventories | - | 41,545 | - | - | - | - | 41,545 |
| Total current assets | <u>647,058</u> | <u>657,316</u> | <u>507,538</u> | <u>1,337,041</u> | <u>1,797,558</u> | <u>3,373,401</u> | <u>8,319,912</u> |
| Non-current assets: | | | | | | | |
| Capital Assets: | | | | | | | |
| Non-depreciable | - | - | - | - | - | - | - |
| Depreciable, net of accumulated depreciation | 131,881 | 703,292 | 81,642 | - | - | - | 916,815 |
| Total non-current assets | <u>131,881</u> | <u>703,292</u> | <u>81,642</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>916,815</u> |
| Total assets | <u>778,939</u> | <u>1,360,608</u> | <u>589,180</u> | <u>1,337,041</u> | <u>1,797,558</u> | <u>3,373,401</u> | <u>9,236,727</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | | | | | |
| Deferred amount related to OPEB | 47,316 | 68,845 | 2,594 | 16,173 | - | - | 134,928 |
| LIABILITIES | | | | | | | |
| Current liabilities: | | | | | | | |
| Accounts payable and accrued liabilities | - | 104,805 | 276 | 1,926 | 147,317 | 6,758 | 261,082 |
| Claims liability | - | - | - | 217,000 | 384,410 | 506,000 | 1,107,410 |
| Wages payable | 48,747 | 44,585 | 1,517 | 10,429 | 2,450 | - | 107,728 |
| Due to other funds | - | - | 398,348 | - | - | - | 398,348 |
| Accrued compensated absences | 68,703 | 32,807 | 1,922 | 14,780 | 880 | - | 119,092 |
| Total current liabilities | <u>117,450</u> | <u>182,197</u> | <u>402,063</u> | <u>244,135</u> | <u>535,057</u> | <u>512,758</u> | <u>1,993,660</u> |
| Non-current liabilities: | | | | | | | |
| Accrued compensated absences | 137,407 | 65,614 | 3,844 | 29,559 | 1,760 | - | 238,184 |
| Total OPEB liability | 412,664 | 624,018 | 21,370 | 72,660 | - | - | 1,130,712 |
| Claims liability | - | - | - | 369,000 | - | 852,000 | 1,221,000 |
| Total non-current liabilities | <u>550,071</u> | <u>689,632</u> | <u>25,214</u> | <u>471,219</u> | <u>1,760</u> | <u>852,000</u> | <u>2,589,896</u> |
| Total liabilities | <u>667,521</u> | <u>871,829</u> | <u>427,277</u> | <u>715,354</u> | <u>536,817</u> | <u>1,364,758</u> | <u>4,583,556</u> |
| DEFERRED INFLOW OF RESOURCES | | | | | | | |
| Deferred amount related to OPEB | 89,363 | 58,764 | 8,577 | 38,968 | - | - | 195,672 |
| NET POSITION | | | | | | | |
| Net investment in capital assets | 131,881 | 703,292 | 81,642 | - | - | - | 916,815 |
| Unrestricted (deficit) | (62,510) | (204,432) | 74,278 | 598,892 | 1,260,741 | 2,008,643 | 3,675,612 |
| Total net position | <u>\$ 69,371</u> | <u>\$ 498,860</u> | <u>\$ 155,920</u> | <u>\$ 598,892</u> | <u>\$ 1,260,741</u> | <u>\$ 2,008,643</u> | <u>\$ 4,592,427</u> |

