

**CITY OF MANGUM OKLAHOMA
MANGUM, OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Mangum, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mangum, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements. We were not engaged to audit the financial statements of the aggregate discretely presented component units. These financial statements 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Except for the matter described in the "Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units" paragraph, 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 Mangum, Oklahoma, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Disclaimer
Governmental Fund-General Fund	Unmodified
Governmental Fund-Hospital Sales Tax	Unmodified
Mangum Utility Authority	Unmodified
Golf Course Fund	Unmodified
MUA Capital Improvement Fund	Unmodified
Power Plant Capital Improvement Fund	Unmodified
Water Well Improvement and Maintenance	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

The financial statements of the Mangum City Hospital Authority have not been audited, and we were not engaged to audit the Mangum City Hospital Authority financial statements as part of our audit of the City's basic financial statements. Management has excluded Mangum City Hospital Authority's financial activities are in the City's basic financial statements. Accounting principles generally accepted in the United States of America require the Mangum City Hospital Authority to be presented as a discretely presented component unit. The GAAP departure does not have an effect on the governmental or business-type activities.

Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component units of the City of Mangum, Oklahoma. Accordingly, we do not express an opinion on these financial statements.

Unmodified 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 Mangum, Oklahoma, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension liability schedules on pages 4–11, 38, and 39–41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mangum, Oklahoma's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Emphasis of Matter

Prior Period Restatement

As described in Note 5, the July 1, 2018, net position has been restated for a prior period adjustment to the business-type activities.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2019, on our consideration of the City of Mangum, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Mangum, Oklahoma'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 of Mangum, Oklahoma's internal control over financial reporting and compliance.



Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
November 27, 2019

Within this section, the City of Mangum's ("City") management provides narrative discussion and analysis of the financial performance of the City's for the fiscal year ended June 30, 2019. The City's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. This discussion focuses on the City's primary government, and unless otherwise noted, component units reported separately from the primary government are not included. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL SUMMARY

- At June 30, 2019, the assets of the City exceeded its liabilities by \$6,811,261 (net position). Of this amount \$2,876,325 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. This compared to the previous year when assets exceeded liabilities by \$6,063,207 restated from prior year.
- The City's total net position is comprised of the following:
 - (1) Invested in capital assets, net of related debt of \$3,545,065 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase of construction of capital assets.
 - (2) Restricted net position of \$389,871. The restrictions are based upon contractual, legal, or Commission action.
 - (3) Unrestricted net position of \$2,876,325 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- Total liabilities of the City were \$1,868,177 which reflects a 27% decrease over prior year liabilities of \$2,568,085. The decrease is attributable payments made on outstanding debt held by the City as well as a decline in the pension liability of the City. The pension liability is calculated by a third-party and reported to the City on an annual basis.
- The City's governmental funds reported total ending fund balance of \$2,052,329 this year. This compared to prior year ending fund balance of \$1,944,489.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual reporting includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status and are presented to demonstrate the extent the City has met its operating objective efficiently and effectively using all the resources available and whether the City can continue to meet its objectives in the foreseeable future. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the City-wide statement of financial position presenting information that includes all of the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indication of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other financial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year and can be used to assess the City's operating results in its entirety and analyze how the City's programs are financed. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement

of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities includes general government; public safety and judiciary; transportation; and cultural, parks, and recreation. Business-types activities include utility services, including electric, water, and sanitation, provided by the City as well as the operation of the municipal golf course.

The City's financial reporting entity includes the funds of the City (primary government) and organization for which the City is accountable (component units). More comprehensive information about the City's component units can be found in footnotes.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole.

The City has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements reporting short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statement is included in the basic financial statement for governmental funds deemed as major. This statement demonstrates compliance with the City's adopted and final revised budget.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City has one type of proprietary fund, enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization such as water and sanitation utilities and sales of rock and airplane fuel.

Proprietary fund statements and statements for discretely presented component units (reporting similarly to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. Fiduciary fund financial statements report similarly to proprietary funds. The City has a cafeteria plan which is reported as a fiduciary fund.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. Those notes to the financial statement begin immediately following the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information detailing the combining statements of non-major governmental funds.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position

The City reported positive balances in total net position for both governmental and business-type activities, \$4,049,154 and \$2,762,107, respectively. The City's overall financial position improved 15% during fiscal year 2019.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total		Change	
	2019	2018	2019	2018	2019	2018	\$	%
Current assets	\$ 2,124,243	\$ 2,094,974	\$ 2,018,623	\$ 1,752,545	\$ 4,142,866	\$ 3,847,519	\$ 295,347	8%
Net pension asset	30,416	-	-	-	30,416	-	30,416	100%
Capital assets, net	2,483,231	2,641,335	1,749,857	1,746,909	4,233,088	4,388,244	(155,156)	-4%
Total assets	4,637,890	4,736,309	3,768,480	3,499,454	8,406,370	8,235,763	170,607	2%
Deferred outflows	456,749	432,288	-	-	456,749	432,288	24,461	6%
Current liabilities	71,914	150,485	234,151	547,933	306,065	698,418	(392,353)	-56%
Non-current liabilities	789,890	794,832	772,222	1,074,835	1,562,112	1,869,667	(307,555)	-16%
Total liabilities	861,804	945,317	1,006,373	1,622,768	1,868,177	2,568,085	(699,908)	-27%
Deferred inflows	183,681	192,632	-	-	183,681	192,632	(8,951)	-5%
Net position								
Invested in capital assets, net of related debt	2,513,647	2,641,335	1,031,418	818,548	3,545,065	3,459,883	85,182	2%
Restricted	237,668	259,761	152,203	272,733	389,871	532,494	(142,623)	-27%
Unrestricted	1,297,839	1,129,552	1,578,486	785,405	2,876,325	1,914,957	961,368	50%
Total net position	\$ 4,049,154	\$ 4,030,648	\$ 2,762,107	\$ 1,876,686	\$ 6,811,261	\$ 5,907,334	\$ 903,927	15%

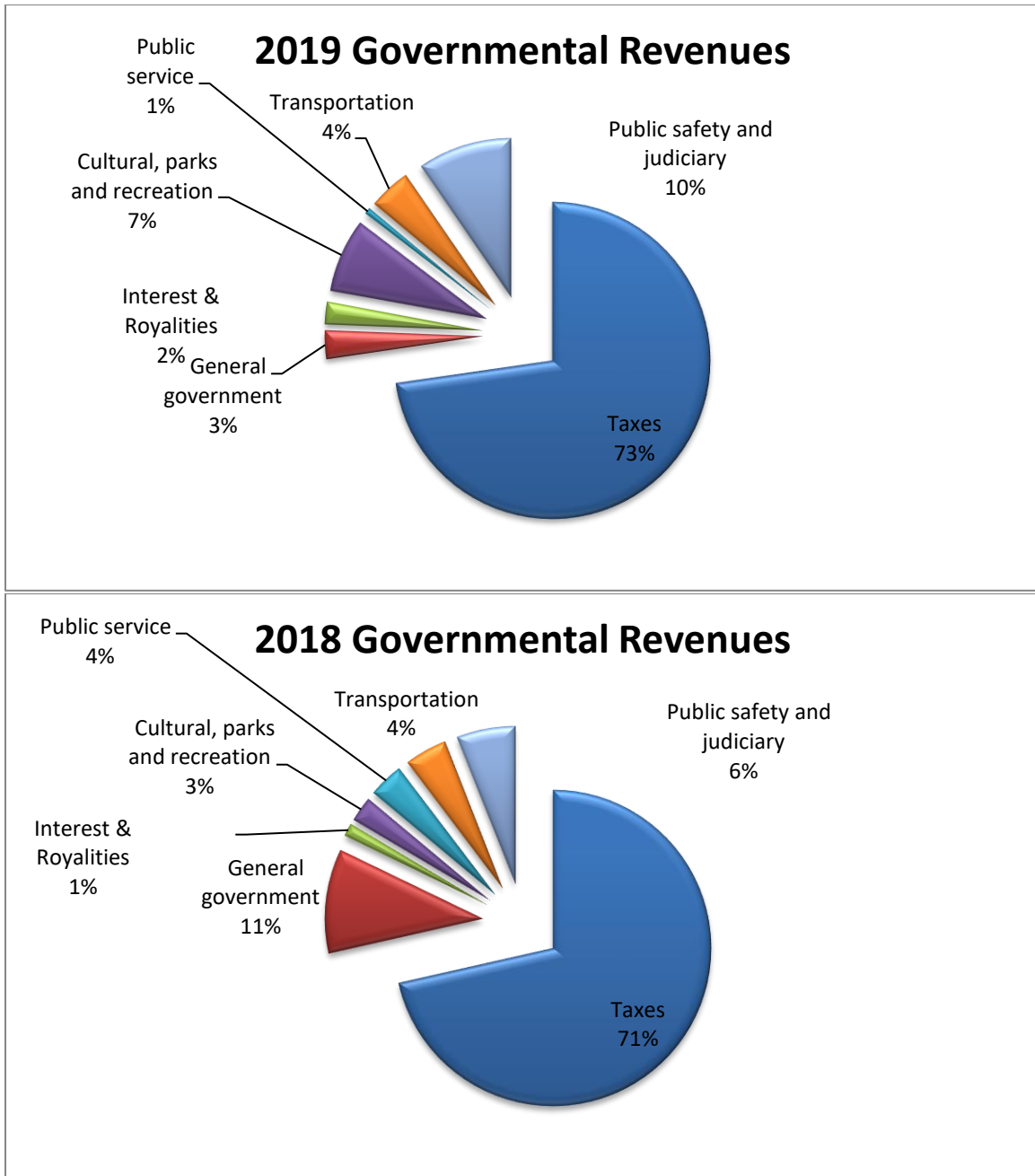
Assets of the City noted marginal change over prior year. Deferred outflows related to the pension obligations of the City increased 6% over prior year. This change is determined by an actuarial valuation of the Oklahoma Municipal Retirement Fund, Police Pension fund, and the Fire Pension fund participation. Total liabilities decreased 27% over prior year. The most significant decrease is due to the payments made on outstanding obligations in accordance with scheduled terms, as well as payments made on obligations due to vendors. The City reports over \$4 million in capital assets with \$758,000 remaining on debt used to finance their acquisition and construction. Overall, the net position of the City increased 15% when compared to prior year. The financial status of the City improved during the year.

