



**CITY OF  
MIDWEST CITY, OKLAHOMA**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2019**

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

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## Independent Auditors' Report

Honorable Mayor and City Council  
The City of Midwest City

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Midwest City, Oklahoma, as of June 30, 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, the pension and other post-employment benefit schedules, and the general fund, police fund, and fire fund budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

*RSM US LLP*

Oklahoma City, Oklahoma  
December 27, 2019

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**MANAGEMENT DISCUSSION AND ANALYSIS**

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

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

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended June 30, 2019, by \$517,592,976 (net position). Of this amount, unrestricted net position of the governmental activities was a deficit of \$82,879,993, with the business type activities reporting a positive unrestricted net position of \$26,096,652. The unrestricted net position, when not in a deficit position, may be used to meet the government's ongoing obligations to citizens and creditors.
- The Primary Government's total net position increased by \$11,219,684 or 2.2% from the prior year. This was a result of an increase of \$7,474,378 in the governmental activities while the business-type activities had an increase of \$3,745,306. In addition, expenses increased over the prior year. The detailed changes made from the Governmental Fund Statements to the Statement of Net Position can be found on page 23.
- The City's total deferred inflows increased by \$4,221,056 or, 82.87%. This is mainly due to increases in the deferred amounts related to property taxes (\$2,528,023) and deferred amounts related to pensions (\$1,703,719).
- Sales tax is the major source of revenue for governmental activities. Sales and use tax collections for fiscal year 2019 totaled \$41,854,988 compared to FY 2018 which totaled \$36,830,105. The total increase in sales and use tax collections was \$5,024,883. The increase in sales and use taxes is primarily the result of the U.S. Supreme Court's Wayfair decision which opened the door to being able to collect more on-line sales tax and House Bill 1019 passed by the Oklahoma Legislature requiring third-party internet sellers to collect and remit use tax on behalf of the third parties. A historical review of governmental activity revenues can be found in the statistical information section of the report.
- At the end of the fiscal year 2019, the unassigned fund balance of the General Fund was \$2,689,306 or 9.0% of General Fund revenues.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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



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

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

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

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

- **Governmental activities.** Most of the City's basic services are reported here, including general government, public safety, streets, culture and recreation, health and welfare and economic development. Sales taxes and franchise taxes finance most of these activities as reflected on page 20.
- **Business-type activities.** The City charges a fee to customers to cover the cost of services it provides. The City's utility system (water, sewer, sanitation, and drainage), conference center/hotel, golf, trailer park and industrial park activities are reported here.

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

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

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government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements on page 21 and 23 of this report.

The City of Midwest City maintains individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Police, Fire, Hospital Authority, and 2018 GO Bond CIP funds. Data from the debt service fund, 16 special revenue funds, and 7 capital project funds, all of which are considered to be governmental, are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements starting on page 85 of this report.

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

The City of Midwest City maintains one major enterprise fund. The City uses this fund to account for its water, sewer, sanitation, conference center/hotel, debt service, utility services, utility capital, customer deposits, golf and drainage operations. The fund provides the same type of information as the government-wide financial statements, only in more detail and includes some of the internal service fund-type activity. The City considers this enterprise fund activity to be a major fund. Data from 2 non-major enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements starting on page 91 of this report.

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As of June 30, 2019, the City's combined net position is \$517,592,976, of which \$401,239,888 can be attributed to governmental activities and \$116,353,088 is attributed to business-type activities. This analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

The largest portion of the City's net position, \$392 million, reflects its net investment in capital assets (e.g., land, water rights, building, machinery and equipment, less any related debt used to acquire those assets that is still outstanding). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The net change in capital assets can be reviewed in Table 1 with key element changes shown in Table 3.

**TABLE 1**  
**NET POSITION**  
(In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2019	Restated, 2018		2019	Restated, 2018		2019	Restated, 2018	
Current and other assets	\$ 282,125	\$ 230,165	23%	\$ 39,089	\$ 24,695	58%	\$ 321,214	\$ 254,860	26%
Capital assets	305,826	316,064	-3%	146,998	150,310	-2%	452,824	466,374	-3%
<b>Total assets</b>	<b>587,951</b>	<b>546,229</b>	<b>8%</b>	<b>186,087</b>	<b>175,005</b>	<b>6%</b>	<b>774,038</b>	<b>721,234</b>	<b>7%</b>
<b>Deferred outflow of resources</b>	<b>11,077</b>	<b>9,712</b>	<b>14%</b>	<b>1,263</b>	<b>1,059</b>	<b>19%</b>	<b>12,340</b>	<b>10,771</b>	<b>15%</b>
Long-term obligations outstanding	176,858	144,664	22%	67,427	60,500	11%	244,285	205,164	19%
Other liabilities	12,514	13,000	-4%	2,671	2,375	12%	15,185	15,375	-1%
<b>Total liabilities</b>	<b>189,372</b>	<b>157,664</b>	<b>20%</b>	<b>70,098</b>	<b>62,875</b>	<b>11%</b>	<b>259,470</b>	<b>220,539</b>	<b>18%</b>
<b>Deferred inflow of resources</b>	<b>8,416</b>	<b>4,512</b>	<b>87%</b>	<b>899</b>	<b>581</b>	<b>100%</b>	<b>9,315</b>	<b>5,093</b>	<b>83%</b>
Net position:									
Net investment in capital assets	302,961	308,253	-2%	88,683	105,459	-16%	391,644	413,712	-5%
Restricted	181,159	128,422	41%	1,573	2,020	-22%	182,732	130,442	40%
Unrestricted (deficit)	(82,880)	(42,910)	93%	26,097	5,129	409%	(56,783)	(37,781)	50%
<b>Total net position</b>	<b>\$ 401,240</b>	<b>\$ 393,765</b>	<b>2%</b>	<b>\$ 116,353</b>	<b>\$ 112,608</b>	<b>3%</b>	<b>\$ 517,593</b>	<b>\$ 506,373</b>	<b>2%</b>

Governmental activities increased the City's net position by \$7,474,378 or 1.48%. The business type activities increased the City's net position by \$3,745,306 or .74% for a net increase of \$11,219,684, or 2.22%. The key elements of these changes are contained in Table 2.

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

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total Primary Government		% Inc. (Dec.)
	2019	2018		2019	2018		2019	2018	
Revenues:									
Program revenues:									
Charges for services	\$ 10,705	\$ 8,688	23%	\$ 28,921	\$ 29,161	-1%	\$ 39,626	\$ 37,849	5%
Operating grants and contributions	5,498	4,460	23%	-	2	100%	5,498	4,462	23%
Capital grants and contributions	25	2,525	-99%	-	-	0%	25	2,525	-99%
General revenues:									
Sales and use taxes	41,855	36,830	14%	-	-	0%	41,855	36,830	14%
Other taxes	4,982	5,307	-6%	-	-	0%	4,982	5,307	-6%
Other general revenue	11,884	13,375	-11%	1,436	109	1217%	13,320	13,484	-1%
Total revenues	<u>74,949</u>	<u>71,185</u>	5%	<u>30,357</u>	<u>29,272</u>	4%	<u>105,306</u>	<u>100,457</u>	5%
Program expenses:									
General government	10,008	7,653	31%	-	-	-	10,008	7,653	31%
Public safety	26,211	29,070	-10%	-	-	-	26,211	29,070	-10%
Streets	15,938	15,082	6%	-	-	-	15,938	15,082	6%
Cultural, parks and recreation	2,160	1,928	12%	-	-	-	2,160	1,928	12%
Health and welfare	464	416	12%	-	-	-	464	416	12%
Economic development	4,724	13,829	-66%	-	-	-	4,724	13,829	-66%
Interest expense	4,322	2,379	82%	-	-	-	4,322	2,379	82%
Water	-	-	-	6,867	6,648	3%	6,867	6,648	3%
Sewer	-	-	-	8,238	8,098	2%	8,238	8,098	2%
Sanitation	-	-	-	5,012	4,579	9%	5,012	4,579	9%
Drainage	-	-	-	658	662	-1%	658	662	-1%
Conference center	-	-	-	8,390	7,749	8%	8,390	7,749	8%
Other activities	-	-	-	1,095	1,210	-10%	1,095	1,210	-10%
Total expenses	<u>63,827</u>	<u>70,357</u>	-9%	<u>30,260</u>	<u>28,946</u>	5%	<u>94,087</u>	<u>99,303</u>	-5%
Excess (deficiency) before transfers	11,122	828	1243%	97	326	-70%	11,219	1,154	872%
Transfers	<u>(3,648)</u>	<u>(2,676)</u>	36%	<u>3,648</u>	<u>2,676</u>	36%	<u>-</u>	<u>-</u>	
<b>Increase (decrease) in net position</b>	<b><u>\$ 7,474</u></b>	<b><u>\$ (1,848)</u></b>	-504%	<b><u>\$ 3,745</u></b>	<b><u>\$ 3,002</u></b>	25%	<b><u>\$ 11,219</u></b>	<b><u>\$ 1,154</u></b>	872%

**Governmental Activities.** The revenues reflect an increase over last year of \$3,761,740. This increase is primarily the result of an increase in the sales and use tax collections caused by legal changes which allow for collecting more on-line sales and use taxes and an increase in charges for services which is primarily related to leasehold income from an economic development agreement. Sales and use tax collections increased \$5,024,883 in FY 2019. Capital grants and contributions totaled \$25,274 in FY 2019 and \$2,525,238 in FY 2018. The total decrease in capital grants and contributions from FY 2018 to FY 2019 was \$2,499,964. The decrease is mainly attributed to funding from the Oklahoma Department of Transportation for a large street project in FY 2018.

The most significant governmental activities expense was providing public safety with a cost of \$26,210,591. These expenses were funded by revenue collected from a variety of sources with the largest being a transfer from General Fund to the Police and Fire Special Revenue Funds in the amount of \$18,774,622 and dedicated sales tax of \$10,557,730 for the fiscal year ended June 30, 2019. Other significant governmental expenses are for general government which increased by \$2,354,171 in FY 2019 because of economic development expenses paid by the Hospital Authority, the streets in the amount of \$15,937,656 of which \$12,071,851 is depreciation expense, interest expense which increased by \$1,943,410 in FY 2019 because the City had two new bond issuances, and economic development expense decreased by \$9,104,994 in FY 2019 because the City started construction on a new Tax Incentive Financing District in FY 2018 and that project was nearing completion in FY 2019.

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**Business-type Activities.** Business-type revenue increased by \$1,087,756 or 3.71% from the prior year. Other general income totaled \$1,436,616 in FY 2019 and \$108,965 in FY 2018. The total increase in other general income from FY 2018 to FY 2019 totaled \$1,327,651. The largest portion of this difference is attributed to investment income. Investment income totaled \$1,042,888 in FY 2019 and \$8,724 in FY 2018. The total increase from FY 2018 to FY 2019 was \$1,034,164. The increase is mainly attributed to unrealized losses on securities in FY 2018 and unrealized gains on securities in FY 2019.

**Budgetary Highlights.** For fiscal year 2018-2019, General Fund revenue (including transfers) budget was amended by \$1,486,044 or 4.01% of the original budget of \$37,032,514. The actual revenue (including transfers) was more than the final budget projection by \$783,139, or 2.03%. The revenue increase is attributed to sales tax coming in above projections for the year. The actual expenditures (including transfers) on a budgetary basis were \$38,068,336 compared to the final budget of \$39,815,912. General Fund actual expenditures (including transfers) on a budgetary basis were \$1,747,576 or 4.39% below final budget projections. See page 73 of the report for more detail.