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

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

| | <u>Public Works Administration</u> | <u>Fleet Services Fund</u> | <u>Surplus Property Fund</u> | <u>Risk Management Fund</u> | <u>L & H Benefits Fund</u> | <u>Worker's Comp Fund</u> | <u>Totals</u> |
|--|--|--------------------------------|----------------------------------|---------------------------------|------------------------------------|-------------------------------|---------------------|
| OPERATING REVENUES | | | | | | | |
| Charges for services | \$ 1,173,104 | \$ 2,725,445 | \$ 46,973 | \$ 854,148 | \$ 6,153,735 | \$ 852,099 | \$ 11,805,504 |
| Miscellaneous | - | 12,806 | 946 | 3,263 | 454,732 | 17,965 | 489,712 |
| Total operating revenues | <u>1,173,104</u> | <u>2,738,251</u> | <u>47,919</u> | <u>857,411</u> | <u>6,608,467</u> | <u>870,064</u> | <u>12,295,216</u> |
| OPERATING EXPENSES | | | | | | | |
| Personal services | 856,931 | 899,452 | 34,937 | 195,860 | 38,545 | - | 2,025,725 |
| Materials and supplies | 8,288 | 1,560,005 | 1,377 | 3,388 | - | - | 1,573,058 |
| Other services and charges | 50,449 | 98,343 | 8,017 | 981,101 | 11,963 | - | 1,149,873 |
| Insurance claims and expenses | - | - | - | - | 7,095,798 | 460,961 | 7,556,759 |
| Depreciation and amortization | 11,159 | 58,257 | 6,449 | - | - | - | 75,865 |
| Total operating expenses | <u>926,827</u> | <u>2,616,057</u> | <u>50,780</u> | <u>1,180,349</u> | <u>7,146,306</u> | <u>460,961</u> | <u>12,381,280</u> |
| Operating income (loss) | <u>246,277</u> | <u>122,194</u> | <u>(2,861)</u> | <u>(322,938)</u> | <u>(537,839)</u> | <u>409,103</u> | <u>(86,064)</u> |
| NON-OPERATING REVENUES | | | | | | | |
| Investment income | 8,021 | 8,197 | 7,628 | 22,929 | 40,390 | 71,843 | 159,008 |
| Total non-operating revenue | <u>8,021</u> | <u>8,197</u> | <u>7,628</u> | <u>22,929</u> | <u>40,390</u> | <u>71,843</u> | <u>159,008</u> |
| Income (loss) before contributions and transfers | <u>254,298</u> | <u>130,391</u> | <u>4,767</u> | <u>(300,009)</u> | <u>(497,449)</u> | <u>480,946</u> | <u>72,944</u> |
| Capital contributions | 18,675 | - | - | - | - | - | 18,675 |
| Transfers in | - | - | - | - | 125,000 | - | 125,000 |
| Change in net position | <u>272,973</u> | <u>130,391</u> | <u>4,767</u> | <u>(300,009)</u> | <u>(372,449)</u> | <u>480,946</u> | <u>216,619</u> |
| Total net position - beginning | (203,602) | 368,469 | 151,153 | 898,901 | 1,633,190 | 1,527,697 | 4,375,808 |
| Total net position - ending | <u>\$ 69,371</u> | <u>\$ 498,860</u> | <u>\$ 155,920</u> | <u>\$ 598,892</u> | <u>\$ 1,260,741</u> | <u>\$ 2,008,643</u> | <u>\$ 4,592,427</u> |

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

Combining Statement of Cash Flows – Internal Service Funds – Year Ended June 30, 2020