	Summary of Changes in Net Position							
	Governmental		Business-type		Total		Change	
	2019	2018	2019	2018	2019	2018	\$	%
Revenues								
Program revenues	\$ 249,182	\$ 264,394	\$ 4,623,252	\$ 4,716,255	\$ 4,872,434	\$ 4,980,649	\$ (108,215)	-2%
Taxes and other general revenues	849,573	981,148	63,815	27,902	913,388	1,009,050	(95,662)	-9%
Total revenues	1,098,755	1,245,542	4,687,067	4,744,157	5,785,822	5,989,699	(203,877)	-3%
Expenses								
General government	415,088	404,653	-	-	415,088	404,653	10,435	3%
Public safety and judiciary	819,272	928,519	-	-	819,272	928,519	(109,247)	-12%
Transportation	242,952	415,803	-	-	242,952	415,803	(172,851)	-42%
Cultural, parks, and recreation	303,244	333,147	-	-	303,244	333,147	(29,903)	-9%
Public service	110,539	139,957	-	-	110,539	139,957	(29,418)	-21%
Electric	-	-	2,215,117	2,255,020	2,215,117	2,255,020	(39,903)	-2%
Water	-	-	207,388	188,399	207,388	188,399	18,989	10%
Sewer	-	-	50,360	64,830	50,360	64,830	(14,470)	-22%
Sanitation	-	-	383,989	342,184	383,989	342,184	41,805	12%
Golf	-	-	94,634	116,284	94,634	116,284	(21,650)	-19%
Customer service	-	-	195,185	174,766	195,185	174,766	20,419	12%
Total expenses	1,891,095	2,222,079	3,146,673	3,141,483	5,037,768	5,363,562	(325,794)	-6%
Excess (deficiency) before transfers	\$ (792,340)	\$ (976,537)	\$ 1,540,394	\$ 1,602,674	\$ 748,054	\$ 626,137	\$ 121,917	19%
Transfers	810,846	1,071,242	(810,846)	(1,066,507)	-	4,735	(4,735)	-100%
Increase (decrease) in net position	\$ 18,506	\$ 94,705	\$ 729,548	\$ 536,167	\$ 748,054	\$ 630,872	\$ 117,182	19%

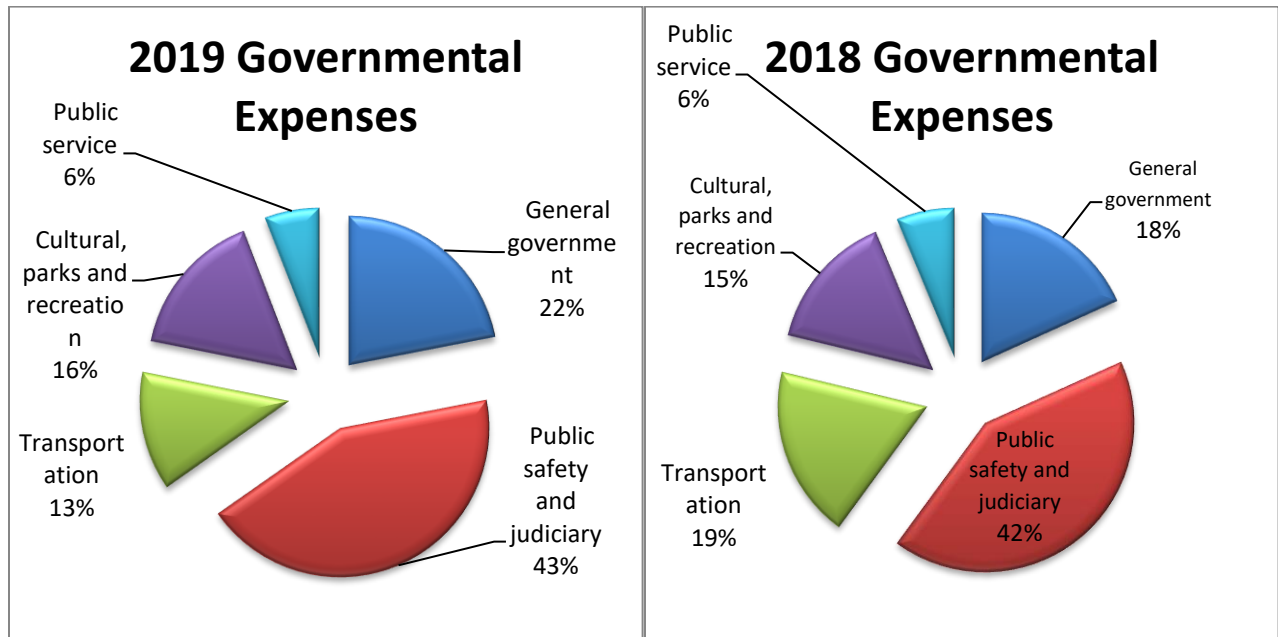
Revenues for the City noted a decrease of \$203,877 or 3% year over year. Program revenues noted a 2% or \$108,215 decline due to the slight decrease in all utility revenues except Sanitation department. Other general revenues noted a 9% decrease over prior year primarily attributable to a change in pension obligation. The pension obligation is measured by a third-party actuary and reported on the City's financial statements. As the obligation increases or decreases the resulting expense or revenue is recorded in the statements.

Conversely, expenses noted a 6% or \$325,794 decline. Cost cutting measures implemented by the City contributed to this savings as implemented under new City management. The allocation of expenses shifted between departments based upon allocation of salaries and supplies. Overall expenses are considered consistent.

Graphic presentations of selected data from the summary table follow to assist in the analysis of the City's activities.



Taxes provided 73% of the City's governmental revenues in fiscal year 2019 compared to 71% in fiscal year 2018. Public safety and judiciary revenues noted an increase over prior year, primarily related to SWODA REAP grant received for a police department. General government noted a decrease over prior year, primarily related to code enforcement revenue that decreased approximately \$20 thousand in the fiscal year.

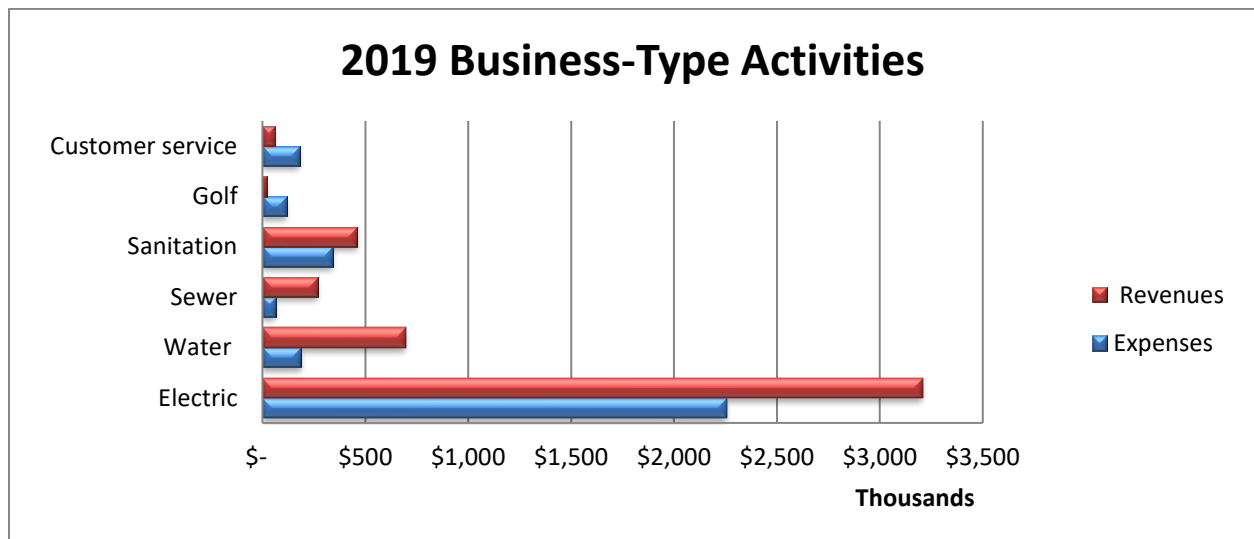


For the year ended June 30, 2019, total expenses for governmental activities were \$1,891,095 compared to \$2,226,369 in fiscal year 2018. Of this amount, public safety and judiciary was the largest operating service department at 43% or \$819,272, similar to prior year at \$930,735. These costs, as well as all other governmental activity expenses, were primarily funded by tax revenues.

It should be noted that governmental expenses are adjusted from the fund statements to the government-wide statements for the purchase and construction of capital assets. Government-wide statement is full accrual; capital outlay expenses are eliminated and capital assets are reported.

Business-type Activities

The following is a graphic representation of business-type expenses as a percentage of revenues for the major departments of the City's enterprise funds:



Business-type activities are shown comparing operating costs to operating revenues generated by the related services. Electric, Sanitation, Sewer, and Water activities are intended to be self-supporting with user charges and other revenues designed to recover costs. Other activities provide services with

minimal user charges. The Golf Course is funded with transfers of \$66,197 from other departments within the City.