The Police Fund revenue (including transfers) budget was increased by \$324,768, or 2.12%, of the original budget of \$15,303,254. The actual revenue (including transfers) was more than the final budget projection by \$407,730 or 2.61%. The revenue increase is attributed to sales tax coming in above projections for the year. The actual expenditures (including transfers) on a budgetary basis were \$14,213,934 compared to the final budget of \$14,996,244. Actual expenditures (including transfers) were \$782,310 or 5.22% below final budget projections.

The Fire Fund revenues (including transfers) budget was amended by \$261,010 or 2.17%. The actual revenue (including transfers) was more than the final budget projection by \$320,982 or 2.61%. The revenue increase is attributed to sales tax coming in above projections for the year. The actual expenditures (including transfers) on a budgetary basis were \$11,325,285 compared to the final budget of \$12,147,321. Actual expenditures (including transfers) were \$822,036 or 6.77% below projections.

The budget to actual comparisons for these funds can be found on pages 73-76 of the report.

**Capital Assets.** At the end of fiscal year 2019, the City had \$452,823,797 invested in a broad range of capital assets, including police and fire equipment, buildings, conference center and hotel, park facilities, roads, bridges, water and sewer facilities and distribution systems. This amount represents a net decrease (including additions and deductions) of \$10,238,249 for the governmental activities. Although the City had total additions of \$5,897,165; the depreciation expense of \$14,499,785 caused the current year reduction, with street depreciation for the year amounting to \$12,071,851.

The business-type activities had a net decrease of \$3,148,224. Table 3 reflects the net key elements that make up the capital assets by type and source.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	Restated,		Restated,		Restated,	
	2019	2018	2019	2018	2019	2018
Land	\$ 39,949	\$ 39,802	\$ 2,072	\$ 2,072	\$ 42,021	\$ 41,874
Water rights	-	-	4,673	4,673	4,673	4,673
Construction in progress	7,095	6,162	2,283	1,738	9,378	7,900
Buildings	30,058	29,776	32,563	32,474	62,621	62,250
Machinery and equipment	21,753	21,297	14,249	13,999	36,002	35,296
Vehicles	9,978	9,561	10,137	9,152	20,115	18,713
Infrastructure	451,460	449,904	181,904	181,234	633,364	631,138
	560,293	556,502	247,881	245,342	808,174	801,844
Less: Depreciation	(254,467)	(240,437)	(100,884)	(95,032)	(355,351)	(335,469)
<b>Totals</b>	<b>\$ 305,826</b>	<b>\$ 316,065</b>	<b>\$ 146,997</b>	<b>\$ 150,310</b>	<b>\$ 452,823</b>	<b>\$ 466,375</b>

Additional information on the City's capital assets can be found on pages 46-47 of this report.

**Debt Administration.** At year end, the City had \$193,181,895 in long term debt outstanding compared to \$149,817,429 at the end of the prior fiscal year, an increase of 28.94% as shown in Table 4. The City had three new bond issuances in FY 2019. Two General Obligation Bonds totaling \$37,250,000 and one Utility Revenue Bond for \$31,265,000. See pages 50-53 for a more in depth review of long-term debt.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	2019	2018	2019	2018	2019	2018
	General obligation bonds	\$ 37,900	\$ 975	\$ -	\$ -	\$ 37,900
General obligation bonds premium	\$ 496	\$ -	\$ -	\$ -	496	-
Notes payable (direct borrowing)	19,929	20,652	-	-	19,929	20,652
Accrued compensated absences	5,828	5,565	1,526	1,475	7,354	7,040
Revenue bonds	67,455	68,405	55,900	49,350	123,355	117,755
Revenue bonds premium	-	-	2,579	1,821	2,579	1,821
Refundable deposits	46	52	1,523	1,522	1,569	1,574
<b>Totals</b>	<b>\$ 131,654</b>	<b>\$ 95,649</b>	<b>\$ 61,528</b>	<b>\$ 54,168</b>	<b>\$ 193,182</b>	<b>\$ 149,817</b>

**FACTORS AFFECTING FINANCIAL CONDITION**

**Economic Outlook.** Although the United States economy still appears very healthy, the slowdown in the energy sector has cast a shadow on Oklahoma's economy. Unemployment figures from around the state have crept up over the past year. Fortunately, for Midwest City, the large number of government jobs found around the State Capital tend to make it more recession-proof than most. The latest Oklahoma Department of Labor report found Oklahoma County's unemployment rate at 3.0%, which was even lower than the 3.2% mark set in August 2019.

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The State of Oklahoma is the largest employer around but there is also a strong Federal government workforce found in and around Oklahoma City. In fact, Tinker Air Force Base's workforce of over 30,000 makes it the largest single-site employer in the state of Oklahoma in addition to being the largest U.S. Military installation in the world. Midwest City is located directly across Interstate 40 from Tinker, and it has been dependent on the base for supplying primary jobs since they were both established in 1943.

Tinker continues to recruit high-paying white and blue-collar employees to serve on the base as it honors nearly 1,000 retirements each year. In addition, hiring began in late 2018 for the KC-46 Pegasus Air Tanker program, which will bring another 1,340 jobs to the area. The base is now preparing to service a new bomber set to arrive in about five years that promises to create over 1,000 new jobs. Tinker perseveres through the peaks and valleys of the local, state and national economic conditions.

While the City of Midwest City focuses on supporting Tinker's missions in any way possible, it also remains committed to diversifying the local economy by creating private-sector jobs. We continue to seek diversified projects for our Soldier Creek Industrial Park while working on creating additional new jobs in the healthcare, hospitality, office and retail sectors.

Through the calendar third quarter of 2019, the City issued 23 permits for new commercial buildings representing over \$10 million in new investment. There were a significant number of remodel permits issued as well. Affordable local housing is readily available and the number of new starts remain strong. The average price per home continues to improve as well.

We are cautiously excited about opportunities for continued economic growth in 2020.

**FY 2018-2019 Budgets and Rates** - The fiscal year 2019-2020 expenditure budgets presented to the Council and Board of Trustees was \$126,642,625, which is net of \$50,855,484 inter/intra-fund transfers.

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

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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**



**CITY OF MIDWEST CITY, OKLAHOMA  
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**Statement of Net Position– June 30, 2019**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 48,055,404	\$ 10,921,889	\$ 58,977,293
Cash and cash equivalents, restricted	25,743,753	14,528,056	40,271,809
Investments	112,059,129	9,122,010	121,181,139
Investments, restricted	17,138,604	-	17,138,604
Land held for economic development	3,439,804	-	3,439,804
Accounts receivable, net	2,315,759	3,662,777	5,978,536
Interest receivable	101,697	17,337	119,034
Other receivable	293,600	185,426	479,026
Inventory	121,963	280,662	402,625
Internal balances	329,280	(329,280)	-
Prepaid items	3,114	5,489	8,603
Due from other governments	8,883,329	-	8,883,329
Net pension asset	973,201	-	973,201
Lease receivable	62,580,159	-	62,580,159
Deposits held by others	86,608	-	86,608
Investments, non- current, restricted	-	694,889	694,889
Capital assets:			
Land, water rights, and construction in progress	47,044,387	9,028,546	56,072,933
Other capital assets, net of depreciation	258,781,708	137,969,138	396,750,846
Total assets	<u>587,951,499</u>	<u>186,086,939</u>	<u>774,038,438</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on refunding	-	883,459	883,459
Deferred amount related to pensions	10,053,180	-	10,053,180
Deferred amount related to OPEB	1,023,463	379,837	1,403,300
Total deferred outflows	<u>11,076,643</u>	<u>1,263,296</u>	<u>12,339,939</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	1,273,667	1,596,343	2,870,010
Wages payable	1,710,957	459,434	2,170,391
Claims payable	2,219,234	-	2,219,234
Due to other governments	8,643	-	8,643
Accrued interest payable	1,097,747	615,639	1,713,386
Unearned revenue	6,203,791	-	6,203,791
Long-term liabilities:			
Due within one year	23,134,180	5,061,698	28,195,878
Due in more than one year	153,724,050	62,365,461	216,089,511
Total liabilities	<u>189,372,269</u>	<u>70,098,575</u>	<u>259,470,844</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amount related to pensions	4,356,471	-	4,356,471
Deferred amount related to property taxes	2,850,714	-	2,850,714
Deferred amount related to OPEB	1,208,800	898,572	2,107,372
Total deferred inflows	<u>8,415,985</u>	<u>898,572</u>	<u>9,314,557</u>
<b>NET POSITION</b>			
Net investment in capital assets	302,960,954	88,683,005	391,643,959
Restricted for:			
Debt service	405,025	1,573,431	1,978,456
Hospital	103,137,317	-	103,137,317
Capital improvements	46,806,939	-	46,806,939
Public Safety	15,486,843	-	15,486,843
Street operations	2,987,199	-	2,987,199
Culture and recreation	1,446,640	-	1,446,640
Economic Development	3,692,297	-	3,692,297
Other	7,196,667	-	7,196,667
Unrestricted (deficit)	(82,879,993)	26,096,652	(56,783,341)
Total net position	<u>\$ 401,239,888</u>	<u>\$ 116,353,088</u>	<u>\$ 517,592,976</u>

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Statement of Activities –Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
Governmental activities							
General government	\$ 10,008,009	\$ 3,861,274	\$ 235,097	\$ 7,957	\$ (5,903,681)	\$ -	\$ (5,903,681)
Public safety	26,210,591	2,139,135	3,572,078	17,317	(20,482,061)	-	(20,482,061)
Streets	15,937,656	574,227	861,592	-	(14,501,837)	-	(14,501,837)
Culture and recreation	2,160,052	437,361	169,648	-	(1,553,043)	-	(1,553,043)
Health and welfare	463,637	-	-	-	(463,637)	-	(463,637)
Economic development	4,724,284	3,692,941	659,634	-	(371,709)	-	(371,709)
Interest expense	4,322,211	-	-	-	(4,322,211)	-	(4,322,211)
Total governmental activities	<u>63,826,440</u>	<u>10,704,938</u>	<u>5,498,049</u>	<u>25,274</u>	<u>(47,598,179)</u>	<u>-</u>	<u>(47,598,179)</u>
Business-type activities:							
Water	6,866,874	7,748,159	-	-	-	881,285	881,285
Wastewater	8,237,835	8,255,924	-	-	-	18,089	18,089
Sanitation	5,012,123	6,422,663	-	-	-	1,410,540	1,410,540
Drainage	658,935	489,514	-	-	-	(169,421)	(169,421)
Conference center	8,389,592	5,096,556	-	-	-	(3,293,036)	(3,293,036)
Golf	1,037,750	908,442	-	-	-	(129,308)	(129,308)
Industrial park	57,073	-	-	-	-	(57,073)	(57,073)
Total business-type activities	<u>30,260,182</u>	<u>28,921,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,338,924)</u>	<u>(1,338,924)</u>
Total primary government	<u>\$ 94,086,622</u>	<u>\$ 39,626,196</u>	<u>\$ 5,498,049</u>	<u>\$ 25,274</u>	<u>(47,598,179)</u>	<u>(1,338,924)</u>	<u>(48,937,103)</u>
<b>General revenues:</b>							
Taxes:							
Sales and use taxes					41,854,988	-	41,854,988
Property tax					344,844	-	344,844
Payment in lieu of taxes					996,788	-	996,788
Franchise and public service taxes					2,555,084	-	2,555,084
Hotel/motel taxes					618,813	-	618,813
Intergovernmental revenue not restricted to specific programs					465,768	-	465,768
Investment income					11,071,096	1,042,888	12,113,984
Miscellaneous					812,790	393,728	1,206,518
Transfers - internal activity					(3,647,614)	3,647,614	-
Total general revenues and transfers					<u>55,072,557</u>	<u>5,084,230</u>	<u>60,156,787</u>
Change in net position					7,474,378	3,745,306	11,219,684
Net position - beginning, restated					393,765,510	112,607,782	506,373,292
Net position - ending					<u>\$ 401,239,888</u>	<u>\$ 116,353,088</u>	<u>\$ 517,592,976</u>

See accompanying notes to the basic financial statements.