| | Public Works Administration | Fleet Services Fund | Surplus Property Fund | Risk Management Fund | L & H Benefits Fund | Worker's Comp Fund | Totals |
|--|--------------------------------|------------------------|--------------------------|----------------------------|------------------------|-----------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | |
| Receipts from interfund services | \$ 1,173,104 | \$ 2,738,251 | \$ 9,873 | \$ 851,391 | \$ 6,637,922 | \$ 875,572 | \$ 12,286,113 |
| Payments to suppliers | (58,737) | (1,623,954) | (10,057) | (19,973) | (11,963) | - | (1,724,684) |
| Payments to employees | (819,610) | (901,238) | (34,457) | (193,312) | (36,796) | - | (1,985,413) |
| Claims and benefits paid | - | - | - | (880,101) | (6,956,182) | (603,420) | (8,439,703) |
| Payment from (to) other funds | - | (1,283) | 73,310 | - | - | - | 72,027 |
| Net cash provided by (used in) operating activities | 294,757 | 211,776 | 38,669 | (241,995) | (367,019) | 272,152 | 208,340 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | |
| Operating transfers in | - | - | - | - | 125,000 | - | 125,000 |
| Net cash provided by noncapital financing activities | - | - | - | - | 125,000 | - | 125,000 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | |
| Capital assets purchased | (6,729) | (44,484) | - | - | - | - | (51,213) |
| Net cash provided by (used in) capital and related financing activities | (6,729) | (44,484) | - | - | - | - | (51,213) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | |
| Sale (Purchase) of investments | (66,737) | (14,450) | 27,746 | 257,417 | 292,826 | 211,987 | 708,789 |
| Interest and dividends | 8,021 | 8,197 | 7,629 | 24,671 | 38,776 | 67,968 | 155,262 |
| Net cash provided by investing activities | (58,716) | (6,253) | 35,375 | 282,088 | 331,602 | 279,955 | 864,051 |
| Net increase in cash and cash equivalents | 229,312 | 161,039 | 74,044 | 40,093 | 89,583 | 552,107 | 1,146,178 |
| Balances - beginning of year | 187,619 | 233,412 | 228,530 | 814,249 | 1,040,680 | 1,587,873 | 4,092,363 |
| Balances - end of year | \$ 416,931 | \$ 394,451 | \$ 302,574 | \$ 854,342 | \$ 1,130,263 | \$ 2,139,980 | \$ 5,238,541 |
| Reconciliation to Statement of Net Position: | | | | | | | |
| Cash and cash equivalents | \$ 416,931 | \$ 394,451 | \$ 302,574 | \$ 854,342 | \$ 1,130,263 | \$ 2,139,980 | \$ 5,238,541 |
| Total cash and cash equivalents | \$ 416,931 | \$ 394,451 | \$ 302,574 | \$ 854,342 | \$ 1,130,263 | \$ 2,139,980 | \$ 5,238,541 |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | | | |
| Operating income (loss) | \$ 246,277 | \$ 122,194 | \$ (2,861) | \$ (322,938) | \$ (537,839) | \$ 409,103 | \$ (86,064) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | | |
| Depreciation expense | 11,159 | 58,257 | 6,449 | - | - | - | 75,865 |
| Change in assets and liabilities: | | | | | | | |
| Receivables, net | - | - | (38,046) | (6,020) | 29,455 | 5,508 | (9,103) |
| Due from other funds | - | (1,283) | - | - | - | - | (1,283) |
| Inventory | - | 20,418 | - | - | - | - | 20,418 |
| Deferred outflows OPEB | (30,339) | (46,515) | (1,543) | (3,281) | - | - | (81,678) |
| Accounts payable | - | 13,976 | (663) | (16,585) | 12,440 | (23,459) | (14,291) |
| Claims liability | - | - | - | 101,000 | 127,176 | (119,000) | 109,176 |
| Due to employees | 15,718 | 7,860 | 334 | 1,731 | 483 | - | 26,126 |
| Due to other funds | - | - | 73,310 | - | - | - | 73,310 |
| Total OPEB liability | 5,652 | 60,422 | (5,215) | (31,021) | - | - | 29,838 |
| Accrued compensated absences | 22,957 | (24,948) | 974 | 3,638 | 1,266 | - | 3,887 |
| Deferred in flows OPEB | 23,333 | 1,395 | 5,930 | 31,481 | - | - | 62,139 |
| Net cash provided by (used in) operating activities | \$ 294,757 | \$ 211,776 | \$ 38,669 | \$ (241,995) | \$ (367,019) | \$ 272,152 | \$ 208,340 |

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

Debt Service Coverage Schedule - Year Ended June 30, 2020

| | 2011A and 2019 Revenue Bonds |
|--|---|
| GROSS REVENUE AVAILABLE: | |
| Water revenue | \$ 7,690,232 |
| Wastewater revenue | 8,215,764 |
| Pledged sales tax | 14,053,051 |
| Investment income | 269,812 |
| Total Gross Revenue Available | 30,228,859 |
| OPERATING EXPENSES: | |
| Total Operating Expenses | 10,306,604 |
| Net Revenue Available for Debt Service | \$ 19,922,255 |
| Average Annual Debt Service | |
| 2019 Revenue Bonds | \$ 1,791,954 |
| 2011A Revenue Bonds | 4,709,513 |
| | \$ 6,501,467 |
| Computed Coverage | 306% |
| Coverage Requirement | 125% |

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

STATISTICAL INFORMATION

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

General Government Expenditures by Function
Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>General Government</u> | <u>Public Safety</u> | <u>Streets</u> | <u>Health and Welfare</u> | <u>Culture & Recreation</u> | <u>Economic Development</u> | <u>Debt Services</u> | <u>Total</u> |
|--------------------|---------------------------|----------------------|----------------|---------------------------|---------------------------------|-----------------------------|----------------------|---------------|
| 2010-11 | \$ 6,459,976 | \$ 25,157,469 | \$ 6,006,443 | \$ 160,983 | \$ 1,120,863 | \$ 4,915,834 | \$ 3,679,296 | \$ 47,500,864 |
| 2011-12 | 5,423,037 | 27,570,275 | 3,702,871 | 629 | 1,989,113 | 4,813,173 | 3,745,698 | 47,244,796 |
| 2012-13 | 5,216,187 | 27,388,784 | 3,460,381 | 110,935 | 2,841,490 | 4,704,086 | 3,856,073 | 47,577,936 |
| 2013-14 | 6,972,885 | 27,386,699 | 4,382,912 | 463,886 | 2,112,589 | 5,028,554 | 3,753,029 | 50,100,554 |
| 2014-15 | 6,704,404 | 28,657,862 | 5,138,517 | 410,969 | 1,746,966 | 3,792,050 | 3,650,604 | 50,101,372 |
| 2015-16 | 7,714,835 | 27,494,864 | 4,865,569 | 755,691 | 2,037,909 | 4,644,064 | 3,505,294 | 51,018,226 |
| 2016-17 | 8,009,505 | 27,757,453 | 7,336,480 | 387,911 | 1,647,320 | 6,686,814 | 3,426,604 | 55,252,087 |
| 2017-18 | 8,766,825 | 28,544,968 | 3,800,063 | 441,065 | 1,797,029 | 58,846,663 | 19,166,464 | 121,363,077 |
| 2018-19 | 11,598,632 | 31,442,455 | 5,333,914 | 471,306 | 2,038,872 | 6,598,803 | 5,972,196 | 63,456,178 |
| 2019-20 | 10,044,375 | 33,644,444 | 6,922,740 | 414,655 | 2,146,210 | 11,740,737 | 25,974,546 | 90,887,707 |