General Fund Budgetary Highlights

The General Fund budget for fiscal year 2019 was \$1,864,311 compared to \$2,079,738 in prior year. In total, the City spent \$367,294 less than budgeted appropriations for the year ended. The City maintained compliance with state budget laws for the year ended June 30, 2019.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2019, the City had \$3,545,065 invested in capital assets, net of related debt, including vehicles and equipment for police and fire operations, street improvements, and park facilities, in governmental activities and utility improvements/infrastructure in business-type activities. Refer to the table below.

Primary Government Capital Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Land and construction in process	\$ 270,791	\$ 97,778	\$ 235,435	\$ 235,435	\$ 506,226	\$ 333,213
Buildings	1,775,547	2,066,935	99,864	108,335	1,875,411	2,175,270
Machinery & equipment	210,845	215,591	205,722	177,116	416,567	392,707
Utility property & improvements	226,048	261,031	1,208,836	1,226,023	1,434,884	1,487,054
Total capital assets, net	\$ 2,483,231	\$ 2,641,335	\$ 1,749,857	\$ 1,746,909	\$ 4,233,088	\$ 4,388,244

Long-Term Debt

At year-end, the City had \$1,522,318 in long-term debt outstanding. The City's changes in long-term debt by type of debt are as follows:

Primary Government Long-Term Debt

	Governmental		Business-type	
	Activities		Activities	
	2019	2018	2019	2018
Capital lease payable	-	-	-	-
Notes payable	-	-	758,233	974,670
Bonds payable	-	-	-	295,000
Pension liability	789,890	794,832	-	-
Other accrued liabilities	-	-	176,958	162,647
less current portion	-	-	(162,969)	(357,482)
Total long term debt	\$ 789,890	\$ 794,832	\$ 772,222	\$ 1,074,835

ECONOMIC FACTORS AND NEXT YEARS'S BUDGET AND RATES

Economic Environment

According to the William S. Spears School of Business, Center for Applied Economic Research, noted in July 2019 "The rebound in oil and natural gas prices from their lows in early 2016 spurred growth in the energy sector and the Oklahoma economy more broadly...The rebound in energy sector employment helped turn the overall Oklahoma economy around from the employment declines during 2015-2016. For the first time in several years Oklahoma's total nonfarm employment grew as fast or faster than that of the nation at times during 2017-2018."

The economic environment of the state sheds light on the local economy of the City.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at Mangum City Hall.

City of Mangum, Oklahoma
Statement of Net Position
June 30, 2019

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash and cash equivalents	\$ 559,787	\$ 1,413,308	\$ 1,973,095
Investments	989,489	126,824	1,116,313
Due from other funds	-	-	-
Accounts receivable (net)	149,299	256,340	405,639
Inventory	-	31,667	31,667
Other assets	-	-	-
Total current assets	<u>1,698,575</u>	<u>1,828,139</u>	<u>3,526,714</u>
Restricted assets:			
Cash and cash equivalents	263,421	38,281	301,702
Investments	162,247	152,203	314,450
Total restricted assets	<u>425,668</u>	<u>190,484</u>	<u>616,152</u>
Noncurrent Assets:			
Pension asset	30,416	-	30,416
Land and construction in progress	270,791	235,435	506,226
Other capital assets (net of accumulated depreciation)	2,212,440	1,514,422	3,726,862
Total noncurrent assets	<u>2,513,647</u>	<u>1,749,857</u>	<u>4,263,504</u>
Total assets	<u>4,637,890</u>	<u>3,768,480</u>	<u>8,406,370</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on pension obligations	\$ 456,749	\$ -	\$ 456,749
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 14,817	\$ 45,093	\$ 59,910
Payroll liabilities	57,097	26,089	83,186
Notes payable, current	-	162,969	162,969
Bonds payable, current	-	-	-
Total current liabilities	<u>71,914</u>	<u>234,151</u>	<u>306,065</u>
Liabilities payable from restricted assets:			
Accrued payables	-	-	-
Total liabilities payable from restricted assets	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities:			
Other accrued liabilities	-	176,958	176,958
Pension liability	789,890	-	789,890
Notes payable, non-current	-	595,264	595,264
Bonds payable, non-current	-	-	-
Total noncurrent liabilities	<u>789,890</u>	<u>772,222</u>	<u>1,562,112</u>
Total liabilities	<u>861,804</u>	<u>1,006,373</u>	<u>1,868,177</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on pension obligations	183,681	-	183,681
NET POSITION			
Invested in capital assets, net of related debt	2,513,647	1,031,418	3,545,065
Reserved for restricted purposes	237,668	190,484	428,152
Unrestricted	1,297,839	1,540,205	2,838,044
Total net position	<u>\$ 4,049,154</u>	<u>\$ 2,762,107</u>	<u>\$ 6,811,261</u>

City of Mangum, Oklahoma
Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government	\$ 415,088	\$ 7,520	\$ 21,000	\$ -	\$ (386,568)
Public safety and judiciary	819,272	33,594	62,180	-	(723,498)
Transportation	242,952	11,234	31,914	-	(199,804)
Cultural, parks and recreation	303,244	60,857	14,106	-	(228,281)
Public service	110,539	5,152	1,625	-	(103,762)
Total governmental activities	<u>1,891,095</u>	<u>118,357</u>	<u>130,825</u>	<u>-</u>	<u>(1,641,913)</u>
Business-type activities:					
Electric	2,215,117	3,124,816	-	-	909,699
Water	207,388	683,995	-	-	476,607
Sewer	50,360	260,656	-	-	210,296
Sanitation	383,989	480,063	-	-	96,074
Golf	94,634	12,089	-	-	(82,545)
Customer service	195,185	61,633	-	-	(133,552)
Total business-type activities	<u>3,146,673</u>	<u>4,623,252</u>	<u>-</u>	<u>-</u>	<u>1,476,579</u>
Total primary government	<u>\$ 5,037,768</u>	<u>\$ 4,741,609</u>	<u>\$ 130,825</u>	<u>\$ -</u>	<u>\$ (165,334)</u>

City of Mangum, Oklahoma
Statement of Activities (continued)
Year Ended June 30, 2019

Changes in Net Position:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net (expense)/revenue	\$ (1,641,913)	\$ 1,476,579	\$ (165,334)
General revenues:			
Taxes:			
Sales tax	541,225	-	541,225
Use tax	89,526	-	89,526
Franchise tax	30,044	-	30,044
Other taxes	63,025	-	63,025
Investment income	22,174	9,496	31,670
Other	34,809	54,319	89,128
Change in pension obligation	68,770	-	68,770
Transfers-Internal activity	810,846	(810,846)	-
Total general revenues and transfers	<u>1,660,419</u>	<u>(747,031)</u>	<u>913,388</u>
Change in net assets	18,506	729,548	748,054
Net position-beginning	4,030,648	1,876,686	5,907,334
Prior period adjustment	-	155,873	155,873
Net position-ending	<u><u>\$ 4,049,154</u></u>	<u><u>\$ 2,762,107</u></u>	<u><u>\$ 6,811,261</u></u>

City of Mangum, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2019

	<u>General Fund</u>	<u>Hospital Sales Tax</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 425,925	\$ 156,127	\$ 241,156	\$ 823,208
Investments	925,329	-	226,407	1,151,736
Due from other funds	-	31,694	6,000	37,694
Accounts receivable	23,412	-	-	23,412
Taxes receivable	121,774	-	4,113	125,887
Total assets	<u>1,496,440</u>	<u>187,821</u>	<u>477,676</u>	<u>2,161,937</u>
LIABILITIES				
Accounts payable	\$ 14,817	\$ -	\$ -	\$ 14,817
Due to other funds	36,255	-	1,439	37,694
Payroll liabilities	57,097	-	-	57,097
Total liabilities	<u>108,169</u>	<u>-</u>	<u>1,439</u>	<u>109,608</u>
FUND BALANCES				
Nonspendable	-	-	107,294	107,294
Restricted	-	187,821	155,731	343,552
Committed	-	-	167,184	167,184
Assigned	-	-	46,028	46,028
Unassigned	1,388,271	-	-	1,388,271
Total fund balances	<u>1,388,271</u>	<u>187,821</u>	<u>476,237</u>	<u>2,052,329</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,496,440</u>	<u>\$ 187,821</u>	<u>\$ 477,676</u>	<u>\$ 2,161,937</u>
Total fund balance- total governmental funds				\$ 2,052,329
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Land and capital assets, net of accumulated depreciation, are not financial resources and, in the funds, and therefore, are not reported:				
			270,791	
			6,484,635	
			<u>(4,272,195)</u>	2,483,231
Long-term liabilities are not due and payable in the current period and are not reported in the funds.				
			30,416	
			(789,890)	
			<u>273,068</u>	<u>(486,406)</u>
Net position of governmental activities				<u>\$ 4,049,154</u>