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

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Governmental Funds Balance Sheet - June 30, 2019**

	Midwest City					2018 GO Bond CIP	Other	Total
	General Fund	Police Fund	Fire Fund	Hospital Authority	-	-	Governmental Funds	Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 4,213,400	\$ 2,605,005	\$ 1,938,879	\$ 20,655,073	\$ 13,485,296	\$ 25,482,339	\$ 68,379,992	
Investments	3,540,343	2,194,074	1,723,762	91,757,832	12,068,311	15,949,877	127,234,199	
Land held for economic development	-	-	-	3,439,804	-	-	3,439,804	
Receivables:								
Accounts receivable	1,654,912	95,414	3,284	69,535	-	677,437	2,500,582	
Accrued interest receivable	6,731	5,453	3,646	6,033	33,459	37,833	93,155	
Due from other funds	191,945	2,854,492	2,255,503	2,689	-	165,584	5,470,213	
Deposits held by others	-	-	-	81,308	-	5,300	86,608	
Prepaid items	3,114	-	-	-	-	-	3,114	
Other receivable	16,641	4,439	5,423	-	-	-	26,503	
Due from other governments	3,076,272	765,707	595,073	-	-	4,446,277	8,883,329	
Inventory	-	-	-	-	-	60,000	60,000	
Advance to other funds	680,765	-	-	-	-	-	680,765	
Total assets	<u>\$ 13,384,123</u>	<u>\$ 8,524,584</u>	<u>\$ 6,525,570</u>	<u>\$ 116,012,274</u>	<u>\$ 25,587,066</u>	<u>\$ 46,824,647</u>	<u>\$ 216,858,264</u>	
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable and accrued liabilities	\$ 225,319	\$ 54,336	\$ 20,558	\$ 229,329	\$ 53,161	\$ 466,201	\$ 1,048,904	
Wages payable	456,409	602,799	484,568	10,981	-	94,392	1,649,149	
Unearned revenue	-	-	-	6,203,791	-	-	6,203,791	
Refundable deposits - court	46,195	-	-	-	-	-	46,195	
Due to other funds	5,019,245	-	-	-	-	925,746	5,944,991	
Due to other governments	8,643	-	-	-	-	-	8,643	
Advance from other funds	-	-	680,765	-	-	-	680,765	
Total liabilities	<u>5,755,811</u>	<u>657,135</u>	<u>1,185,891</u>	<u>6,444,101</u>	<u>53,161</u>	<u>1,486,339</u>	<u>15,582,438</u>	
Deferred inflows of resources:								
Unavailable revenue	1,384,025	74,686	-	762,364	-	3,186,132	5,407,207	
Fund balances:								
Nonspendable	683,879	-	-	3,521,112	-	92,870	4,297,861	
Restricted	2,401,211	7,792,763	5,339,679	103,860,642	25,533,905	41,363,772	186,291,972	
Committed	-	-	-	1,424,055	-	-	1,424,055	
Assigned	469,891	-	-	-	-	695,534	1,165,425	
Unassigned	2,689,306	-	-	-	-	-	2,689,306	
Total fund balances	<u>6,244,287</u>	<u>7,792,763</u>	<u>5,339,679</u>	<u>108,805,809</u>	<u>25,533,905</u>	<u>42,152,176</u>	<u>195,868,619</u>	
Total liabilities, deferred inflows, and fund balances	<u>\$ 13,384,123</u>	<u>\$ 8,524,584</u>	<u>\$ 6,525,570</u>	<u>\$ 116,012,274</u>	<u>\$ 25,587,066</u>	<u>\$ 46,824,647</u>	<u>\$ 216,858,264</u>	

See accompanying notes to the basic financial statements.

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

**Fund Balance – Net Position Reconciliation – June 30, 2019:**

<b>Fund balances of governmental funds</b>	\$ 195,868,619
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$253,223,132	305,020,938
Certain long-term assets are not available to pay for current fund liabilities and, therefore, along with deferred outflows, are either reported as deferred inflows of resources in the funds or not reported in the funds at all:	
Due from other governments	38,617
Other receivable, net of allowance	2,517,876
Lease receivable	62,580,159
Net pension asset	973,201
Pension related deferred outflows	10,053,180
OPEB related deferred outflows	987,190
	77,150,223
The net pension liability and the total OPEB liability and the pension and OPEB related deferred inflows are not due and payable from current financial resources, and therefore, are not reported in these fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	
Net pension liability	(28,208,718)
Pension related deferred inflows	(4,356,471)
Total OPEB liability	(16,301,495)
OPEB related deferred inflows	(1,141,297)
	(50,007,981)
Internal service funds are used by management to charge the cost of certain activities to individual funds. An allocation of the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position, net of amount allocated to business-type activities.	5,706,185
Certain other long-term liabilities are not due and payable from current financial resources and not reported in the funds:	
General obligation bonds payable	(37,900,000)
Notes payable	(19,929,040)
Bonds payable	(67,455,000)
Premium on debt	(495,503)
Accrued compensated absences	(5,658,181)
Accrued interest payable	(1,060,372)
	(132,498,096)
<b>Net position of governmental activities</b>	<b>\$ 401,239,888</b>

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2019**

	<u>General Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Midwest City Hospital Authority</u>	<u>2018 GO Bond CIP</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>							
Taxes	\$ 24,023,646	\$ 5,905,068	\$ 4,652,662	\$ 996,788	\$ -	\$ 10,798,287	\$ 46,376,451
Intergovernmental	595,217	828,369	3,561,482	-	-	1,713,911	6,698,979
Charges for services	2,350,265	97,167	26,723	-	-	5,552,845	8,027,000
Fines and forfeitures	1,216,500	61,737	-	-	-	86,256	1,364,493
Licenses and permits	602,208	2,200	9,800	-	-	111,785	725,993
Investment income	399,292	185,341	130,605	10,021,674	51,849	883,049	11,671,810
Miscellaneous	730,827	44,691	23,326	1,212,421	-	228,904	2,240,169
Total revenues	<u>29,917,955</u>	<u>7,124,573</u>	<u>8,404,598</u>	<u>12,230,883</u>	<u>51,849</u>	<u>19,375,037</u>	<u>77,104,895</u>
<b>EXPENDITURES</b>							
Current:							
General government	4,511,687	-	-	3,498,129	39,164	1,874,584	9,923,564
Public safety	1,037,615	14,292,344	14,348,569	-	92,508	608,625	30,379,661
Streets	2,936,914	-	-	-	116,690	667,224	3,720,828
Culture and recreation	1,006,977	-	-	-	127,799	646,022	1,780,798
Health and welfare	375,488	-	-	-	-	80,818	456,306
Economic development	3,038,324	-	-	-	9,723	2,613,222	5,661,269
Capital outlay	574,569	772,635	104,027	608,034	73,784	3,428,507	5,561,556
Debt service:							
Principal retirement	-	-	-	723,100	-	1,275,000	1,998,100
Interest and fiscal charges	1,352	-	29,705	1,130,115	-	2,812,924	3,974,096
Total expenditures	<u>13,482,926</u>	<u>15,064,979</u>	<u>14,482,301</u>	<u>5,959,378</u>	<u>459,668</u>	<u>14,006,926</u>	<u>63,456,178</u>
Excess (deficiency) of revenues over expenditures	<u>16,435,029</u>	<u>(7,940,406)</u>	<u>(6,077,703)</u>	<u>6,271,505</u>	<u>(407,819)</u>	<u>5,368,111</u>	<u>13,648,717</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from issuance of debt	-	-	-	-	26,336,000	10,914,000	37,250,000
Bond premium	-	-	-	-	-	497,782	497,782
Transfers in	11,287,736	10,485,187	8,349,435	-	-	800,073	30,922,431
Transfers out	(27,509,072)	-	-	(75,000)	(394,276)	(6,126,322)	(34,104,670)
Total other financing sources and uses	<u>(16,221,336)</u>	<u>10,485,187</u>	<u>8,349,435</u>	<u>(75,000)</u>	<u>25,941,724</u>	<u>6,085,533</u>	<u>34,565,543</u>
Net change in fund balances	213,693	2,544,781	2,271,732	6,196,505	25,533,905	11,453,644	48,214,260
Fund balances - beginning, restated	6,030,594	5,247,982	3,067,947	102,609,304	-	30,698,532	147,654,359
Fund balances - ending	<u>\$ 6,244,287</u>	<u>\$ 7,792,763</u>	<u>\$ 5,339,679</u>	<u>\$ 108,805,809</u>	<u>\$ 25,533,905</u>	<u>\$ 42,152,176</u>	<u>\$ 195,868,619</u>

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**For the Year Ended June 30, 2019**

**Changes in Fund Balances – Changes in Net Position Reconciliation – Year Ended June 30, 2019:**

Net change in fund balances - total governmental funds: \$ 48,214,260

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

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

Capital asset purchases capitalized	4,271,796
Capital asset donated	7,957
Gain (loss) on disposal of capital assets	(31,128)
Depreciation expense	(14,432,214)
	(10,183,589)

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

Leasehold receivable receipts	(97,394)
Premium on debt issuance	(497,782)
Amortization of premium	2,279
Debt proceeds	(37,250,000)
Note payable principal payments	1,673,100
General obligation bond principal payments	325,000
	(35,844,797)

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

Change in unavailable revenue	465,276
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as an equal amount of expenditures in the governmental funds. These are the adjustments needed to expenditures in order to report them as their full-accrual counterparts at the government -wide level.

Other post employment benefits	435,705
Interest expense	(351,746)
Pension expense	4,313,145
Accrued compensated absences	(250,123)
	4,146,981

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

	676,247
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Change in net position of governmental activities	\$ 7,474,378
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See accompanying notes to the basic financial statements.