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

**Governmental Revenues By Source
Last Ten Fiscal Years**

| Fiscal Year | Taxes | Intergov- ernmental | Licenses & Permits | Charges for Services | Fines & Forfeitures | Investment Income | Misc Revenues | Total |
|-------------|---------------|------------------------|-----------------------|-------------------------|------------------------|----------------------|------------------|---------------|
| 2010-11 | \$ 33,566,216 | \$ 6,440,504 | \$ 395,511 | \$ 2,193,602 | \$ 2,001,322 | \$ 14,546,261 | \$ 552,201 | \$ 59,695,617 |
| 2011-12 | 36,586,145 * | 5,462,968 | 330,553 | 2,636,087 | 2,170,041 | 2,749,217 | 742,978 | 50,677,989 |
| 2012-13 | 39,796,809 | 5,205,283 | 392,512 | 2,249,961 | 1,960,694 | 10,846,574 | 1,492,193 | 61,944,026 |
| 2013-14 | 40,546,435 | 5,668,145 | 304,395 | 2,545,726 | 1,976,580 | 15,736,403 | 2,367,115 | 69,144,799 |
| 2014-15 | 39,781,445 | 5,543,732 | 349,439 | 3,662,747 | 2,045,294 | 8,377,665 | 2,381,400 | 62,141,722 |
| 2015-16 | 40,296,979 | 5,367,958 | 567,942 | 4,259,051 | 1,971,146 | 3,546,362 | 1,938,936 | 57,948,374 |
| 2016-17 | 37,327,650 | 5,011,809 | 504,832 | 4,564,074 | 1,581,638 | 13,120,184 | 2,856,002 | 64,966,189 |
| 2017-18 | 41,659,607 ** | 4,812,098 | 589,264 | 5,412,604 | 1,428,723 | 13,120,759 | 2,177,963 | 69,201,018 |
| 2018-19 | 46,376,451 | 6,698,979 | 725,993 | 8,027,000 | 1,364,493 | 11,671,810 | 2,240,169 | 77,104,895 |
| 2019-20 | 51,081,891 | 6,971,834 | 681,754 | 8,086,831 | 1,118,840 | 8,972,977 | 2,157,587 | 79,071,714 |

* A new sales/use Tax became effective January 1, 2012 changing the rate from 3.3 to 3.85

** A new sales/use Tax became effective January 1, 2018 changing the rate from 3.85 to 4.60

**CITY OF MIDWEST CITY, OKLAHOMA
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**Assessed Value of Taxable Property
Last Ten Fiscal Years**