City of Mangum, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

	<u>General Fund</u>	<u>Hospital Sales Tax</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Sales tax	\$ 541,225	\$ -	\$ -	\$ 541,225
Use tax	89,526	-	-	89,526
Franchise tax	30,044	-	-	30,044
Licenses and permits	7,520	-	-	7,520
Rents & royalties	47,161	-	-	47,161
Fines and forfeitures	30,969	-	-	30,969
Charges for services	30,262	-	2,444	32,706
Intergovernmental revenues	120,605	-	34,874	155,479
Donations	7,009	-	7,913	14,922
Other revenues	58,259	-	-	58,259
Interest	17,758	437	3,979	22,174
Total revenues	<u>980,338</u>	<u>437</u>	<u>49,210</u>	<u>1,029,985</u>
EXPENDITURES				
General government:				
Administration	320,222	-	-	320,222
City commission	13,538	-	-	13,538
General government	47,926	-	-	47,926
Total general government	<u>381,686</u>	<u>-</u>	<u>-</u>	<u>381,686</u>
Public safety and judiciary:				
Police	469,844	-	-	469,844
Animal control	25,349	-	-	25,349
Fire	280,383	-	1,570	281,953
Judiciary	26,163	-	-	26,163
Total public safety and judiciary	<u>801,739</u>	<u>-</u>	<u>1,570</u>	<u>803,309</u>
Transportation:				
Street	82,311	-	14,083	96,394
Airport	16,167	-	-	16,167
Total transportation	<u>98,478</u>	<u>-</u>	<u>14,083</u>	<u>112,561</u>
Cultural, parks and recreation:				
Library	121,047	-	8,569	129,616
Park	69,225	-	-	69,225
Swimming pool	41,801	-	-	41,801
Total cultural, parks and recreation	<u>232,073</u>	<u>-</u>	<u>8,569</u>	<u>240,642</u>
Public service:				
Cemetery	2,588	-	-	2,588
Inspection and code enforcement	21,480	-	-	21,480
Community service	66,112	-	-	66,112
Healthcare	-	-	-	-
Total public service	<u>90,180</u>	<u>-</u>	<u>-</u>	<u>90,180</u>
Capital outlay	90,804	-	2,498	93,302
Debt service:				
Principle	-	-	-	-
Interest expense	-	11,311	-	11,311
Total expenditures	<u>1,694,960</u>	<u>11,311</u>	<u>26,720</u>	<u>1,732,991</u>
Excess (deficiency) of revenues over expenditures	<u>(714,622)</u>	<u>(10,874)</u>	<u>22,490</u>	<u>(703,006)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,017,404	305,108	-	1,322,512
Transfers out	(216,666)	(295,000)	-	(511,666)
Total other financing sources and uses	<u>800,738</u>	<u>10,108</u>	<u>-</u>	<u>810,846</u>
Net change in fund balances	86,116	(766)	22,490	107,840
Fund balances - beginning	1,302,155	188,587	453,747	1,944,489
Fund balances - ending	<u>\$ 1,388,271</u>	<u>\$ 187,821</u>	<u>\$ 476,237</u>	<u>\$ 2,052,329</u>

City of Mangum, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

Reconciliation of the change in fund balances - total governmental funds
to the change in net position of governmental activities:

Net change in fund balances - total governmental funds \$ 107,840
Amounts reported for governmental activities in the Statement of Activities are
different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital asset purchases capitalized	93,302	
Depreciation expense	<u>(251,406)</u>	(158,104)

In the statement of activities, the cost of pension benefits earned net of
employee contributions are reported as an component of pension expense.
The fund financial statements report pension contributions as expenditures.

68,770

Change in Fund Balance of Governmental Activities	<u><u>\$ 18,506</u></u>
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City of Mangum, Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2019

	Mangum Utility Authority	Golf Course Fund	MUA Capital Improvement	Power Plant Capital Improvement	Water Well Improvement and Maintenance	Total Enterprise Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,220,891	\$ 6,553	\$ 36,543	\$ 110,859	\$ 38,462	\$ 1,413,308
Investments	19,297	-	-	64,860	42,667	126,824
Accounts receivable, net	255,795	545	-	-	-	256,340
Inventory	30,405	1,262	-	-	-	31,667
Other assets	-	-	-	-	-	-
Total current assets	<u>1,526,388</u>	<u>8,360</u>	<u>36,543</u>	<u>175,719</u>	<u>81,129</u>	<u>1,828,139</u>
Current assets:						
Restricted assets:						
Cash, including time deposits	38,281	-	-	-	-	38,281
Investments	152,203	-	-	-	-	152,203
Total restricted assets	<u>190,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,484</u>
Noncurrent assets:						
Capital assets (net)	<u>1,645,349</u>	<u>104,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,749,857</u>
Total noncurrent assets	<u>1,645,349</u>	<u>104,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,749,857</u>
Total assets	<u>\$ 3,362,221</u>	<u>\$ 112,868</u>	<u>\$ 36,543</u>	<u>\$ 175,719</u>	<u>\$ 81,129</u>	<u>\$ 3,768,480</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 13,876	\$ 2,117	\$ -	\$ 29,100	\$ -	\$ 45,093
Payroll liabilities	25,977	112	-	-	-	26,089
Capital lease payable, current	-	-	-	-	-	-
Notes payable, current	156,778	-	-	6,191	-	162,969
Bonds payable, current	-	-	-	-	-	-
Total current liabilities	<u>196,631</u>	<u>2,229</u>	<u>-</u>	<u>35,291</u>	<u>-</u>	<u>234,151</u>
Liabilities payable from restricted assets:						
Accrued interest payable	-	-	-	-	-	-
Total liabilities payable from restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities:						
Meter deposit liability	176,958	-	-	-	-	176,958
Capital lease payable, non-current	-	-	-	-	-	-
Notes payable, non-current	561,661	-	-	33,603	-	595,264
Bonds payable, non-current	-	-	-	-	-	-
Total noncurrent liabilities	<u>738,619</u>	<u>-</u>	<u>-</u>	<u>33,603</u>	<u>-</u>	<u>772,222</u>
Total liabilities	<u>935,250</u>	<u>2,229</u>	<u>-</u>	<u>68,894</u>	<u>-</u>	<u>1,006,373</u>
NET POSITION						
Invested in capital assets, net of related debt	926,910	104,508	-	-	-	1,031,418
Restricted	190,484	-	-	-	-	190,484
Unrestricted	<u>1,309,577</u>	<u>6,131</u>	<u>36,543</u>	<u>106,825</u>	<u>81,129</u>	<u>1,540,205</u>
Total net position	<u>\$ 2,426,971</u>	<u>\$ 110,639</u>	<u>\$ 36,543</u>	<u>\$ 106,825</u>	<u>\$ 81,129</u>	<u>\$ 2,762,107</u>

City of Mangum, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2019

	Mangum Utility Authority	Golf Course Fund	MUA Capital Improvement	Power Plant Capital Improvement	Water Well Improvement and Maintenance	Total Enterprise Funds
Operating revenues:						
Charges for services:						
Electric charges	\$ 3,124,816	\$ -	\$ -	\$ -	\$ -	\$ 3,124,816
Water charges	683,995	-	-	-	-	683,995
Sewer charges	260,656	-	-	-	-	260,656
Sanitation charges	480,063	-	-	-	-	480,063
Sale of merchandise	-	4,875	-	-	-	4,875
Penalties	60,424	-	-	-	-	60,424
Total charges for services	4,609,954	4,875	-	-	-	4,614,829
Rental and fee income	1,209	7,097	-	-	-	8,306
Other fees and charges	-	117	-	-	-	117
Total operating revenues	4,611,163	12,089	-	-	-	4,623,252
Operating expenses:						
Cost of sales	1,772,933	577	-	-	-	1,773,510
Personal services	523,407	1,356	-	-	-	524,763
Materials and supplies	120,490	18,410	2,975	-	13,499	155,374
Other services and charges	436,362	60,979	-	-	-	497,341
Depreciation and amortization	140,742	13,659	-	-	-	154,401
Total operating expenses	2,993,934	94,981	2,975	-	13,499	3,105,389
Net operating income	1,617,229	(82,892)	(2,975)	-	(13,499)	1,517,863
Nonoperating revenue (expense):						
Investment income	7,222	-	94	1,348	832	9,496
Grant income	-	-	-	-	-	-
Other income	46,127	-	-	-	8,192	54,319
Bad debt	(27,660)	-	-	-	-	(27,660)
Interest expense	(10,753)	-	-	(1,604)	(1,267)	(13,624)
Total nonoperating revenue (expense)	14,936	-	94	(256)	7,757	22,531
Net income before contributions and transfers	1,632,165	(82,892)	(2,881)	(256)	(5,742)	1,540,394
Transfers from other funds	392,992	66,197	10,651	69,367	37,361	576,568
Transfers to other funds	(1,290,481)	-	-	(58,200)	(38,733)	(1,387,414)
Change in net position	734,676	(16,695)	7,770	10,911	(7,114)	729,548
Net position-beginning of year	1,536,422	127,334	28,773	95,914	88,243	1,876,686
Prior period adjustment	155,873	-	-	-	-	155,873
Net position-end of year	\$ 2,426,971	\$ 110,639	\$ 36,543	\$ 106,825	\$ 81,129	\$ 2,762,107

City of Mangum, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2019

	Mangum Utility Authority	Golf Course Fund	MUA Capital Improvement	Power Plant Capital Improvement	Water Well Improvement and Maintenance	Total Enterprise Funds
Cash flows from operating activities:						
Receipts from customers	\$ 4,779,677	\$ 11,834	\$ -	\$ -	\$ -	\$ 4,791,511
Payments to suppliers	(2,318,054)	(78,342)	(2,975)	29,100	(13,499)	(2,383,770)
Payments to employees	(522,234)	(1,244)	-	-	-	(523,478)
Net cash provided (used) by operating activities	1,939,389	(67,752)	(2,975)	29,100	(13,499)	1,884,263
Cash flows from non-capital financing activities:						
Transfers from other funds	392,992	66,197	10,651	69,367	37,361	576,568
Transfers to other funds	(1,290,481)	-	-	(58,200)	(38,733)	(1,387,414)
Insurance recovery receipts	-	2,168	-	-	7,545	9,713
Net cash provided (used) by non-capital financing activities	(897,489)	68,365	10,651	11,167	6,173	(801,133)
Cash flows from capital and related financing activities:						
Purchase of capital assets	(157,350)	-	-	-	-	(157,350)
Principal paid on capital debt	(475,065)	-	-	(7,559)	-	(482,624)
Issuance of capital debt	-	-	-	-	-	-
Interest paid on capital debt	(14,477)	31	-	(1,604)	(1,267)	(17,317)
Proceeds from capital grants	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	(646,892)	31	-	(9,163)	(1,267)	(657,291)
Cash flows from investing activities:						
Investment income	7,222	-	94	1,348	832	9,496
Net cash provided (used) by investing activities	7,222	-	94	1,348	832	9,496
Net increase (decrease) in cash and cash equivalents	402,230	644	7,770	32,452	(7,761)	435,335
Cash & cash equivalents, beginning of the year	856,942	5,909	28,773	78,407	46,223	1,016,254
Cash & cash equivalents, end of the year	\$ 1,259,172	\$ 6,553	\$ 36,543	\$ 110,859	\$ 38,462	\$ 1,451,589
Cash, including time deposits	\$ 1,220,891	\$ 6,553	\$ 36,543	\$ 110,859	\$ 38,462	\$ 1,413,308
Restricted cash, including time deposits	38,281	-	-	-	-	38,281
Total cash and cash equivalents, end of year	\$ 1,259,172	\$ 6,553	\$ 36,543	\$ 110,859	\$ 38,462	\$ 1,451,589
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ 1,617,229	\$ (82,892)	\$ (2,975)	\$ -	\$ (13,499)	\$ 1,517,863
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	140,742	13,659	-	-	-	154,401
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	168,514	(255)	-	-	-	168,259
(Increase) decrease in inventory	3,905	(493)	-	-	-	3,412
(Increase) decrease in other assets	-	-	-	-	-	-
Increase (decrease) in accounts payable	7,826	2,117	-	29,100	-	39,043
Increase (decrease) in payroll liabilities	1,173	112	-	-	-	1,285
Total adjustments	322,160	15,140	-	29,100	-	366,400
Net cash provided (used) by operating activities	\$ 1,939,389	\$ (67,752)	\$ (2,975)	\$ 29,100	\$ (13,499)	\$ 1,884,263