**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS**



**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Proprietary Funds Statement of Net Position - June 30, 2019**

	<u>Midwest City Municipal Authority</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 10,233,512	\$ 500,758	\$ 10,734,270	\$ 4,092,363
Cash and cash equivalents, restricted	14,528,056	-	14,528,056	-
Investments	8,522,540	436,083	8,958,623	3,641,342
Accounts receivable, net	3,616,568	-	3,616,568	82,274
Other receivable	231,635	-	231,635	-
Accrued interest receivable	17,337	-	17,337	8,542
Prepaid items	5,489	-	5,489	-
Inventory	280,662	-	280,662	61,963
Due from other funds	837,900	-	837,900	2,324
Total current assets	<u>38,273,699</u>	<u>936,841</u>	<u>39,210,540</u>	<u>7,888,808</u>
Non-current assets:				
Investments, restricted	694,889	-	694,889	-
Land, construction in progress, and water rights	8,351,517	677,029	9,028,546	-
Other capital assets, net	135,214,579	2,636,923	137,851,502	922,793
Total non-current assets	<u>144,260,985</u>	<u>3,313,952</u>	<u>147,574,937</u>	<u>922,793</u>
Total assets	<u>182,534,684</u>	<u>4,250,793</u>	<u>186,785,477</u>	<u>8,811,601</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred amount on refunding	883,459	-	883,459	-
Deferred amount related to OPEB	362,860	-	362,860	53,250
	<u>1,246,319</u>	<u>-</u>	<u>1,246,319</u>	<u>53,250</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,594,693	-	1,594,693	275,373
Claims liability	-	-	-	991,234
Wages payable	428,055	-	428,055	81,602
Due to other funds	40,408	-	40,408	325,038
Accrued interest payable	615,639	-	615,639	-
Accrued compensated absences	459,199	-	459,199	117,796
Refundable deposits	176,448	-	176,448	-
Revenue bonds payable	4,365,000	-	4,365,000	-
Total current liabilities	<u>7,679,442</u>	<u>-</u>	<u>7,679,442</u>	<u>1,791,043</u>
Non-current liabilities:				
Accrued compensated absences	883,391	-	883,391	235,593
Claims liability	-	-	-	1,228,000
Total OPEB liability	5,492,407	-	5,492,407	1,100,874
Refundable deposits	1,346,867	-	1,346,867	-
Revenue bonds payable, net	54,113,682	-	54,113,682	-
Total non-current liabilities	<u>61,836,347</u>	<u>-</u>	<u>61,836,347</u>	<u>2,564,467</u>
Total liabilities	<u>69,515,789</u>	<u>-</u>	<u>69,515,789</u>	<u>4,355,510</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred amount related to OPEB	832,542	-	832,542	133,533
<b>NET POSITION</b>				
Net investment in capital assets	85,251,418	3,313,952	88,565,370	922,792
Restricted for debt service	1,573,431	-	1,573,431	-
Restricted for other purposes	99,099	216,134	315,233	-
Unrestricted	26,508,724	720,707	27,229,431	3,453,016
Total net position	<u>\$ 113,432,672</u>	<u>\$ 4,250,793</u>	<u>\$ 117,683,465</u>	<u>\$ 4,375,808</u>

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

(1,330,377)

Total net position per Government-Wide financial statements

\$ 116,353,088

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2019**

**Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2019**

	<b>Midwest City Municipal Authority</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 28,940,678	\$ -	\$ 28,940,678	\$ 11,201,765
Fees, licenses and permits	28,920	-	28,920	-
Miscellaneous	81,438	-	81,438	316,784
Total operating revenues	<u>29,051,036</u>	<u>-</u>	<u>29,051,036</u>	<u>11,518,549</u>
<b>OPERATING EXPENSES</b>				
Personal services	10,583,324	-	10,583,324	1,933,379
Materials and supplies	3,991,620	-	3,991,620	1,387,408
Other services and charges	7,180,259	-	7,180,259	1,215,593
Insurance claims and expense	-	-	-	6,626,029
Depreciation and amortization	5,848,720	57,073	5,905,793	78,746
Total operating expenses	<u>27,603,923</u>	<u>57,073</u>	<u>27,660,996</u>	<u>11,241,155</u>
Operating income (loss)	<u>1,447,113</u>	<u>(57,073)</u>	<u>1,390,040</u>	<u>277,394</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income (loss)	1,293,653	20,423	1,314,076	411,917
Interest expense and fiscal charges	(2,748,986)	-	(2,748,986)	-
Gain (loss) on asset retirement	5,469	-	5,469	(1,283)
Total non-operating revenue (expenses)	<u>(1,449,864)</u>	<u>20,423</u>	<u>(1,429,441)</u>	<u>410,634</u>
Income (loss) before contributions and transfers	<u>(2,751)</u>	<u>(36,650)</u>	<u>(39,401)</u>	<u>688,028</u>
Capital contributions	590,687	-	590,687	-
Transfers in	13,894,870	-	13,894,870	125,312
Transfers out	<u>(10,837,943)</u>	<u>-</u>	<u>(10,837,943)</u>	<u>-</u>
Change in net position	3,644,863	(36,650)	3,608,213	813,340
Total net position - beginning, restated	109,787,809	4,287,443	114,075,252	3,562,468
Total net position - ending	<u>\$ 113,432,672</u>	<u>\$ 4,250,793</u>	<u>\$ 117,683,465</u>	<u>\$ 4,375,808</u>
Change in net position per above			\$ 3,608,213	
Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities			137,093	
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements			<u>\$ 3,745,306</u>	

See accompanying notes to the basic financial statements.

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2019**

**Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2019**

	Midwest City Municipal Authority	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 28,600,226	\$ -	\$ 28,600,226	\$ 11,510,435
Payments to suppliers	(10,652,438)	-	(10,652,438)	(1,589,949)
Payments to employees	(10,776,812)	-	(10,776,812)	(1,939,047)
Receipts (payments) from interfund loans	14,189	-	14,189	55,467
Receipt of customer deposits	534,468	-	534,468	-
Return of customer deposits	(503,768)	-	(503,768)	-
Claims and benefits paid	-	-	-	(7,721,391)
<b>Net cash provided by operating activities</b>	<b>7,215,865</b>	<b>-</b>	<b>7,215,865</b>	<b>315,515</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	13,894,870	-	13,894,870	-
Transfers to other funds	(10,837,943)	-	(10,837,943)	125,312
<b>Net cash provided by noncapital financing activities</b>	<b>3,056,927</b>	<b>-</b>	<b>3,056,927</b>	<b>125,312</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital assets purchased	(2,190,135)	-	(2,190,135)	(14,195)
Principal paid on capital debt	(24,715,000)	-	(24,715,000)	-
Proceeds from issuance of bonds	31,265,000	-	31,265,000	-
Premium on debt issued	1,113,904	-	1,113,904	-
Interest and fiscal charges paid on capital debt	(3,228,448)	-	(3,228,448)	-
Proceeds from sale of capital assets	17,546	-	17,546	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>2,262,867</b>	<b>-</b>	<b>2,262,867</b>	<b>(14,195)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sale (Purchase) of investments	3,854,944	271,511	4,126,455	1,798,213
Interest and dividends	1,291,140	20,424	1,311,564	390,041
<b>Net cash provided by investing activities</b>	<b>5,146,084</b>	<b>291,935</b>	<b>5,438,019</b>	<b>2,188,254</b>
<b>Net increase in cash and cash equivalents</b>	<b>17,681,743</b>	<b>291,935</b>	<b>17,973,678</b>	<b>2,614,886</b>
<b>Balances - beginning of year</b>	<b>7,079,825</b>	<b>208,823</b>	<b>7,288,648</b>	<b>1,477,477</b>
<b>Balances - end of year</b>	<b>\$ 24,761,568</b>	<b>\$ 500,758</b>	<b>\$ 25,262,326</b>	<b>\$ 4,092,363</b>
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents	\$ 10,233,512	\$ 500,758	\$ 10,734,270	\$ 4,092,363
Restricted cash and cash equivalents	14,528,056	-	14,528,056	-
Total cash and cash equivalents	<b>\$ 24,761,568</b>	<b>\$ 500,758</b>	<b>\$ 25,262,326</b>	<b>\$ 4,092,363</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 1,447,113	\$ (57,073)	\$ 1,390,040	\$ 277,394
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	5,848,720	57,073	5,905,793	78,746
Change in assets and liabilities:				
Receivables, net	(283,304)	-	(283,304)	(8,114)
Other receivable	(138,497)	-	(138,497)	-
Due from other funds	(31,275)	-	(31,275)	(2,122)
Prepaid items	789	-	789	-
Inventory	(3,468)	-	(3,468)	(1,811)
Deferred outflows OPEB	(141,184)	-	(141,184)	9,234
Accounts payable	522,120	-	522,120	10,670
Claims liability	-	-	-	(91,169)
Due to other funds	45,464	-	45,464	57,589
Accrued payroll and related liabilities	3,427	-	3,427	(5,099)
Refundable deposits	1,691	-	1,691	-
OPEB liability	(387,149)	-	(387,149)	(61,658)
Accrued compensated absences	38,769	-	38,769	25,073
Deferred inflows OPEB	292,649	-	292,649	26,782
<b>Net cash provided by operating activities</b>	<b>\$ 7,215,865</b>	<b>\$ -</b>	<b>\$ 7,215,865</b>	<b>\$ 315,515</b>
<b>Noncash activities:</b>				
Contributed capital assets - from governmental funds	\$ 590,687	\$ -	\$ 590,687	\$ -

See accompanying notes to the basic financial statements.

**FOOTNOTES TO BASIC FINANCIAL STATEMENTS**

## **Note 1. Summary of Significant Accounting Policies**

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

### **1.A. Financial Reporting Entity**

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

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

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

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

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

**Midwest City Utilities Authority** –created for industrial development.

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

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

**Urban Renewal Authority** – created for economic development.

**Economic Development Authority** – created for economic development.

Each of these component units listed above are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing

assets at the creation for the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

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

### **1.B. Basis of Presentation and Accounting**

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

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

#### **Government-Wide Financial Statements:**

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

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

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

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

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

**Fund Financial Statements:**

***Governmental Funds:***

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

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

The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps one determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The City's governmental funds include:

**Major Funds:**

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

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2019**

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

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

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

Capital Project Funds:

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

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

***Proprietary Funds:***

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

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



The City's proprietary funds include the following:

**Enterprise Funds**

Major:

The Municipal Authority Funds includes the following accounts:

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

Non-Major:

- Utilities Authority Fund –accounts for industrial development activities.

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

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

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

**Deposits and Investments:**

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

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

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

**Restricted Assets:**

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

**Receivables**

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

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

**Inventories:**

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

**Land Held for Economic Development:**

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

**Capital Assets:**

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

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

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

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

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset.

**Unearned Revenue**

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

**Long-term obligations:**

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

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

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

**Compensated Absences:**

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

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

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

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

**Deferred Outflow/Inflows of Resources:**

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

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

**Fund Equity:**

*Government-Wide and Proprietary Fund Financial Statements:*

Net position is displayed in three components:

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

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

*Governmental Fund Financial Statements:*

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

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city's highest level of decision-making authority. The City's highest level of decision-making authority is made by ordinance. The Hospital Authority and Urban Renewal Authority highest level of decision-making authority is made by resolution.
- d. Assigned – includes amounts that are constrained by the city's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for revenues in other governmental funds are made through budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

#### **1.D. Revenues, Expenditures and Expenses**

##### **Program Revenues:**

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

- Public Safety – Fire, Police, 911 – fines and forfeitures, restricted operating grants, 911 revenue, and restricted capital grants, property seizure, donations, state on-behalf pension contributions
- Streets – commercial vehicle and gasoline excise tax shared by the State.
- Culture and recreation – pool fees, rental of community center and senior center, programming fees, park fees, softball fees, operating and capital grants

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- Health and Welfare – FEMA grants
- Economic Development – rental income and operating grants
- General Government – license and permits, technology and false alarm fees, impact fees, and operating grants

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

**Sales Tax Revenue:**

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

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

**Property Tax Revenue:**

In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City. Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property tax is levied each October 1st on the assessed valuation of non-exempt real property located in the City as of the preceding January 1st, the lien date. Property taxes are due on November 1st following the levy date, although they may be paid in two equal installments (if the first installment is paid prior to January 1st, the second installment is not delinquent until April 1st). Property taxes are collected by the County Treasurer and are remitted to the City. Property tax receivables are recorded on the lien date, although the related revenue is reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is levied. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. For the year ended June 30, 2019, the City's net assessed valuation of taxable property was \$341,997,736. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2019 was \$0.94.