| Fiscal Year | Real Property | Personal Property | Public Service Property | Veteran and Homestead Exemption | Total Actual | | Ratio of Total Assessed Value to Total Estimated Actual Value |
|-------------|----------------|-------------------|----------------------------|---------------------------------------|----------------|---------------------------|---|
| | | | | | Assessed Value | Estimated Actual Value | |
| 2011 | \$ 258,517,927 | \$ 27,728,562 | \$ 13,697,571 | \$ 15,338,968 | \$ 284,605,074 | \$ 2,587,318,855 | 11% |
| 2012 | 259,775,001 | 27,954,136 | 13,431,063 | 15,275,338 | 285,884,862 | 2,598,953,291 | 11% |
| 2013 | 263,908,805 | 28,917,523 | 11,834,175 | 15,286,274 | 289,374,229 | 2,630,674,809 | 11% |
| 2014 | 267,452,466 | 28,135,094 | 11,407,389 | 15,250,420 | 291,744,529 | 2,652,222,991 | 11% |
| 2015 | 272,926,268 | 26,469,753 | 11,878,425 | 15,244,120 | 296,030,326 | 2,691,184,782 | 11% |
| 2016 | 283,028,134 | 25,089,341 | 11,544,013 | 15,602,335 | 304,059,153 | 2,764,174,118 | 11% |
| 2017 | 296,756,210 | 35,937,171 | 13,524,628 | 16,061,439 | 330,156,570 | 3,001,423,364 | 11% |
| 2018 | 309,104,061 | 35,772,442 | 13,613,786 | 16,492,553 | 341,997,736 | 3,109,070,327 | 11% |
| 2019 | 320,771,362 | 36,281,363 | 13,177,361 | 17,435,901 | 352,794,185 | 3,207,219,864 | 11% |
| 2020 | 328,772,814 | 37,385,359 | 13,789,090 | 18,528,802 | 361,418,461 | 3,285,622,373 | 11% |

CITY OF MIDWEST CITY, OKLAHOMA
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Property Tax Rates – All Overlapping Governments
(Per \$1,000 of Assessed Value)
Last Ten Fiscal Years

| Fiscal Year | City Sinking Fund | MWC Schools | Rose State College | Oklahoma County | Total Midwest City Resident | Choctaw Schools | Total Midwest City Resident | OKC Schools | Total Midwest City Resident |
|-------------|-------------------------|----------------|-----------------------|--------------------|--------------------------------------|--------------------|--------------------------------------|----------------|--------------------------------------|
| 2011 | 6.62 | 64.64 | 17.18 | 24.06 | 112.50 | 70.22 | 118.08 | 62.09 | 109.95 |
| 2012 | 6.09 | 66.55 | 17.10 | 23.97 | 113.71 | 72.49 | 119.65 | 59.29 | 106.45 |
| 2013 | 5.78 | 64.98 | 17.02 | 23.87 | 111.65 | 76.19 | 122.86 | 60.39 | 107.06 |
| 2014 | 5.44 | 70.32 | 20.33 | 23.58 | 119.67 | 76.18 | 125.53 | 59.36 | 108.71 |
| 2015 | 5.18 | 71.03 | 19.88 | 23.72 | 119.81 | 76.17 | 124.95 | 59.71 | 108.49 |
| 2016 | 0.96 | 70.64 | 19.65 | 23.81 | 115.06 | 76.17 | 120.59 | 59.36 | 103.78 |
| 2017 | 0.92 | 65.54 | 19.21 | 23.28 | 108.95 | 76.16 | 119.57 | 59.36 | 102.77 |
| 2018 | 0.94 | 66.72 | 18.92 | 23.64 | 110.22 | 76.15 | 119.65 | 58.84 | 102.34 |
| 2019 | 8.08 | 67.38 | 18.54 | 23.49 | 117.49 | 76.15 | 126.26 | 58.76 | 108.84 |
| 2020 | 9.76 | 71.23 | 18.39 | 23.39 | 122.79 | 76.15 | 127.68 | 59.44 | 110.97 |

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

Computation of Legal Debt Margin
June 30, 2020

| | |
|------------------------------------|---------------|
| Net assessed valuation | \$361,418,461 |
| Debt limit (a) | \$36,141,846 |
| Applicable bonds outstanding | \$28,160,000 |
| Inapplicable bonds outstanding (b) | \$15,965,000 |
| Legal debt margin | \$7,981,846 |

(a) Article 10, Section 26 of the Constitution of the State of Oklahoma limits municipal debt to 10% of net assessed valuation for certain types of general obligation bonds.

(b) Per article 10, section 27 of the Constitution of the State of Oklahoma, there is not a limit on the amount of General Obligation bonds for the purpose of purchasing, constructing, or repairing public utilities or streets.

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

Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt
To Total General Governmental Expenditures
Last Ten Fiscal Years