City of Mangum, Oklahoma
Statement of Fiduciary Net Position
Cafeteria Plan Trust Fund
June 30, 2019

	<u>Cafeteria Plan</u>
ASSETS	
Cash and cash equivalents	\$ 13,300
Total assets	<u>\$ 13,300</u>
LIABILITIES	
Benefits payable	\$ 13,300
Total liabilities	<u>\$ 13,300</u>

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting framework and the more significant accounting principles and practices of the City of Mangum, Oklahoma ("City") are discussed in subsequent section of this note. The remainder of the notes is organized to provide explanations, including required disclosures of the City's financial activities for the fiscal year ended June 30, 2019. The City operates under a charter with a Commissioner-Manager form of government, amended February 2012. The City provides police and fire protection, electric, water, and sanitation services to citizens, as well as recreational areas including parks and swimming pool.

A. Reporting Entity

Fund Types and Major Funds

Major Governmental Funds

General Fund

This is the primary fund of the City. It is used to account for the general operations of the City and all financial resources not reported in other funds.

Hospital Sales Tax Fund

This fund is reported as a special revenue fund under governmental activities. It accounts for the 1 cent sales tax restricted for debt service on the Mangum Utilities Authority Sales Tax Refunding Revenue Bonds, Series 2006. Sales tax revenues are transferred from the General fund to the Hospital Sales Tax fund to be used for semi-annual debt service payments. Any access sales tax dollars can be used for the maintenance and repair of the hospital. Refer to further discussion regarding the debt obligation in footnote (2)B. Management has elected to report this fund as major.

Major Proprietary Funds

Mangum Utilities Authority (MUA)

MUA accounts for the operating activities of the electric, water, sewer, and sanitation utilities leased to the MUA by the City. The City Commission serves as the trustees of the Authority. MUA was established in August 1962 as a public trust pursuant to Title 60 of Oklahoma statutes.

Mangum Golf Course Fund

The Golf Fund accounts for the operating activities of the municipal golf course. Management has elected to report this fund as major.

MUA Capital Improvement

This fund accounts for funds set aside for the purchase of capital assets for the City. Funds are transferred from this account in accordance with Commission approval. Management has elected to report this fund as major.

Power Plant Capital Improvement

This fund accounts for funds set aside for improvements at the City's power plant. Funds are transferred from this account in accordance with Commission approval. Management has elected to report this fund as major.

Water Well Improvement and Maintenance

This fund accounts for funds set aside for the maintenance and improvement of the City's water wells. Funds are transferred from this account in accordance with Commission approval. Management has elected to report this fund as major.

Fiduciary Component Unit (reported in fiduciary financial statements)

Cafeteria Plan

Established to account for funds withheld under section 125 of the Internal Revenue code

Discrete Component Unit (excluded from reporting)

Mangum City Hospital Authority

Established in July 1997 as a public trust pursuant to Title 60 of Oklahoma statutes, this fund accounts for the operations of the Mangum City Hospital. The City Commission appoints the trustees of the Mangum City Hospital Authority. Effective June 22, 2017, the Mangum City Hospital is owned by the City and operated by a third party.

Due to restrictions of the state constitution relating to the issuance of municipal debt, public trusts are created to finance City services with revenue bonds or other non-general obligation financing and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the City. Public trusts created to provide financing services are blended into the City's primary government as an integral part of City operations although retaining separate legal identity. Component units that do not meet the criteria for blending are reported discretely. The City of Mangum blends all component units.

B. Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities. The statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. Individual funds are not displayed by the statements.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services with usage fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Taxes and other revenues sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements and financial statements of the City's component units also report using the same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considered revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenses are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: sales and use taxes and intergovernmental revenues. In general, other revenues are recognized when cash is received.

Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of provided goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

C. Budget Policy and Practice

Budget Approval

The City Manager submits an annual budget to the City Commission in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the Commission for review, and public hearings are held to address priorities and the allocation of resources. In June, the Commission adopts the annual fiscal year budgets for City's operating funds. Budget amendments or supplements may be made during the year when unexpected modifications are required in estimated revenues and appropriations. Budget amendments are recommended by the City Manager and must be approved by the Commission. As stated in the approved budget resolution, transfers between departments within the same fund may be made without additional Commission approval as long as budget appropriations for the fund as a whole are not increased. Such transfers should be made prior to department appropriations being exceeded. Public trusts submit budgets and other planning documents to their respective governing bodies. Other funds budgeted on a project-length basis are also subjected to the Commission review and approval process.

Basis of Budgeting

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and object class as follows: personal services, other services and charges, supplies, capital outlay, transfers, and debt service. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations without Commission approval.

The budgets for operating funds and proprietary funds are prepared on the cash basis. Revenues are budgeted in the year they are expected to be received. Expenses are budgeted in the year they are expected to be paid.

D. Policies Related to Assets, Liabilities, and Fund Equity

Cash and Investments

For the purposes of the combined balance sheet and the statement of cash flows, "cash and cash equivalents" includes all demand deposits, savings accounts and certificates of deposits or short-term investments (including restricted assets) with an original maturity of three months or less. Deposits are stated at cost.

Investments are reported at fair value which is determined using market prices. Short-term investments are reported at cost, which approximates fair value.

Inventories

Inventories are similarly reported in government-wide and fund financial statements.

Inventories consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost and recorded as an expense at the time the item is used. Governmental inventory consists of maintenance supplies for the museum. Business-type inventory includes rock, maintenance parts, and repair supplies.

Accounts Receivable

Significant receivables for governmental activities include sales and use tax receivables. Business-type receivables consist mainly of amount due from customers primarily for utility services. These receivables are due within 30 days. Certain enterprise funds report accounts receivable net of an allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 60 to 90 days. At June 30, 2019, the City has estimated an allowance of \$370,017.

Restricted Assets

Restricted assets include assets legally restricted for capital projects and special revenue funds funded through long-term debt, debt service reserves or grants. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

Interfund Balances

Generally, outstanding balances between funds reported as due to/due from other funds include outstanding charges by one fund to another for services or goods or miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are described as due to/due from other funds.

Capital Assets, Depreciation, and Amortization

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalized assets with cost of \$5,000 or more as purchase and construction outlay occur.

The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

- | | |
|------------------------------------|-------------|
| • Buildings | 10-30 years |
| • Machinery, furniture & equipment | 5-10 years |
| • Infrastructure | 40 years |

Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service.

Compensated Absences

Full-time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Generally, after one year of services, employees are entitled to all accrued vacation leave upon termination. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued current liabilities in the government-wide and proprietary financial statements. Governmental funds report compensated absences

payable to current employees. Sick leave accrues to full-time employees indefinitely. Unused sick leave benefits are not paid to employees while they are employed nor upon termination of employment.

Long-Term Debt

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as a liability.

Fund Equity

Fund Balance

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes beyond the restrictions applicable to the fund.

Net Position

Both proprietary fund financial statements and government-wide financial statements report net position. Amounts invested in capital assets, net of related debt and legally restricted amounts are separated from unrestricted net position.

Invested in capital assets, net of related debt

The amount restricted 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 improvement of those assets.

Restricted net position

Amounts reported as restricted consist of net position with constraints placed on their 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.

Unrestricted net position

This consists of net position that does not meeting the criteria of "restricted" or "invested in capital assets, net of related debt".

Governmental Fund Balances

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

Non-spendable

This includes amounts that cannot be spent as they (1) are not in spendable form or (2) have legal or contractual obligations to remain intact. Examples include fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

Restricted

Fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

Committed

Fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Commission, the City's highest level of decision-making authority,

Assigned

Fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned

Fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources

In addition to assets, the statement of net position will sometimes reports a separate section for deferred outflows of resources. This separate financials statement element represents a consumption of net position that applies to a future period(s) therefore will not be recognized as an outflow of resources (expense) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on net pension obligations for the retirement plans of the City. A deferred charge on pension obligations results from the net different between projected and actual earnings on pension plan investments.

Deferred inflows of resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s); therefore will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred charge on net pension obligations for the retirement plans of the City. A deferred charge on pension obligations results from the net difference between projected and actual earnings on pension plan investments.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reporting amounts and disclosures; accordingly, actual results could differ from those estimates.

Certain reclassifications have been made to prior period balances in order to conform to the current period's presentation.