Property tax accrued on the lien date of January 1, 2019 and recorded as a deferred inflow of resources was \$2,850,714.

**Expenditures and Expenses:**

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

### **1.E. Internal and Interfund Balances and Activities**

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

#### *Government-Wide Financial Statements:*

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

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

#### *Fund Financial Statements:*

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

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

### **1.F. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in



the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

### **1.G. New Accounting Pronouncements**

The City implemented the following new accounting standards during the year ended June 30, 2019.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued December 2016. Under Statement No. 83, a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets is required to recognize a liability and a corresponding deferred outflow of resources. The Statement identifies the circumstances that trigger the recognition of these transactions. The Statement also requires the measurement of an asset retirement obligation to be based on the best estimate of the current value of outlays expected to be incurred while the deferred outflow of resources associated with the asset retirement obligation will be measured at the amount of the corresponding liability upon initial measurement and generally recognized as an expense during the reporting periods that the asset provides service. The Statement requires disclosures including a general description of the asset retirement obligation and associated tangible capital assets; the source of the obligation to retire the assets; the methods and assumptions used to measure the liability; and other relevant information. Implementation did not have a significant impact to the City.

GASB Statement 88, *Certain Disclosures Related to Debt* - GASB No. 88 was issued April 2018, the primary objective of this Statement is to improve the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in the notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date of the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. Implementation required additional note disclosures.

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**2. Cash and Cash Equivalents, Deposits and Investments**

**Deposits and Investments Risks**

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

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
US agency securities	\$ -	\$ 42,698,513	\$ -	\$ 42,698,513
Real Estate	-	-	556,687	556,687
Mutual Fund - equities	30,231,901	-	-	30,231,901
	<u>\$ 30,231,901</u>	<u>\$ 42,698,513</u>	<u>\$ 556,687</u>	<u>\$ 73,487,101</u>

As of June 30, 2019, the City's investments in U.S. agency securities are valued using Level 2 inputs. The value is determined using quoted prices for similar assets or liabilities in active markets.

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

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

Investments Measured at Net Asset Value	Fair Value	Redemption Frequency	Redemption Notice Period
US equity index funds <sup>(1)</sup>	\$ 46,958,267	Daily	2 days
US fixed income debt funds <sup>(2)</sup>	9,102,855	Daily	3 days
	<u>\$ 56,061,122</u>		

(1) **US equity index funds** – The Fund is an index fund that seeks investment results that correspond generally to the S&P 500 Index. The Fund is invested and reinvested in a portfolio of equity securities with the objective of approximating as closely as practicable the capitalization weighted total rate of return of that segment of the U.S. market for publicly traded equity securities represented by the larger capitalized companies. The investment is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

(2) **US fixed income debt funds** – The US fixed income debt fund is an index fund that establishes an objective of delivering investment performance approximating as closely as practicable the

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total rate of return of the market for debt securities as defined by the Barclays U.S. Aggregate Bond Index. The Fund uses a "passive" or indexing approach to try to achieve the Fund's investment objective. The investment is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

The City of Midwest City primary government and blended component units are governed by the deposit and investment limitations of state law and trust indentures. The deposits and investments held at June 30, 2019 by these entities are as follows:

Type	Carrying Value	Credit Rating	Maturities in Years				
			On Demand	Less Than One	1 - 5	6 - 10	More than 10
Demand deposits	\$ 80,083,021	n/a	\$ 80,083,021	\$ -	\$ -	\$ -	\$ -
Time deposits	11,074,236	n/a	-	6,000,000	5,074,236	-	-
Government Money Market Accounts	17,558,254	AAAm	17,558,254	-	-	-	-
U.S. Agencies Obligations	42,698,513	n/a	-	11,981,182	6,062,109	107,664	24,547,558
Sub-total	151,414,024		\$ 97,641,275	\$ 17,981,182	\$ 11,136,345	\$ 107,664	\$ 24,547,558
Real Estate	556,687	n/a					
Mutual Funds - equities	77,190,168	n/a					
Fixed Income	9,102,855	n/a					
Sub-total	86,849,710						
Total Deposits and Investments	\$ 238,263,734						
Reconciliation to Financial Statements:							
Cash and cash equivalents	\$ 58,977,293						
Cash and cash equivalents, restricted	40,271,809						
Investments	121,181,139						
Investments, restricted	17,138,604						
Investments, restricted non-current	694,889						
	\$ 238,263,734						

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

The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at a minimum level of 110% of the uninsured deposits and accrued interest thereon. The City's policy limits acceptable collateral to U.S. Treasury securities, federally insured obligations, or direct debt obligations of municipalities, counties, and school districts in Oklahoma. Also, as required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement

At June 30, 2019, the City had no exposure to custodial credit risk as defined above.

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

- a. Obligations of the U. S. Government, its agencies and instrumentalities;
- b. Collateralized or insured non-negotiable certificates of deposit or other evidences of deposit that are either insured or secured with acceptable collateral with an in-state financial institution, and fully insured deposits in out-of-state institutions;
- c. Insured or fully collateralized negotiable certificates of deposit;

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- d. Repurchase agreements that have underlying collateral consisting of those items specified in paragraph a above; and
- e. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraph a.

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

*Investment Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s investment policy indicates that the investment portfolio, shall remain sufficiently liquid to enable the City to meet all operating requirements as anticipated. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments by date range.

As noted in the preceding schedule of deposits and investments, at June 30, 2019, the investments held by the City mature between 2019 through 2047.

*Concentration of Investment Credit Risk* - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City’s investments in Blackrock (classified as mutual funds – equities) and Vanguard mutual funds each exceed 5%.

**Hospital Authority Investments:**

The Hospital Authority policy provides that assets be invested to preserve its principal, produce a proscribed level of income, and provide for growth of principal with no outside additions to the fund being anticipated. Assets are to be invested in a diversified portfolio to achieve attractive real rates of return. The investment policy of the Hospital Authority allows for the investment of funds in domestic and international common stocks, government and corporate bonds, short-term fixed income securities maturing in one year or less (cash equivalents); by utilizing primarily index funds, mutual funds, or collective trust funds. In addition, the Hospital Authority may invest portions of the fund corpus, or income, in real estate. Such real estate investments would typically include developed or undeveloped real property located in Midwest City, Oklahoma or its environs, or commingled funds which invest in various kinds of property located throughout the United States. The overall rate of return objective of the portfolio is a highest possible rate of return consistent with the risk levels established by the Board.

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

1. An absolute return objective of the Consumer Price Index plus 4% compounded annually.
2. An income return sufficient to meet any disbursement requirement as stipulated by the Board.
3. A return exceeding the 90 Day U.S. Treasury Bill rate (risk-free rate).

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4. Domestic equity fund returns which exceed the S&P 500 Stock index return by 1% (100 basis points), per year and fixed income return which exceed the Barclays Capital Aggregate Bond Index by ½% per year (50 basis points).
5. Stock and bond returns which fall into the top 25% of the Consultant’s Universe (or other representative universe approved by The Board) of common stock and bond funds (referred to as equity and fixed income), with some consistency.
6. Passive domestic returns which replicate the return of the Standard and Poor’s 500 Stock Index, passive fixed returns which replicate the return of the Barclays Capital Aggregate Bond Index, and passive international returns which replicate the return of the MSCI EAFE International Index.

Asset allocation guidelines for the Hospital Authority are as follows:

Class	Target	Maximum	June 2019 Percent
Equities - Domestic	20%-70%	85%	74.3%
Fixed Income	2.5%-30%	80%	8.8%
Cash Equivalents	0%	20%	16.9%

**Restricted Cash and Investments**

The amounts reported as restricted assets on the Statement of Net Position are comprised of amounts held for Debt Service accounts by the trustee bank for revenue bond retirement and revenue bond construction funds, and the Customer Deposit Account for refundable deposits held by others. The restricted assets as of June 30, 2019 are as follows:

Cash and Cash Equivalents:	
Restricted for Debt Service	\$ 39,473,862
Restricted for Refundable Deposits	<u>797,947</u>
	<u>\$ 40,271,809</u>
Investments:	
Restricted for Debt Service	\$ 17,138,604
Investments Restricted for Refundable Deposits	<u>694,889</u>
	<u>\$ 17,833,493</u>

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**3. Leases Receivable**

The Hospital Authority entered into an agreement with the Midwest Regional Medical Center (now known as Alliance Health Midwest) to provide funds up to \$25,000,000 to construct two additional floors onto the existing six floor patient tower. The loan is amortized over a 25 year period with an interest rate of 7.5%, will be repaid within 9 years from December 2010, with a balloon payment in November 2019. The loan is secured with a lease receivable for future rental of the facility. At the end of the fiscal year, the City reflects an \$18.4 million receivable in the governmental activities.

The Economic Development Authority entered into an agreement with Sooner Town Center, LLC to provide funds up to \$49,155,000 for the Town Center Plaza Project. The loan is amortized over a 30 year period with interest rates of 2.40% to 4.70%. The loan is secured with a lease receivable for future rental of the facility. At the end of the fiscal year, the City reflects a \$44.1 million receivable in the governmental activities. At the end of the fiscal year, the borrower had not drawn \$3.8 million of the available loan proceeds.