| Fiscal Year | Principal | Interest (1) | Total Debt Service | Total General Governmental Expenditures | Ratio of Debt Service to Government Expenditures |
|-------------|--------------|--------------|-----------------------|---|---|
| 2010-11 | \$ 1,400,000 | \$ 503,685 | \$ 1,903,685 | \$ 47,500,864 | 4.01% |
| 2011-12 | 1,400,000 | 437,342 | 1,837,342 | 47,244,796 | 3.89% |
| 2012-13 | 1,400,000 | 370,754 | 1,770,754 | 47,577,936 | 3.72% |
| 2013-14 | 1,400,000 | 304,167 | 1,704,167 | 50,100,554 | 3.40% |
| 2014-15 | 1,400,000 | 259,975 | 1,659,975 | 50,101,372 | 3.31% |
| 2015-16 | 1,400,000 | 190,700 | 1,590,700 | 51,018,226 | 3.12% |
| 2016-17 | 1,400,000 | 121,425 | 1,521,425 | 57,389,574 | 2.65% |
| 2017-18 | 325,000 | 51,750 | 376,750 | 121,363,077 | 0.31% |
| 2018-19 | 325,000 | 38,913 | 363,913 | 63,456,178 | 0.57% |
| 2019-20 | 325,000 | 1,137,260 | 1,462,260 | 90,887,707 | 1.61% |

(1) Excludes bond issuance and other costs

CITY OF MIDWEST CITY, OKLAHOMA
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Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt
To Assessed Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Population</u> | <u>Assessed Value</u> | <u>Gross Bonded Debt</u> | <u>Less Debt Service Money Available</u> | <u>Net Bonded Debt</u> | <u>Ratio of Net Bonded Debt to Assessed Value</u> | <u>Net Bonded Debt Per Capita</u> |
|--------------------|-------------------|-----------------------|--------------------------|--|------------------------|---|-----------------------------------|
| 2010-11 | 54,371 | 284,605,074 | 9,700,000 | 1,504,457 | 8,195,543 | 2.88% | 151 |
| 2011-12 | 54,371 | 285,884,862 | 8,300,000 | 1,551,565 | 6,748,435 | 2.36% | 124 |
| 2012-13 | 54,371 | 289,374,229 | 6,900,000 | 1,428,884 | 5,471,116 | 1.89% | 101 |
| 2013-14 | 54,371 | 291,744,529 | 5,500,000 | 1,373,216 | 4,126,784 | 1.41% | 76 |
| 2014-15 | 54,371 | 296,030,326 | 4,100,000 | 1,364,980 | 2,735,020 | 0.92% | 50 |
| 2015-16 | 54,371 | 304,059,153 | 2,700,000 | 1,392,720 | 1,307,280 | 0.43% | 24 |
| 2016-17 | 54,371 | 330,156,570 | 1,300,000 | 189,868 | 1,110,132 | 0.34% | 20 |
| 2017-18 | 54,371 | 341,997,736 | 975,000 | 131,132 | 843,868 | 0.25% | 16 |
| 2018-19 | 54,371 | 352,794,185 | 37,900,000 | 591,553 | 37,308,447 | 10.58% | 686 |
| 2019-20 | 54,371 | 361,418,461 | 44,125,000 | 1,883,084 | 42,241,916 | 11.69% | 777 |

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

Revenue Bond and Note Coverage
Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Gross Revenues</u> | <u>Direct Operating Expenses</u> | <u>Net Revenue Available for Debt Service</u> | <u>Average Annual Debt Service</u> | <u>Debt Service Coverage</u> |
|--------------------|-----------------------|----------------------------------|---|------------------------------------|------------------------------|
| 2010-11 | \$ 15,207,582 | \$ 8,004,126 | \$ 7,203,456 | \$ 2,000,344 | 3.60 |
| 2011-12 | 17,702,453 | 8,669,659 | 9,032,794 | 6,517,879 | 1.39 |
| 2012-13 | 27,258,461 | 9,443,537 | 17,814,924 | 6,517,879 | 2.73 |
| 2013-14 | 28,567,824 | 9,583,902 | 18,983,922 | 6,517,879 | 2.91 |
| 2014-15 | 28,465,993 | 9,581,604 | 18,884,389 | 6,517,879 | 2.70 |
| 2015-16 | 28,685,573 | 11,425,998 | 17,259,575 | 6,517,879 | 2.65 |
| 2016-17 | 28,580,650 | 9,823,029 | 18,757,621 | 6,517,879 | 2.88 |
| 2017-18 | 28,790,824 | 9,797,575 | 18,993,249 | 6,517,879 | 2.91 |
| 2018-19 | 29,537,013 | 10,020,017 | 19,516,996 | 6,501,399 | 3.00 |
| 2019-20 | 30,228,859 | 10,306,604 | 19,922,255 | 6,501,467 | 3.06 |

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

Demographic Statistics

| <u>Year</u> | <u>Population</u> | <u>Population Percent Change</u> |
|-------------|-------------------|--|
| 1950 | 10,166 | 0.00% |
| 1960 | 36,058 | 254.69% |
| 1970 | 48,212 | 33.71% |
| 1980 | 49,559 | 2.79% |
| 1990 | 52,267 | 5.46% |
| 2000 | 54,088 | 3.48% |
| 2010 | 54,371 | 0.50% |

Population is taken from US Census conducted every 10 years.