E. Policies Related to Revenues and Expenses

Program Revenues

Charges for Services

Program revenues reported with governmental activities include charges for services like permits and fees, park charges, and fines and forfeitures. Business-type activity charges for services include all operating income of proprietary funds.

Grants and Contributions

Governmental grants and contributions primarily consist of grants from Federal and state agencies. The nature of the grant determines if it is reported as operating or capital program revenues.

Business-type activity grants and contributions include donations from others as well as grants from Federal and state agencies.

General Revenues

General revenues reported with governmental activities include tax revenues and unrestricted investment income.

Sales Tax

The City levied a 3% sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The City records sales tax proceeds as sales tax revenue within the General Fund. One cent of the sales tax received is restricted for debt service on the 2006 MUA Refunding Sales Tax Bonds. The City transfers that portion of sales tax to the Hospital Sales Tax fund each month.

(2) ASSETS AND LIABILITIES

A. Assets

Deposits and Investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's deposits are secured by collateral values at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

Investments

The City invests primarily in certificates of deposit. Investment securities are exposed to various risks such as interest rate risk and credit risk. The following is a summary of the investments of primary government.

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings</u>	<u>Weighted Average Months to Maturity</u>
INVESTMENTS:				
Certificates of deposit	\$ 1,430,763	\$ 1,430,763	N/A	6.16
Total investments	<u>1,430,763</u>	<u>1,430,763</u>		
Total primary government investments	<u>\$ 1,430,763</u>	<u>\$ 1,430,763</u>		

RECONCILIATION TO STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Investments, unrestricted	\$ 989,489	\$ 126,824	\$ 1,116,313
Investments, restricted	162,247	152,203	314,450
Total investments	<u>\$ 1,151,736</u>	<u>\$ 279,027</u>	<u>\$ 1,430,763</u>

(1) Ratings are provided where applicable to indicate associated **Credit Risk**. N/A indicates not applicable.

(2) **Interest rate risk** is estimated using either duration or weighted average days to maturity depending on the respective policy.

Capital Assets

Changes in Capital Assets

CITY OF MANGUM, OKLAHOMA
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	Primary Government			
	Balance at July 1, 2018	Additions	Deletions	
<i>Governmental Activities</i>				
Land and construction in process	\$ 270,791	\$ -	\$ -	\$ 270,791
Buildings & structures	3,932,723	35,216	-	3,967,939
Machinery, furniture, & equipment	1,548,619	58,086	-	1,606,705
Infrastructure & improvements	909,991	-	-	909,991
Total	6,662,124	93,302	-	6,755,426
Less accumulated depreciation	4,020,789	251,406	-	4,272,195
Governmental fixed assets, net	\$ 2,641,335	\$ (158,104)	\$ -	\$ 2,483,231
<i>Business-type Activities</i>				
Land	\$ 235,435	\$ -	\$ -	\$ 235,435
Buildings & structures	320,421	-	-	320,421
Machinery, furniture, & equipment	1,572,058	99,150	-	1,671,208
Infrastructure & improvements	2,854,480	58,200	-	2,912,680
Total	4,982,394	157,350	-	5,139,744
Less accumulated depreciation	3,235,485	154,402	-	3,389,887
Business-type fixed assets, net	\$ 1,746,909	\$ 2,948	\$ -	\$ 1,749,857
Total primary government	\$ 4,388,244	\$ (155,156)	\$ -	\$ 4,233,088

Business-type Activities:

Capital Assets by Fund

	Public Works Authority	Golf Fund	Total Enterprise Capital Assets
Land	\$ 235,435	\$ -	\$ 235,435
Buildings & structures	157,000	163,421	320,421
Machinery, furniture, & equipment	1,496,485	174,721	1,671,206
Infrastructure & improvements	2,912,681	-	2,912,681
Total	4,801,601	338,142	5,139,743
Less accumulated depreciation	(3,156,252)	(233,634)	(3,389,886)
Business-type fixed assets, net	\$ 1,645,349	\$ 104,508	\$ 1,749,857

Depreciation Expense

<u>Governmental Activities</u>		<u>Business-type Activities</u>	
General government	\$ 33,402	Water	\$ 110,583
Public safety & judiciary	15,963	Electric	21,405
Transportation	130,391	Sanitation	5,721
Cultural, parks & recreation	62,602	Wastewater	3,034
Public service	9,048	Golf	13,659
Total depreciation expense	\$ 251,406	Total depreciation expense	\$ 154,402

B. Liabilities

Long-term liabilities of the City of Mangum as of June 30, 2019 are summarized as follows:

Business-type Activities:

Notes Payable:

Note payable to the Oklahoma Water Resources Board dated June 13, 2001 with the original amount of \$2,100,000 due and payable in semi-annual installments including interest at 2.705% plus an administrative fee of 0.5% for water system improvements.	558,742
Note payable to Stockman's Bank issued in the original amount \$351,650 due and payable in 10 annual installments of \$40,000 in July 1 each year. The note carries as 2.75% variable interest rate, which resets every 12 months.	159,697
Note payable to Oklahoma Municipal Power Authority (OMPA) dated November 2017 for \$50,000 for electric distribution system and equipment payable at 3.7% interest over a term of 84 months at a monthly payment of \$676.56, maturing November 2024.	<u>39,794</u>
Total Notes Payable	758,233
Total Business-type activities long term debt	<u>\$ 758,233</u>

Changes in Long-Term Debt

<u>Type of Debt</u>	<u>Balance at July 1, 2018</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2019</u>	<u>Due Within One Year</u>
Business-type activities:					
Mangum Utility Authority					
Notes payable	\$ 974,670	\$ -	\$ 216,437	\$ 758,233	\$ 162,969
Bonds payable	<u>295,000</u>	<u>-</u>	<u>295,000</u>	<u>-</u>	<u>-</u>
Total business-type debt	\$ 1,269,670	\$ -	\$ 511,437	\$ 758,233	\$ 162,969

Annual Debt Service Requirements

Year Ending June 30	Notes Payable	
	Principal	Interest
2020	\$ 162,969	\$ 9,013
2021	165,703	6,147
2022	167,333	4,485
2023	170,269	2,757
2024	87,483	960
2025	4,476	31
Totals	\$ 758,233	\$23,393

C. Interfund Balances

	<u>Transfer In</u>	<u>Transfer Out</u>
GOVERNMENTAL ACTIVITIES		
<i>GENERAL FUND</i>		
MANGUM UTILITY AUTHORITY	\$ 1,009,877	\$ -
POWER PLANT CAPITAL	-	34,651
HOSPITAL SALES TAX	-	182,014
<i>HOSPITAL SALES TAX</i>		
GENERAL FUND	182,014	-
BUSINESS-TYPE ACTIVITIES		
<i>MANGUM UTILITY AUTHORITY</i>		
GENERAL FUND	-	1,009,877
HOSPITAL SALES TAX	-	-
MUA CAPITAL IMPROVEMENT	-	10,651
POWER PLANT CAPITAL	58,200	34,717
WATER WELL IMPROVEMENT	-	37,361
GOLF COURSE FUND	-	66,197
<i>GOLF COURSE FUND</i>		
MANGUM UTILITY AUTHORITY	66,197	-
<i>MUA CAPITAL IMPROVEMENT</i>		
MANGUM UTILITY AUTHORITY	10,651	-
<i>POWER PLANT CAPITAL</i>		
GENERAL FUND	34,651	
MANGUM UTILITY AUTHORITY	34,717	58,200
<i>WATER WELL IMPROVEMENT</i>		
MANGUM UTILITY AUTHORITY	37,361	-
	<u>\$ 1,433,668</u>	<u>\$ 1,433,668</u>

(3) PENSION AND POST-EMPLOYMENT PLANS

RETIREMENT PLANS

The City participates in three employee pension systems as follows:

<u>Name of Plan</u>	<u>Type of Plan</u>
Oklahoma Public Employees Retirement System (OPERS)	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan

A. Oklahoma Public Employees Retirement Fund

Plan Description

The City participated in OPERS, as state-wide cost sharing multiple-employer pension system which covers eligible employees of participating organizations that are not covered by other plans. All regular, permanent employees who work 1,000 or more hours in a year are eligible for participation in OPERS. Benefits vest after 8 years of service. Employees who retire at age 62 or after completion of six years of service, if later, are entitled to an annual retirement benefits, payable monthly, equal to 2.0% of final average compensation multiplied by the number of years of credited services. Final average compensation is defined as the average of the three highest years' annual salary out of the last ten calendar years of service.

An employee is eligible for an early retirement benefit once he has attained age 55 and has completed ten years of service. The amount of benefit is determined based on the final average salary and credited service as of the date of termination. If benefit payments are to begin before age 65, the benefit is actuarially reduced. A late retirement benefit is computed in the same manner as a normal retirement based on average salary and credited service as of the termination of employment. A participant who becomes totally and permanently disabled after completion of eight year of service is entitled to a disability benefit computed as an early retirement benefit based on average salary and service as of the date of disability but without actuarial reduction for payments beginning prior to normal retirement age if the employee is also eligible for a disability benefit from Social Security.

OPERS issues a publically available financial report that can be obtained at www.opers.ok.gov.

For the year ended June 30, 2019, employees were required to contribute 6.5% of annual compensation. The City contributed 13.5%.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPERS

At June 30, 2019, the City reported a liability of \$78,002 for its proportionate share of the net pension liability. The net pension net pension liability was measured as of July 1, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2019, the City's proportion was 0.0399921 percent.

Changes to the actuarial valuation between the measurement date of the net pension liability and the City's reporting dates are not expected to have a significant effect on the net pension liability.