**4. Capital Assets and Depreciation**

**Capital Assets:**

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

	Restated, Balance at July 1, 2018	Additions	Transfers, Retirements, and Disposals	Balance at June 30, 2019
<b>PRIMARY GOVERNMENT:</b>				
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 39,801,697	\$ 147,659	\$ -	\$ 39,949,356
Construction in progress	6,161,952	2,536,299	1,603,220	7,095,031
Total capital assets not being depreciated	<u>45,963,649</u>	<u>2,683,958</u>	<u>1,603,220</u>	<u>47,044,387</u>
Capital assets being depreciated:				
Buildings	29,776,181	281,824	-	30,058,005
Machinery and equipment	21,296,542	803,111	346,353	21,753,300
Vehicles	9,560,560	541,601	124,530	9,977,631
Infrastructure	449,904,113	1,586,671	30,520	451,460,264
Total other capital assets	<u>510,537,396</u>	<u>3,213,207</u>	<u>501,403</u>	<u>513,249,200</u>
Less accumulated depreciation for:				
Buildings	13,014,320	663,970	-	13,678,290
Machinery and equipment	15,859,731	940,950	330,730	16,469,951
Vehicles	5,463,700	593,625	124,530	5,932,795
Infrastructure	206,098,950	12,301,240	13,734	218,386,456
Total accumulated depreciation	<u>240,436,701</u>	<u>14,499,785</u>	<u>468,994</u>	<u>254,467,492</u>
Capital assets being depreciated, net	<u>270,100,695</u>	<u>(11,286,578)</u>	<u>32,409</u>	<u>258,781,708</u>
Governmental activities capital assets, net	<u>\$ 316,064,344</u>	<u>\$ (8,602,620)</u>	<u>\$ 1,635,629</u>	<u>\$ 305,826,095</u>

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	Restated, Balance at July 1, 2018	Additions	Transfers, Retirements, and Disposals	Balance at June 30, 2019
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,072,449	\$ -	\$ -	\$ 2,072,449
Water rights	4,672,610	-	-	4,672,610
Construction in progress	1,738,359	594,378	49,250	2,283,487
Total capital assets not being depreciated	<u>8,483,418</u>	<u>594,378</u>	<u>49,250</u>	<u>9,028,546</u>
Capital assets being depreciated:				
Buildings	32,474,098	88,585	-	32,562,683
Machinery and equipment	13,998,827	327,928	77,288	14,249,467
Vehicles	9,151,558	985,047	-	10,136,605
Utility systems	181,233,937	670,134	-	181,904,071
Total other capital assets	<u>236,858,420</u>	<u>2,071,694</u>	<u>77,288</u>	<u>238,852,826</u>
Less accumulated depreciation for:				
Buildings	11,363,676	738,284	-	12,101,960
Machinery and equipment	9,735,230	569,675	65,210	10,239,695
Vehicles	5,218,369	499,941	-	5,718,310
Utility systems	68,714,655	4,109,068	-	72,823,723
Total accumulated depreciation	<u>95,031,930</u>	<u>5,916,968</u>	<u>65,210</u>	<u>100,883,688</u>
Capital assets being depreciated, net	<u>141,826,490</u>	<u>(3,845,274)</u>	<u>12,078</u>	<u>137,969,138</u>
Business-type activities capital assets, net	<u>\$ 150,309,908</u>	<u>\$ (3,250,896)</u>	<u>\$ 61,328</u>	<u>\$ 146,997,684</u>

**Depreciation:**

Depreciation expense has been allocated as follows:

**Governmental Activities:**

General government	\$ 470,244
Public safety	1,173,576
Streets	12,071,851
Culture and recreation	344,490
Health and welfare	48,997
Economic development	323,056
Sub-total governmental funds depreciation	<u>14,432,214</u>

Depreciation on capital assets held by the City's internal service funds is charged to the various functions based upon usage

67,571  
\$ 14,499,785

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**Business-Type Activities:**

Water	\$ 1,151,850
Sewer	2,916,255
Sanitation	508,871
Drainage	276,580
Conference center/hotel	876,278
Golf	118,886
Industrial park	<u>57,073</u>
Total Business Type Activities	<u>5,905,793</u>

Depreciation on capital assets held by the City's internal service funds is charged to the various functions based upon usage	<u>11,175</u>
Total	<u><u>\$ 5,916,968</u></u>

**5. Internal and Interfund Balances and Transfers**

**Internal and Interfund Balances:**

Interfund receivables and payables at June 30, 2019 were as follows:

Receivable Fund	Payable Fund	Amount	Nature of Interfund Balance			
General Gov Sales Tax	Surplus Property	\$ 89,313	Surplus properties sales proceeds to be distributed			
General Fund	Comm Dev Block Grant	39,128	To cover negative balance in pooled cash			
General Fund	Housing Grant	55,052	To cover negative balance in pooled cash			
General Fund	Grant	97,765	To cover negative balance in pooled cash			
General Fund	Fire Fund	680,765	Long-term loan for capital improvements			
Police Fund	General Fund	2,775,309	Restricted sales tax payable			
Police Fund	Surplus Property	79,183	Surplus properties sales proceeds to be distributed			
Juvenile Fund	Surplus Property	780	Surplus properties sales proceeds to be distributed			
Fire Fund	General Fund	2,243,936	Restricted sales tax payable			
Fire Fund	Surplus Property	11,567	Surplus properties sales proceeds to be distributed			
Welcome Center	Surplus Property	350	Surplus properties sales proceeds to be distributed			
Welcome Center	Golf	20,204	Long-term loan for capital improvements			
Convention & Visitor Bureau	Surplus Property	148	Surplus properties sales proceeds to be distributed			
Emergency Operating Fund	Surplus Property	1,297	Surplus properties sales proceeds to be distributed			
Park & Recreation	Golf	20,204	Long-term loan for capital improvements			
Grant Fund	Surplus Property	1,222	Surplus properties sales proceeds to be distributed			
Grant Fund	Police Impound Fee	210	Revenue accrued to be transferred			
Hospital Authority	Surplus Property	2,689	Surplus properties sales proceeds to be distributed			
Capital Improvements Fund	Debt Service	31,856	Revenue accrued to be transferred			
Public Works Administration	Surplus Property	3	Surplus properties sales proceeds to be distributed			
Fleet Services Fund	Surplus Property	2,321	Surplus properties sales proceeds to be distributed			
Storm Water Quality	Surplus Property	54	Surplus properties sales proceeds to be distributed			
Sanitation Fund	Surplus Property	75,016	Surplus properties sales proceeds to be distributed			
Water Fund	Surplus Property	17,773	Surplus properties sales proceeds to be distributed			
Sewer	Surplus Property	27,963	Surplus properties sales proceeds to be distributed			
Hotel	Surplus Property	12,845	Surplus properties sales proceeds to be distributed			
Golf	Surplus Property	2,514	Surplus properties sales proceeds to be distributed			
Debt Service	Debt Service	<u>701,735</u>	Revenue accrued to be transferred			
		<u>\$ 6,991,202</u>				
<b>Reconciliation to Fund Financial Statements:</b>						
Governmental Funds		\$ 5,470,213	\$ 680,765	\$ 5,944,991	\$ 680,765	\$ (474,778)
Proprietary Funds		837,900	-	40,408	-	797,492
Internal Service Funds		2,324	-	325,038	-	(322,714)
Total		<u>\$ 6,310,437</u>	<u>\$ 680,765</u>	<u>\$ 6,310,437</u>	<u>\$ 680,765</u>	<u>\$ -</u>
<b>Reconciliation to Statement of Net Position:</b>						
Net Internal Balances		\$ 797,492				
Internal Service Fund Activity reported in Business-Type Activities		(1,126,772)				
Net Internal Balances		<u>\$ (329,280)</u>				



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**Internal and Interfund Transfers:**

The City's policy is to eliminate interfund transfers between funds in the Statement of Activities to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and then offset in the total column. Internal activities between funds and activities for the year ended June 30, 2019 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Nature of Transfer</u>
General Fund	Storm Water Quality Fund	\$ 41,907	Indirect Cost Allocation
General Fund	Sanitation Fund	763,936	Indirect Cost Allocation
General Fund	Water Fund	748,459	Indirect Cost Allocation
General Fund	Sewer Fund	772,099	Indirect Cost Allocation
General Fund	Capital Improvement Revenue Bond Fund	8,491,440	Debt Service Subsidy
General Gov Sales Tax	General Fund	64,463	Capital Outlay Subsidy
General Gov Sales Tax	G.O.Debt Services	5,291	Capital Outlay Subsidy
Street and Alley Fund	Water Fund	20,102	Capital Outlay Subsidy
Technology Fund	Emergency Operations Fund	80,000	Contract Cost Allocation
Police Fund	General Fund	10,425,187	Ordinance Obligation
Jail Fund	Police Impound Fee	60,000	Operating Subsidy
Fire Fund	Grants Fund	8,349,435	Ordinance Obligation
Emergency Management Fund	Grants Fund	12,908	Grant Subsidy
Community Development Block Grant	General Fund	178,547	City Match of CDBG Program
Grants Fund	Police Impound Fee	3,252	Grant Subsidy
Disaster Relief fund	Grants Fund	75,619	Grant Subsidy
Disaster Relief fund	2018 Election G.O. Bonds	394,276	Capital Outlay Subsidy
Capital Improvement Fund	Hospital Authority	75,000	Grant Subsidy
Capital Improvement Fund	Revenue Bond Sinking Fund	360,510	Capital Outlay Subsidy
L&H Benefit	Economic Development Authority	125,312	Operating Subsidy
Capital Improvement Revenue Bond Fund	Revenue Bond Sinking Fund	5,403,430	Debt Service Subsidy
Capital Improvement Revenue Bond Fund	General Fund	8,491,440	Debt Service Subsidy
		<u>\$ 44,942,613</u>	
		Transfers From Other Funds	Transfers To Other Funds
<b>Reconciliation to Fund Financial Statements:</b>		Net Transfers	
Governmental Funds	\$ 30,922,431	\$ (34,104,670)	\$ (3,182,239)
Proprietary Funds	13,894,870	(10,837,943)	3,056,927
Internal Service Funds	125,312	-	125,312
Total	<u>\$ 44,942,613</u>	<u>\$ (44,942,613)</u>	<u>\$ -</u>
<b>Reconciliation to Statement of Activities:</b>			
Net Transfers			\$ 3,056,927
Capital Contributions to Enterprise Fund			590,687
Transfers - Internal Activity			<u>\$ 3,647,614</u>

**6. Long-Term Liabilities and Obligations**

The City's long term obligations consist of general obligation bonds, notes payable, revenue bonds payable accrued compensated absences, total OPEB liability and net pension liabilities. For the year ended June 30, 2019, the City's long-term debt balances changed as follows:

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**Primary Government:**

<u>Type of Debt</u>	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 975,000	\$ 37,250,000	\$ 325,000	\$ 37,900,000	\$ 325,000
General Obligation Bonds premium	-	497,782	2,279	495,503	-
Notes Payable (direct borrowing)	20,652,141	-	723,100	19,929,041	19,929,041
Revenue Bonds Payable	68,405,000	-	950,000	67,455,000	910,000
Accrued Compensated Absences	5,564,823	3,173,419	2,909,826	5,828,416	1,923,944
Refundable Deposits	52,230	245,867	251,902	46,195	46,195
Total Governmental Activities	<u>\$ 95,649,194</u>	<u>\$ 41,167,068</u>	<u>\$ 5,162,107</u>	<u>131,654,155</u>	<u>23,134,180</u>
<b>Reconciliation to Statement of Net Position:</b>					
Plus: Total OPEB Liability				16,995,357	-
Net Pension Liability				28,208,718	-
				<u>\$ 176,858,230</u>	<u>\$ 23,134,180</u>
<b>Business-Type Activities:</b>					
Revenue Bonds Payable	\$ 49,350,000	\$ 31,265,000	\$ 24,715,000	\$ 55,900,000	\$ 4,365,000
Revenue Bonds Premium	1,821,242	1,113,904	356,464	2,578,682	-
Refundable Deposits	1,521,623	534,468	532,776	1,523,315	176,448
Accrued Compensated Absences	1,475,370	867,384	817,011	1,525,743	520,250
Total Business-Type Activities	<u>\$ 54,168,235</u>	<u>\$ 33,780,756</u>	<u>\$ 26,421,251</u>	<u>\$ 61,527,740</u>	<u>\$ 5,061,698</u>
<b>Reconciliation to Statement of Net Position:</b>					
Plus: Total OPEB Liability				5,899,419	-
				<u>\$ 67,427,159</u>	<u>\$ 5,061,698</u>

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

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

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**General Obligation Bonds:**