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

New Construction
Last Ten Fiscal Years

| Fiscal Year | Commercial Construction | | Residential Construction | | Total Construction |
|-------------|-------------------------|------------|--------------------------|------------|--------------------|
| | Number of Units | Value | Number of Units | Value | |
| 2010-11 | 98 | 14,052,174 | 203 | 23,937,338 | 37,989,512 |
| 2011-12 | 28 | 97,003,650 | 237 | 20,332,200 | 117,335,850 |
| 2012-13 | 27 | 54,561,650 | 120 | 19,020,411 | 73,582,061 |
| 2013-14 | 8 | 6,398,000 | 69 | 11,878,466 | 18,276,466 |
| 2014-15 | 15 | 6,748,210 | 103 | 16,365,722 | 23,113,932 |
| 2015-16 | 26 | 69,362,500 | 126 | 23,727,017 | 93,089,517 |
| 2016-17 | 14 | 22,360,831 | 94 | 14,092,784 | 36,453,615 |
| 2017-18 | 195 | 26,137,283 | 19 | 28,127,450 | 54,264,733 |
| 2018-19 | 32 | 48,395,772 | 160 | 23,481,840 | 71,877,612 |
| 2019-20 | 17 | 10,777,000 | 133 | 22,503,689 | 33,280,689 |

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

Miscellaneous Statistics
June 30, 2020

| | |
|--|------------------|
| Date of Incorporation | 1943 |
| Form of government | Council-manager |
| Square miles in city limits | 24.37 |
| Miles of streets | 791.77 one miles |
| | |
| Education | |
| Number of primary schools | 8 |
| Number of secondary schools | 3 |
| Number of High schools | 2 |
| Number of colleges | 1 |
| | |
| Police Protection | |
| Number of officers | 98 |
| | |
| Fire Protection | |
| Number of stations | 6 |
| Number of headquarters | 1 |
| Number of personnel per shift | 26 |
| | |
| Public Works | |
| Water storage capacity (millions of gallons) | 9.5 |
| Miles of water lines | 312.69 |
| Miles of sanitary sewer lines | 290.79 |

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

Miscellaneous Statistics, Continued
June 30, 2020

City Employees

| <u>Fiscal Year</u> | <u>Full Time Government</u> | <u>Full Time Hotel/Conference Center</u> |
|--------------------|---------------------------------|--|
| 2010-11 | 494 | 62 |
| 2011-12 | 493 | 62 |
| 2012-13 | 491 | - |
| 2013-14 | 489 | - |
| 2014-15 | 477 | - |
| 2015-16 | 472 | - |
| 2016-17 | 470 | - |
| 2017-18 | 471 | - |
| 2018-19 | 478 | - |
| 2019-20 | 485 | - |

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

Miscellaneous Statistics, Continued
June 30, 2020
City Water Usage (Gallons)

| <u>Fiscal Year</u> | <u>Annual Usage</u> | <u>Average Daily Usage</u> |
|--------------------|---------------------|--------------------------------|
| 2009-10 | 1,910,755,000 | 5,234,945 |
| 2010-11 | 1,953,204,878 | 5,351,246 |
| 2011-12 | 2,025,176,197 | 5,548,428 |
| 2012-13 | 1,902,831,000 | 5,213,236 |
| 2013-14 | 1,699,549,985 | 4,656,301 |
| 2014-15 | 1,604,378,570 | 4,395,558 |
| 2015-16 | 1,778,171,000 | 4,871,701 |
| 2016-17 | 2,193,795,000 | 6,010,397 |
| 2017-18 | 1,993,392,000 | 5,461,348 |
| 2018-19 | 1,695,978,000 | 4,646,515 |
| 2019-20 | 1,900,570,000 | 5,207,041 |

City of Midwest City, Oklahoma

Compliance Report
June 30, 2020

Contents

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RSM US LLP

**Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

Independent Auditors' Report

Honorable Mayor and Members of City Council
City of Midwest City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Midwest City, Oklahoma, (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 23, 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 procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

RSM US LLP

Oklahoma City, Oklahoma
December 23, 2020



RSM US LLP

**Report on Compliance for the Major Federal Programs;
Report on Internal Control Over Compliance and Report on
the Schedule of Expenditures of Federal Awards as
Required by Uniform Guidance**