For the year ended June 30, 2019, the City recognized pension expense of \$55,239. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 43,930
Changes of assumptions	33,509	-
Net difference between projected and actual earnings on pension plan investments	-	12,760
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	103,333	-
Total	\$ 136,842	\$ 56,689

Other amounts reported deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2019	\$	140,339
2020		(6,316)
2021		(44,199)
2022		(9,671)
2023		-

Actuarial assumptions: The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3 percent	
Salary increases	5.54 percent, average	
Investment rate of return	7.5 percent of net investment expenses per annum, compounded annually	

Mortality rates were based on the RP-2000 Combined Active/Retiree Health Mortality Table projected to 2010 using Scale AA.

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

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which the 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. The target allocation and best estimates of geometric real rates of return for each major asset class as of July 1, 2018 are summarized in the following table:

	Target Allocation	Long Term Expected Rate of Return
US Large Cap Equity	38%	5.30%
US Small Cap Equity	6%	5.60%
US Fixed income	25%	0.70%
International stock	18%	5.60%
Emerging market stock	6%	6.40%
TIPS	4%	0.70%
Rate anticipation	4%	1.50%
	100%	

Discount rate:

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in State statute. Based on those assumptions, the pension plan's fiduciary net position was projected through 2113 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. The discount rate determined does not use a municipal bond rate.

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

B. Oklahoma Police Pension and Retirement System

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

Benefits provided – OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become

CITY OF MANGUM, OKLAHOMA
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vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

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

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

Contributions – The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$36,865.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the City reported an asset of \$30,416 for its proportionate share of the net pension asset. The net pension asset was measured as of July 1, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2018. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2018. Based upon this information, the City's proportion was 0.0639%.

For the year ended June 30, 2019, the City recognized pension expense of \$21,552. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 179	\$ 28,500
Changes of assumptions	13,284	-
Net difference between projected and actual earnings on pension plan investments	60,036	44,197
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	36,865	-
Total	\$ 110,364	\$ 72,697

Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2019	\$	52,839
2020		6,289
2021		(16,849)
2022		(5,470)
2023		857

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

Inflation:	3%	
Salary increases:	4.5% to 17.0% average, including inflation	
Investment rate of return:	7.5% net of pension plan investment expense	
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar	

CITY OF MANGUM, OKLAHOMA
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Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.

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

Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

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

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

<u>Long-Term Expected Asset Class</u>	<u>Real Rate of Return</u>
Fixed income	2.83%
Domestic equity	6.47%
International equity	6.98%
Real Estate	5.50%
Private Equity	5.96%
Other assets	3.08%

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 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%)
City's proportionate share of the net pension liability/(asset)	141,196	(30,416)	(175,536)

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.

C. Oklahoma Firefighters Pension and Retirement System

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

Benefits provided – FPRS provides retirement, disability and death benefits to members of the plan.

CITY OF MANGUM, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more service.

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

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

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% 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 \$24,245.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the City reported a liability of \$679,969 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2018. Based upon this information the City's proportion was 0.0604%.

For the year ended June 30, 2019, the City recognized pension expense of \$740. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 142,020	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	43,242	99,739
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	24,245	-
Total	\$ 209,507	\$ 99,739

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:	
2019	\$ 54,833
2020	23,163
2021	3,284
2022	18,183
2023	10,305

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

CITY OF MANGUM, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.48%
Domestic equity	37%	9.61%
International equity	20%	9.24%
Real Estate	10%	7.76%
Other assets	13%	6.88%

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-percent point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of the net pension liability/(asset)	890,522	679,939	502,993

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.

(4) COMMITMENTS AND CONTINGENCIES

A. 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 accrual or provisions for loss contingencies that may result from these proceedings. 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.

B. Grant Program Involvement

In the normal course of operations, the 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. 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.

C. Retirement

Under the City's personnel policy, employees are allowed to carryover unused sick leave. Employees are not compensated for unused sick leave at the time of their termination; hence, no accrual has been made in the statement of net position. However, upon retirement, an employee can convert a maximum of 720 hours of unused sick leave to retirement benefits with OPERS in exchange for an extra year of benefits. Upon conversion with OPERS, the City would incur a liability to OPERS for the number of hours converted at the employee's pay rate.

(5) PRIOR PERIOD ADJUSTMENT

The City reported a prior period adjustment to reverse the impact of expenses recorded in prior year.

City of Mangum, Oklahoma
General Fund
Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2019

	Approved Budget	Amended Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES				
Sales tax	\$ 643,947	\$ 643,947	\$ 541,225	\$ (102,722)
Use tax	83,787	83,787	89,526	5,739
Other taxes	78,332	84,358	30,044	(54,314)
Licenses and permits	2,873	2,873	7,520	4,647
Fines and forfeitures	46,958	46,958	30,969	(15,989)
Charges for services	31,694	31,694	30,262	(1,432)
Intergovernmental revenues	165,834	165,834	120,605	(45,229)
Other revenues	-	56,167	112,429	56,262
Interest	8,197	8,197	17,758	9,561
Budgeted fund balance	170,556	170,556	-	(170,556)
Total revenues	<u>1,232,178</u>	<u>1,294,371</u>	<u>980,338</u>	<u>(314,033)</u>
EXPENDITURES				
<u>General government:</u>				
Administration	344,485	576,185	341,222	234,963
City commission	14,600	14,600	13,538	1,062
General government	61,632	63,513	47,926	15,587
<u>Public safety and judiciary:</u>				
Police	547,073	584,696	507,230	77,466
Animal Control	42,039	53,046	37,067	15,979
Fire	298,201	305,784	301,083	4,701
Judiciary	23,342	25,842	26,163	(321)
<u>Transportation</u>				
Street	141,472	139,654	82,311	57,343
Airport	19,500	19,500	16,167	3,333
<u>Culture and recreation:</u>				
Library	120,986	120,986	121,047	(61)
Park	102,245	101,627	69,225	32,402
Swimming Pool	45,750	45,750	41,801	3,949
<u>Public services</u>				
Cemetery	3,665	3,665	2,588	1,077
Inspection	27,481	32,363	21,480	10,883
Community service	71,840	79,465	66,112	13,353
Total expenditures	<u>1,864,311</u>	<u>2,166,676</u>	<u>1,694,960</u>	<u>471,716</u>
Revenue over (under) expenditures	(632,133)	(872,305)	(714,622)	(785,749)
OTHER FINANCING SOURCES (USES)				
Operating transfers in/(out)	<u>597,944</u>	<u>825,117</u>	<u>800,738</u>	<u>202,794</u>
Net other financing sources (uses)	<u>597,944</u>	<u>825,117</u>	<u>800,738</u>	<u>202,794</u>
Revenues and other financing sources over (under) expenditures and other uses	(34,189)	(47,188)	86,116	(582,955)
Fund balance at beginning of year (Non-GAAP budgetary basis)			<u>1,336,516</u>	
Fund balance at end of year (Non-GAAP budgetary basis)			<u>\$ 1,422,632</u>	
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Revenue and transfer accruals			(34,361)	
Fund balance at end of year (GAAP basis)			<u>\$ 1,388,271</u>	

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Police Pension Retirement Plan
 Year Ended June 30, 2019

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>
Town's portion of the net pension liability (asset)	0.0645%	0.0696%	0.0582%	0.0642%	0.0639%
Town's proportionate share of the net pension liability (asset)	\$ (21,728)	\$ 2,839	\$ 89,113	\$ 4,942	\$ (30,416)
Town's covered-employee payroll	\$ 183,524	\$ 281,051	\$ 303,127	\$ 194,763	\$ 176,779
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-12%	1%	29%	3%	-17%
Plan fiduciary net position as a percentage of the total pension liability	109.04%	100.00%	99.99%	100.00%	100.00%

* The amounts presented for each fiscal year were determined as of the fiscal year-end that occurred previous

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Police Pension Retirement Plan

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>
Contractually required contribution	\$ 23,858	\$ 25,584	\$ 22,308	\$ 25,320	\$ 36,865
Contributions in relation to the contractually required contribution	<u>(23,858)</u>	<u>(25,584)</u>	<u>(22,308)</u>	<u>(25,320)</u>	<u>(36,865)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 183,524	\$ 281,051	\$ 303,127	\$ 194,763	\$ 176,779
Contributions as a percentage of covered-employee payroll	13.00%	9.10%	7.36%	13.00%	20.85%

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Fire Pension Retirement Plan
 Year Ended June 30, 2019

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>
Town's portion of the net pension liability (asset)	0.0592%	0.0634%	0.0602%	0.0624%	0.0604%
Town's proportionate share of the net pension liability (asset)	\$ 608,728	\$ 672,527	\$ 735,183	\$ 785,026	\$ 679,939
Town's covered-employee payroll	\$ 149,274	\$ 172,390	\$ 174,413	\$ 168,462	\$ 170,394
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	408%	390%	422%	466%	399%
Plan fiduciary net position as a percentage of the total pension liability	-371.80%	99.92%	99.94%	99.98%	99.98%

* The amounts presented for each fiscal year were determined as of the fiscal year-end that occurred previous

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Fire Pension Retirement Plan

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>
Contractually required contribution	\$ 20,898	\$ 23,237	\$ 24,837	\$ 23,585	\$ 24,245
Contributions in relation to the contractually required contribution	<u>(20,898)</u>	<u>(23,237)</u>	<u>(24,837)</u>	<u>(23,585)</u>	<u>(24,245)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 149,274	\$ 172,390	\$ 174,413	\$ 168,462	\$ 170,394
Contributions as a percentage of covered-employee payroll	14.00%	13.48%	14.24%	14.00%	14.23%

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Public Employees Retirement System

	2015*	2016*	2017*	2018*	2019*
Town's portion of the net pension liability (asset)	0.0445%	0.0454%	0.0430%	0.0425%	0.0400%
Town's proportionate share of the net pension liability (asset)	\$ 81,760	\$ 163,196	\$ 426,469	\$ 4,864	\$ 78,002
Town's covered-employee payroll	\$ 955,103	\$ 943,399	\$ 905,462	\$ 799,278	\$ 705,126
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	8.56%	17.30%	47.10%	0.61%	11.06%
Plan fiduciary net position as a percentage of the total pension liability	99.96%	99.91%	99.96%	100.00%	100.00%