\$4,500,000 general obligation bonds dated May 1, 2006 for public safety, payable in annual installments of \$275,000 the first year and \$325,000, thereafter, with interest rates of 3.75% to 3.95%, repaid by property tax levies. Final maturity in May 2021. \$ 650,000

\$20,000,000 general obligation bonds dated April 1, 2019, payable in annual installments of \$795,000 the first year in 2021 and \$835,000, thereafter, with interest rates of 3.00% to 3.50%, repaid by property tax levies. Final maturity April 2044. 20,000,000

\$17,250,000 general obligation bonds dated June 1, 2019, payable in annual installments of \$575,000 the first year in 2021 and \$725,000, thereafter, with interest rates of 3.00%, repaid by property tax levies. Final maturity June 2044. 17,250,000

Total general obligation bonds \$ 37,900,000

Current \$ 325,000  
Non-current 37,575,000  
Total \$ 37,900,000

**Notes Payable (direct borrowing):**

\$25,000,000 construction loan for hospital addition, payable in monthly installments beginning December 2010 of \$154,710; final payment due November 2019 of \$19,773,124; interest rate equal to the variable rate equal to the "Prime Rate," as quoted in the Money Rates Section of The Wall Street Journal, adjusted daily, with a minimum interest rate of five and one-half percent (5.50%) per annum and a maximum interest rate of eleven percent (11%) per annum with payments adjusted annually; current rate is 5.5%; construction interest rate of 5.5%. Secured by a first mortgage lien on the property. In the event of default, the lender may: 1) make the note due and payable on demand; 2) selectively and successively enforce its rights under the loan documents; 3) the lender waive and event of default and any of the consequences; 4) apply any security interest in accounts held by the borrower to the account; 5) apply any payment received by the borrower towards the note during default. \$ 19,929,041

Total notes payable \$ 19,929,041

Current \$ 19,929,041  
Non-current -  
Total \$ 19,929,041

**Revenue Bonds Payable:**

\$49,155,000 Economic Development Revenue Bonds due in annual principal installments of \$795,000 to \$4,265,000 through February 1, 2048; interest rate ranges from 2.40% to 4.70%. Secured by mortgage lien on the property. \$ 48,360,000

\$19,250,000 Tax Apportionment Refunding Bonds due in annual principal installments of \$795,000 to \$1,810,000 starting July 1, 2021 through July 1, 2037; interest rate ranges from 3.45% to 4.75%. Repaid by property tax levies and sales/use tax apportioned. \$ 19,095,000

Total Revenue Bonds, Net \$ 67,455,000

Current \$ 910,000  
Non-current 66,545,000  
Total \$ 67,455,000

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

**Revenue Bonds Payable:**

\$46,550,000 Series 2011A Capital Improvement Revenue Bonds, due in annual principal installments of \$2,605,000 to \$4,530,000 through June 30, 2025; interest rate from 0.5% to 5.0%. \$ 24,635,000

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

Total Revenue Bonds	\$ 55,900,000
Unamortized Revenue Bond Premium	<u>2,578,682</u>
Total Revenue Bonds, Net	<u>\$ 58,478,682</u>

Current	\$ 4,365,000
Non-current	<u>54,113,682</u>
Total	<u>\$ 58,478,682</u>

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

Governmental-Type Activities						
Year Ending June 30,	G.O. Bonds Payable		Notes Payable (direct borrowing)		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 325,000	\$ 1,173,235	\$ 19,929,041	\$ 462,927	\$ 910,000	\$ 2,893,068
2021	1,695,000	1,160,398	-	-	1,730,000	2,868,953
2022	1,560,000	1,106,460	-	-	1,790,000	2,814,878
2023	1,560,000	1,059,660	-	-	1,850,000	2,755,193
2024	1,560,000	1,012,860	-	-	1,910,000	2,691,648
2025-2029	7,800,000	4,362,300	-	-	10,680,000	12,335,993
2030-2034	7,800,000	3,192,300	-	-	13,105,000	9,899,165
2035-2039	7,800,000	2,000,381	-	-	13,075,000	6,765,250
2040-2044	7,800,000	760,659	-	-	10,560,000	4,274,025
2045-2048	-	-	-	-	11,845,000	1,525,385
	<u>\$ 37,900,000</u>	<u>\$ 15,828,253</u>	<u>\$ 19,929,041</u>	<u>\$ 462,927</u>	<u>\$ 67,455,000</u>	<u>\$ 48,823,555</u>

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Business-Type Activities		
Year Ending June 30,	Revenue Bonds Payable	
	Principal	Interest
2020	\$ 4,365,000	\$ 2,133,862
2021	4,525,000	1,972,613
2022	4,715,000	1,785,775
2023	4,920,000	1,580,275
2024	5,070,000	1,430,775
2025-2029	8,480,000	5,194,750
2030-2034	4,770,000	4,183,525
2035-2039	5,730,000	3,235,375
2040-2044	6,820,000	2,140,800
2045-2048	6,505,000	663,400
	\$ 55,900,000	\$ 24,321,149

**Pledge of Future Revenues**

*Sales Tax Pledge* - The City has pledged one-fourth of one percent (or .25%) of future sales tax revenues to repay the 2019 Revenue Bonds which are payable through 2048. Proceeds from the bond provided financing to current refund the 2011 Revenue Bonds which were originally used for advance refunding the 2003 series bonds and to provide capital funding. The total principal and interest payable for the remainder of the life of the bond is \$51,965,074. Pledged sales taxes transferred in the current year was \$13,894,870. Debt service payments on 2019 Revenue Bonds of \$-0- for the current fiscal year were 0% of pledged sales tax. Other sources of revenues such as water and sewer are also pledged. Total net revenues including utilities and sales tax pledged was \$19,516,996.

*Sales Tax Pledge* - The City has pledged one-fourth of one percent (or .25%) of future sales tax revenues to repay the 2011A Revenue Bonds which are payable through 2025. Proceeds from the bond provided financing for construction and improvements to the wastewater treatment plant. The total principal and interest payable for the remainder of the life of the bond is \$28,256,075. Pledged sales taxes transferred in the current year was \$13,894,870. Debt service payments on the bonds were \$4,709,013 for the current fiscal year or 33.9% of pledged sales tax. Other sources of revenues such as water and sewer are also pledged. Total net revenues including utilities and sales tax pledged was \$19,516,996.

**Current Refunding**

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

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

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**7. Net Position and Fund Balances**

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

Fund	Restricted By	Amount
Hospital Authority	Enabling legislation	\$ 103,137,317
Technology Fund	Enabling legislation	178,660
Police Impound Fund	Enabling legislation	156,106
Urban Renewal Authority	Enabling legislation	3,807
Capital Outlay Reserve Fund	Enabling legislation	746,652
Street Lighting Fund	Enabling legislation	1,683,461
2018 GO Bond Proprietary	Enabling legislation	10,748,735
2018 GO Bond CIP	Enabling legislation	25,533,905
Economic Development Authority	Enabling legislation	2,741,705
		<u>144,930,348</u>
Street and Alley Fund	Statutory requirements	1,303,738
Juvenile Fund	Statutory requirements	31,609
Police Special Projects	Statutory requirements	212,480
Police Lab Fee	Statutory requirements	22,818
		<u>1,570,645</u>
Grant Fund	External contracts	136,244
General Fund	External contracts	2,401,208
Police Fund	External contracts	7,792,763
Fire Fund	External contracts	5,339,679
Park and Recreation Fund	External contracts	663,064
Emergency Operation Fund	External contracts	754,221
Welcome Center	External contracts	348,251
Convention and Visitors Bureau	External contracts	231,709
GO Debt Service Fund	External contracts	405,025
2002 GO Street Bond	External contracts	444,018
Downtown Redevelopment	External contracts	1,818,804
Dedicated Tax Fund	External contracts	1,573,210
Capital Improvement Fund	External contracts	2,265,305
General Government Sales Tax Fund	External contracts	3,497,650
Sooner Rose TIF	External contracts	6,986,783
		<u>34,657,934</u>
Total Restricted Net Position		<u>\$ 181,158,927</u>
Restricted (by purpose) for:		
Debt service		\$ 405,025
Hospital		103,137,317
Capital improvements		46,806,939
Public Safety		15,486,843
Street operations		2,987,199
Culture and recreation		1,446,640
Economic Development		3,692,297
Other		7,196,667
		<u>\$ 181,158,927</u>

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

	General Fund	Major Special Revenue Funds			Capital Project Major	Other Governmental Fund	Total
		Police Fund	Fire Fund	Hospital Authority	2018 GO Bond CIP		
<b>Fund Balance:</b>							
<b>Nonspendable:</b>							
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 60,000
Deposits held by others	680,765	-	-	3,521,112	-	32,870	4,234,747
Prepaid expenses	3,114	-	-	-	-	-	3,114
	<u>683,879</u>	<u>-</u>	<u>-</u>	<u>3,521,112</u>	<u>-</u>	<u>92,870</u>	<u>4,297,861</u>
<b>Restricted:</b>							
Public safety	1,177,167	7,792,763	5,339,679	-	-	1,177,234	15,486,843
Hospital	-	-	-	103,860,642	-	-	103,860,642
General obligation debt service	-	-	-	-	-	591,553	591,553
Capital improvements	-	-	-	-	25,533,905	20,650,356	46,184,261
Street improvements	-	-	-	-	-	444,018	444,018
Street operations	-	-	-	-	-	2,987,199	2,987,199
Technology improvements	-	-	-	-	-	178,660	178,660
Culture and rec programs	435,325	-	-	-	-	1,011,315	1,446,640
Economic development	578,835	-	-	-	-	7,336,654	7,915,489
Public works	72,933	-	-	-	-	-	72,933
Health and welfare programs	33,875	-	-	-	-	-	33,875
General government	103,076	-	-	-	-	6,986,783	7,089,859
Sub-total restricted	<u>2,401,211</u>	<u>7,792,763</u>	<u>5,339,679</u>	<u>103,860,642</u>	<u>25,533,905</u>	<u>41,363,772</u>	<u>186,291,972</u>
<b>Committed to:</b>							
Economic development	-	-	-	1,424,055	-	-	1,424,055
<b>Assigned to:</b>							
Culture and rec programs	20,233	-	-	-	-	-	20,233
Health and welfare programs	49,170	-	-	-	-	-	49,170
Capital improvements	-	-	-	-	-	665,667	665,667
Public safety	14,599	-	-	-	-	-	14,599
Economic development	-	-	-	-	-	29,867	29,867
Public works	43,174	-	-	-	-	-	43,174
Appropriation for use in FY 19-20 budget	199,799	-	-	-	-	-	199,799
General government - encumbrances	61,850	-	-	-	-	-	61,850
Public safety - encumbrances	1,419	-	-	-	-	-	1,419
Public works - encumbrances	43,662	-	-	-	-	-	43,662
Culture and rec - encumbrances	3,697	-	-	-	-	-	3,697
Economic development - encumbrances	30,093	-	-	-	-	-	30,093
Health and welfare - encumbrances	2,195	-	-	-	-	-	2,195
Sub-total assigned	<u>469,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>695,534</u>	<u>1,165,425</u>
Unassigned:	2,689,306	-	-	-	-	-	2,689,306
<b>TOTAL FUND BALANCE</b>	<u>\$ 6,244,287</u>	<u>\$ 7,792,763</u>	<u>\$ 5,339,679</u>	<u>\$ 108,805,809</u>	<u>\$ 25,533,905</u>	<u>\$ 42,152,176</u>	<u>\$ 195,868,619</u>