Independent Auditor's Report

City Council
City of Midwest City, Oklahoma
Midwest City, Oklahoma

Report on Compliance for the Major Federal Programs

We have audited the City of Midwest City, Oklahoma's, (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Oklahoma City, Oklahoma
January 25, 2021, except for our Report on the Schedule of Expenditures of Federal Awards, for which the effective date is December 23, 2020

City of Midwest City, Oklahoma

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal CFDA # | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Expenditures |
|--|----------------|--|---------------------------------|--------------|
| FEDERAL PROGRAMS | | | | |
| <u>Federal Emergency Management Agency</u> | | | | |
| Pass-Through Program From: | | | | |
| Oklahoma Department of Civil Emergency Management | | | | |
| Emergency Performance Grant 19 | 97.042 | None | \$ - | \$ 15,000 |
| Emergency Performance Grant 20 | 97.042 | None | - | 5,000 |
| Sub-total | | | - | 20,000 |
| Assistance to Firefighters Grant 17 | 97.044 | EMW-2017-FO-04314 | - | 310,091 |
| Staffing for Adequate Fire and Emergency Response 18 | 97.083 | EMW-2018-FH-00195 | - | 71,908 |
| Total Federal Emergency Management Agency | | | - | 401,999 |
| <u>U.S. Department of Justice</u> | | | | |
| Direct Program: | | | | |
| FY 2018 Byrne Memorial Justice Assistance Grant | 16.738 | 2018-H3221-OK-DJ | - | 8,673 |
| Total U.S. Department of Justice | | | - | 8,673 |
| <u>U.S. Department of Housing and Urban Development</u> | | | | |
| Direct Program: | | | | |
| CDBG - Entitlement Grants Cluster | | | | |
| Community Development Block Grant | 14.218 | B-17-MC-40-0005 | - | 31,357 |
| Community Development Block Grant | 14.218 | B-18-MC-40-0005 | - | 108,256 |
| Community Development Block Grant | 14.218 | B-19-MC-40-0005 | - | 292,966 |
| Community Development Block Grant | 14.218 | B-20-MC-40-0005 | - | 30,350 |
| Sub-total | | | - | 462,929 |
| Home Investment Partnership Program | 14.239 | 18-HOME-1602 | - | 135,000 |
| Home Investment Partnership Program | 14.239 | 19-HOME-1631 | - | 5,000 |
| Sub-total | | | - | 140,000 |
| Total U.S. Department of Housing and Urban Development | | | - | 602,929 |
| <u>U.S. Department of Transportation</u> | | | | |
| Pass-Through Program From: | | | | |
| Oklahoma Tourism and Recreation Department | | | | |
| Highway Planning and Construction Cluster | | | | |
| Recreational Trails Program | 20.219 | 16-07 | - | 186,436 |
| Sub-total | | | - | 186,436 |
| Oklahoma Highway Safety Office | | | | |
| Highway Safety Cluster | | | | |
| State and Community Highway Safety | 20.600 | PT-19-03-13-16 | - | 11,150 |
| State and Community Highway Safety | 20.600 | AL-20-03-05-17 | - | 23,695 |
| Sub-total | | | - | 34,845 |
| Total U.S. Department of Transportation | | | - | 221,281 |
| Total Expenditures of Federal Awards | | | \$ - | \$ 1,234,882 |

See notes to schedule of expenditures of federal awards.

City of Midwest City, Oklahoma

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020**

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of the Title 2, U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position changes in net position or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Expenditures of federal awards are recognized in the accounting period when the liability is incurred. Such expenditures are recognized, as applicable, following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3. Indirect Cost Rate

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

City of Midwest City, Oklahoma

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020**

Findings Related to the Financial Statement Audit as Reported in Accordance with Generally Accepted *Government Auditing Standards*:

A. Internal Control

No matters were reported.

B. Compliance Finding

No matters were reported.

Findings and Questioned Costs for Federal Awards:

A. Internal Control

No matters were reported.

B. Compliance Finding

No matters were reported.

City of Midwest City, Oklahoma

**Summary Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

I. Summary of Auditor's Results:

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditors' report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

| Federal CFDA # | Name of Federal Program |
|-------------------|--|
| 14.218 | CDBG Entitlement Cluster - Community Development Block Grant |
| 97.044 | Assistance to Firefighters Grant |

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

City of Midwest City, Oklahoma

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted *Government Auditing Standards*

A. Internal Control

No matters were reported.

B. Compliance Findings

No matters were reported.

III. Findings Required to be Reported in Accordance with the Uniform Guidance

A. Internal Control

No matters were reported.

B. Compliance Findings

No matters were reported.