* The amounts presented for each fiscal year were determined as of the fiscal year-end that occurred previous

Schedules of Required Supplementary Information

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Public Employees Retirement System

	2015*	2016*	2017*	2018*	2019*
Actuarially determined contribution	\$ 128,939	\$ 132,342	\$ 127,405	\$ 107,903	\$ 103,333
Contributions in relation to the actuarially determined contribution	(128,939)	(132,342)	(127,405)	(107,903)	(103,333)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 955,103	\$ 943,399	\$ 905,462	\$ 799,278	\$ 705,126
Contributions as a percentage of covered-employee payroll	13.50%	14.03%	14.07%	13.50%	14.65%

City of Mangum, Oklahoma
Combining Balance Sheet
Non-Major Governmental Funds

June 30, 2019

	Riverside Endowment	Library Grant	Street and Alley	Grant Fund	Busby Trust	Dispatcher Training	Crime Stoppers	Southwest Dispute Mediation	Revolving Loan	Hospital Rent	Cemetery Perpetual Care	Friends of the Park	Total Non-Major Funds
ASSETS													
Cash and cash equivalents	\$ 449	\$ 6,472	\$ 51,605	\$ 7,717	\$ 6,072	\$ 5,072	\$ 13,773	\$ -	\$ 107,294	\$ 2,596	\$ 23,236	\$ 16,870	\$ 241,156
Investments	41,824	-	64,160	-	102,295	-	-	-	-	-	18,128	-	226,407
Due from other governments	-	-	-	-	6,000	-	-	-	-	-	-	-	6,000
Taxes receivable	-	-	4,113	-	-	-	-	-	-	-	-	-	4,113
Other receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 42,273</u>	<u>\$ 6,472</u>	<u>\$ 119,878</u>	<u>\$ 7,717</u>	<u>\$ 114,367</u>	<u>\$ 5,072</u>	<u>\$ 13,773</u>	<u>\$ -</u>	<u>\$ 107,294</u>	<u>\$ 2,596</u>	<u>\$ 41,364</u>	<u>\$ 16,870</u>	<u>\$ 477,676</u>
LIABILITIES													
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated absences	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	1,439	-	-	-	-	-	-	-	-	-	1,439
Total liabilities	<u>-</u>	<u>-</u>	<u>1,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,439</u>
FUND BALANCES													
Nonspendable	-	-	-	-	-	-	-	-	107,294	-	-	-	107,294
Restricted	-	-	-	-	114,367	-	-	-	-	-	41,364	-	155,731
Committed	42,273	6,472	118,439	-	-	-	-	-	-	-	-	-	167,184
Assigned	-	-	-	7,717	-	5,072	13,773	-	-	2,596	-	16,870	46,028
Total fund balance	<u>42,273</u>	<u>6,472</u>	<u>118,439</u>	<u>7,717</u>	<u>114,367</u>	<u>5,072</u>	<u>13,773</u>	<u>-</u>	<u>107,294</u>	<u>2,596</u>	<u>41,364</u>	<u>16,870</u>	<u>476,237</u>
Total liabilities and fund balance	<u>\$ 42,273</u>	<u>\$ 6,472</u>	<u>\$ 119,878</u>	<u>\$ 7,717</u>	<u>\$ 114,367</u>	<u>\$ 5,072</u>	<u>\$ 13,773</u>	<u>\$ -</u>	<u>\$ 107,294</u>	<u>\$ 2,596</u>	<u>\$ 41,364</u>	<u>\$ 16,870</u>	<u>\$ 477,676</u>

City of Mangum, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds

Year Ended June 30, 2019

	<u>Riverside Endowment</u>	<u>Library Grant</u>	<u>Street and Alley</u>	<u>Grant Fund</u>	<u>Busby Trust</u>	<u>Dispatcher Training</u>	<u>Crime Stoppers</u>	<u>Southwest Dispute Mediation</u>	<u>Revolving Loan</u>	<u>Hospital Rent</u>	<u>Cemetery Perpetual Care</u>	<u>Friends of the Park</u>	<u>Total Non-Major Funds</u>
REVENUES													
Intergovernmental revenue	\$ -	\$ 6,193	\$ 24,681	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,874
Charges for services	-	-	-	-	-	-	990	-	-	-	1,454	-	2,444
Rental income	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-
Donations	-	970	-	-	-	-	-	-	-	-	50	6,893	7,913
Interest income	727	-	973	-	1,892	-	-	-	-	8	295	84	3,979
Proceeds from issuance of debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>727</u>	<u>7,163</u>	<u>25,654</u>	<u>4,000</u>	<u>1,892</u>	<u>-</u>	<u>990</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>1,799</u>	<u>6,977</u>	<u>49,210</u>
EXPENDITURES													
General government:													
General government	-	-	-	-	-	-	-	-	-	-	-	-	-
Total general government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public safety and judiciary:													
Fire	-	-	-	1,570	-	-	-	-	-	-	-	-	1,570
Judiciary	-	-	-	-	-	-	-	-	-	-	-	-	-
Total public safety and judiciary	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,570</u>
Transportation:													
Street	-	-	14,083	-	-	-	-	-	-	-	-	-	14,083
Total transportation	<u>-</u>	<u>-</u>	<u>14,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,083</u>
Cultural, parks and recreation:													
Library	-	6,606	-	-	1,963	-	-	-	-	-	-	-	8,569
Total cultural, parks and recreation	<u>-</u>	<u>6,606</u>	<u>-</u>	<u>-</u>	<u>1,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,569</u>
Public service:													
Cemetery	-	-	-	-	-	-	-	-	-	-	-	-	-
Total public service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay	-	-	-	-	-	-	-	-	-	-	2,498	-	2,498
Debt service													
Principle	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>6,606</u>	<u>14,083</u>	<u>1,570</u>	<u>1,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,498</u>	<u>-</u>	<u>26,720</u>
Excess (deficiency) of revenues over expenditures	<u>727</u>	<u>557</u>	<u>11,571</u>	<u>2,430</u>	<u>(71)</u>	<u>-</u>	<u>990</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>(699)</u>	<u>6,977</u>	<u>22,490</u>
OTHER FINANCING SOURCES (USES)													
Transfers in/(out)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	727	557	11,571	2,430	(71)	-	990	-	-	8	(699)	6,977	22,490
Fund balance - beginning	41,546	5,915	106,868	5,287	114,438	5,072	12,783	-	107,294	2,588	42,063	9,893	453,747
Fund balance - ending	<u>\$ 42,273</u>	<u>\$ 6,472</u>	<u>\$ 118,439</u>	<u>\$ 7,717</u>	<u>\$ 114,367</u>	<u>\$ 5,072</u>	<u>\$ 13,773</u>	<u>\$ -</u>	<u>\$ 107,294</u>	<u>\$ 2,596</u>	<u>\$ 41,364</u>	<u>\$ 16,870</u>	<u>\$ 476,237</u>

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

To the City Council
City of Mangum, 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 Mangum, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Mangum, Oklahoma's basic financial statements, and have issued our report thereon dated November 27, 2019.

Internal Control over Financial Reporting

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

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

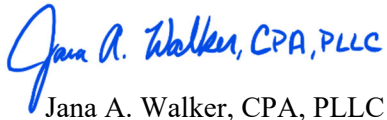
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 of Mangum, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.



Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
November 27, 2019

City of Mangum, Oklahoma
Schedule of Prior Year Findings and Responses
Year Ended June 30, 2019

Finding 2018-001 Ineffective Oversight, Internal Controls, and Monitoring

Condition: Ineffective Oversight, Internal Controls, and Monitoring

Criteria: Internal control is an integral component of an organization's management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting, and compliance with laws and regulations being met. Internal control comprises of the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud.

Cause: Internal controls were ineffective in detecting or preventing errors or fraud.

Effect or Potential Effect: Incorrectly stated financials due to errors or fraud.

Recommendation: Management should ensure all policies and procedures are being followed to detect and deter any instances of errors or fraud.

Current Status: New management has insured that all policies and procedures are being followed to detect and deter any instances of errors or fraud on a timely basis.

Finding 2018-002 Lack of Safety Manual

Condition: The City did not have safety manuals in place to provide proper training to employees.

Criteria: The City has a responsibility to its employees to provide proper training and a safe working environment. Failure to provide documentation that supports the maintenance of a safe workplace could subject the City to regulatory fines and even potential liabilities from civil actions.

Cause: Lack of safety training manuals and training for employees.

Effect or Potential Effect: Failure to provide documentation of adherence to regulatory requirements could result in fines or civil actions that could be material to the financial statements.

Recommendation: Management should create and follow policies and procedures to ensure all employees are provided a safe working environment.

Current Status: New management has created and implemented standard safety procedures for all employees.

City of Mangum, Oklahoma
Schedule of Prior Year Findings and Responses
Year Ended June 30, 2019

Finding 2018-003 Missing/Incomplete Documentation

Condition: There were instances noted during the performance of our audit where the City did not maintain accounting records to provide support for the transactions entered into during the year.

Criteria: The City has a fiduciary responsibility to its citizens and other stakeholders to maintain an accounting system with supporting records to substantiate financial statement assertions.

Cause: Ineffective policies and procedures to ensure all documents are properly maintained.

Effect or Potential Effect: Incorrectly stated financials due to over/underpayment of expenditures.

Recommendation: Management should follow policies and procedures as written and retain all documentation and review expenditures prior to payment for correct amounts.

Current Status: There was not findings of unsupported records requested in the current year. New management has ensured all documentation is being maintained.