The City restated beginning fund balance/net position due to the reclassification of the 29<sup>th</sup> and Douglas Fund from an enterprise fund to an account of the General Fund. Restatements were as follows:

	Governmental Activities	General Fund	Business Type Activities	Non-Major Enterprise Fund
Beginning net position, as previously reported	\$ 388,265,366	\$ 6,030,450	\$ 118,107,926	\$ 9,787,587
Reclassification of fund from proprietary to governmental	5,500,144	144	(5,500,144)	(5,500,144)
Beginning net position, restated	<u>\$ 393,765,510</u>	<u>\$ 6,030,594</u>	<u>\$ 112,607,782</u>	<u>\$ 4,287,443</u>

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The following is a breakdown of encumbrances at June 30, 2019:

<b>Fund</b>	<b>Balance</b>
<b>Major Funds:</b>	
General Fund	\$ 189,258
Police Fund	212,086
Fire Fund	49,256
Hospital Authority	203,264
2018 GO Bond CIP	1,287,820
	<u>\$ 1,941,684</u>
<b>Non Major Fund:</b>	
General Govt Sales Tax	\$ 315,651
Street and Alley Fund	183,985
Technology Fund	11,705
Street Lighting	183
Police Federal Projects	2,654
Juvenile Fund	3,000
Police Lab Fund	832
Police Impound Fund	16,441
Welcome Center Fund	3,113
Convention and Visitor Bureau	6,422
Street Tax Fund	80,756
Emergency Operations Fund	9,687
Park and Recreation Fund	182,054
Grant Fund	349,591
Capital Improvement Fund	209,931
Downtown Redevelopment Fund	11,000
Sooner Rose TIF	4,734,377
Economic Development Authority	75,380
2018 GO Bond CIP Proprietary	107,507
	<u>\$ 6,304,269</u>

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

## 8. Risk Management

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

- General Liability – Covered through self-insurance with stop-loss for individual claims in excess of \$250,000 and aggregate stop loss of \$1,000,000.



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- Physical Property – Covered through purchased insurance with deductibles, by coverage as follows:

Wind/hail	\$10,000
EDP	500
Inland marine	5,00
Fine arts deductible	1,000
Automobile physical damage	1,000

- Workers' Compensation – Workers' compensation is covered through self-insurance with the a third party administering the claims process. The City carry's stop-loss insurance for individual claims in excess of \$450,000 for non-uniform employees and \$500,000 for uniform employees with an aggregate stop loss of \$1,000,000.
- Employee's Group Medical –Covered through self-insurance using a third party administrator to process medical claims. The City uses the third party processor's estimates to record group insurance claims payable. The City also has a stop-loss policy which covers individual claims in excess of \$150,000 during any year with aggregate stop loss of \$7,332,601.

Management believes the insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

Claims Liability Analysis

The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. For the internal service self-insurance funds, changes in the claims liability for the City from June 30, 2016, to June 30, 2019, are as follows:

	<u>Workers Comp</u>	<u>Health Care</u>	<u>Total</u>
Claims liability, June 30, 2016	1,804,000	549,088	2,353,088
Claims and changes in estimates	1,307,827	4,848,703	6,156,530
Claims payments	(1,213,827)	(5,019,395)	(6,233,222)
Claims liability, June 30, 2017	<u>1,898,000</u>	<u>378,396</u>	<u>2,276,396</u>
Claims and changes in estimates	1,498,024	5,069,940	6,567,964
Claims payments	(1,354,024)	(5,179,933)	(6,533,957)
Claims liability, June 30, 2018	<u>2,042,000</u>	<u>268,403</u>	<u>2,310,403</u>
Claims and changes in estimates	1,289,936	6,170,306	7,460,242
Claims payments	(1,369,936)	(6,181,475)	(7,551,411)
Claims liability, June 30, 2019	<u>\$ 1,962,000</u>	<u>\$ 257,234</u>	<u>\$ 2,219,234</u>

**9. Retirement Plan Participation**

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

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

**Summary Defined Benefit Plans Balances:**

	Governmental Activities
Net Pension Asset	
Police Pension System	\$ 973,201
Net Pension Liability	
Firefighter's Pension System	\$ 28,208,718
Total Net Pension Liability	\$ 28,208,718
Deferred Outflows of Resources	
Police Pension System	\$ 1,869,475
Firefighter's Pension System	8,183,705
Total Deferred Outflows of Resources	\$ 10,053,180
Deferred Inflows of Resources	
Police Pension System	\$ 982,928
Firefighter's Pension System	3,373,543
Total Deferred Inflows of Resources	\$ 4,356,471

**Oklahoma Police Pension and Retirement Systems**

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

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

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

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

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

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

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

**Contributions** - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$869,006. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$691,229 that is reported as both revenue and expenditure in the Police Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$797,357. These on-behalf payments do not meet the criteria of a special funding situation.

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

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2019, the City reported an asset of \$973,201

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for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 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, 2019. Based upon this information, the City's proportion was 2.043% at June 30, 2018, which was a decrease of .015% compared to its proportion at June 2018.

For the year ended June 30, 2019, the City recognized pension expense of \$703,421. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,748	\$ 911,891
Changes of assumptions	425,033	-
Net difference between projected and actual earnings on pension plan investments	506,784	-
Changes in proportion and differences between City contributions and proportionate share of contributions	9,761	46,671
City Contributions during measurement date	53,143	24,366
City contributions subsequent to the measurement date	869,006	-
Total	\$ 1,869,475	\$ 982,928

The \$869,006 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase to or a reduction of the net pension asset in the year ended June 30, 2020. Other deferred outflows and deferred inflows of resources related to pensions are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period. The net deferred outflows related to the difference between expected and actual investment earnings and is being amortized over a closed 5-year period as of the beginning of each measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 524,586
2021	206,681
2022	(557,061)
2023	(183,292)
2024	26,627
	\$ 17,541

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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Inflation:	2.75%
Salary increases:	3.5% to 17% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Mortality rates:	<p>Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.</p> <p>Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.</p> <p>Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.</p>
Cost-of-living Adjustment:	Police officers eligible to receive increased benefits according to repealed Section 50-150 of Title 11 of the Oklahoma Statutes pursuant to a court order receive and adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary.

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>
Equities	60%
Fixed Income	25%
Real Estate and other investments	15%
	<u>100%</u>

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

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

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 4,514,380	\$ (973,201)	\$ (5,612,329)

**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](http://www.ok.gov/OPPRS) .

**Oklahoma Fire Pension and Retirement Systems**

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

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

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

Normal Retirement:

- Hired Prior to November 1, 2013  
Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.
- Hired After November 1, 2013  
Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. Also participants must be age 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.

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

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

**Contributions** - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$1,096,998. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$3,561,481 that is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$2,514,355. These on-behalf payments did not meet the criteria of a special funding situation.

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2018, the City reported a liability of \$28,208,718 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 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 2.506%, at June 30, 2019, which was a decrease of .048% compared to its proportion at June 30, 2018.

For the year ended June 30, 2019, the City recognized pension expense of \$261,150. 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
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 5,892,007	\$ -
Net difference between projected and actual earnings on pension plan investments	-	2,343,916
Changes in proportion and differences between City contributions and proportionate share of contributions	1,017,310	990,672
City contributions during the measurement period	177,390	38,955
City contributions subsequent to the measurement date	1,096,998	-
Total	<u>\$ 8,183,705</u>	<u>\$ 3,373,543</u>



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The \$1,096,998 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other deferred outflows of resources related to pensions are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period. The net deferred outflows of resources related to the difference between expected and actual investment earnings and is being amortized over a closed 5-year period as of the beginning of each measurement period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
	2020	\$ 1,499,272
	2021	1,191,501
	2022	86,711
	2023	569,786
	2024	365,894
		<u>\$ 3,713,164</u>

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

- Inflation: 3%
- Salary increases: 3.5% to 9.0% average, including inflation
- Investment rate of return: 7.5% net of pension plan investment expense
- Mortality rates: Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with generational mortality improvement using scale AA.
- Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with generational improvement using scale AA.
- Disabled pensioners: RP-2000 Blue Collar Healthy Combined table.

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:

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

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	\$ 36,947,852	\$ 28,208,718	\$ 20,869,223

**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](http://www.ok.gov/fprs).

**OMRF Defined Contribution Plan:**

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

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establish and amend the provisions of the plan rests with the City Council. For the year ended June 30, 2019, the City contributed \$2,221,982 to the plan, while the employee contributions totaled \$11,565.

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

### **10. Postemployment Healthcare Plan**

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

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

The amount of benefit payments during fiscal year June 30, 2019 were \$869,660.

#### *Employees Covered by Benefit Terms*

Active Employees	472
Inactive not yet receiving benefits	111
Inactive or beneficiaries receiving benefits	<u>141</u>
Total	<u>724</u>

*Total OPEB Liability* – The total OPEB liability was determined based on actuarial valuation performed as of June 30, 2018 which is also the measurement date.

*Actuarial Assumptions*- The total OPEB liability in the June 30, 2018 valuation, was determined using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age
- Discount Rate – 3.87% based on the 20 year municipal bond yield

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- Retirement Age – Civilians - 55 with 10 years of service, Police and Fire 20 years of service
- Medical Trend Rates

<u>Year</u>	<u>Rate</u>
2019	6.02%
2020	5.99%
2025	5.86%
2030	5.99%
2035	5.87%
2040	5.33%
2045	5.15%
2050	5.03%
2060	4.87%

*Changes in Total OPEB Liability –*

	<b>Total OPEB Liability</b>
<b>Balances at Beginning of Year</b>	\$ 23,066,131
<b>Changes for the Year:</b>	
Service cost	929,222
Interest expense	390,053
Differences between expected and actual experience	(145,135)
Change in assumptions	(475,835)
Benefits paid	(869,660)
<b>Net Changes</b>	<b>(171,355)</b>
<b>Balances End of Year</b>	<b>\$ 22,894,776</b>

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB* - For the year ended June 30, 2019, the City recognized a negative OPEB expense of (\$857). At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 119,673
Changes of assumptions	-	1,465,790
Change in porportion and contributions during the measurement period	521,914	521,909
City Contributions subsequent to the measurement date	881,386	-
Total	\$ 1,403,300	\$ 2,107,372

The \$881,386 reported as deferred outflows of resources related to OPEB resulting from City benefit payments subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020. Any other amounts reported as deferred outflows or resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

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<b>Year Ended June 30:</b>	
2020	\$ (402,231)
2021	(402,231)
2022	(402,231)
2023	(302,513)
2024	(76,252)
	\$ (1,585,458)

*Sensitivity of the City's total OPEB liability to changes in the discount rate-* The following presents the City's total net OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate:

	1% Decrease ( 2.87%)	Current Discount Rate ( 3.87%)	1% Increase ( 4.87%)
Employers' total OPEB liability	\$ 28,057,645	\$ 22,894,776	\$ 18,995,501

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

	1% Decrease (5.09 % decreasing to 3.87%)	Current Discount Rate (6.09 % decreasing to 4.87%)	1% Increase ( 7.09% decreasing to 5.87%)
Employers' total OPEB liability	\$ 19,111,734	\$ 22,894,776	\$ 27,773,183

## 11. Commitments and Contingencies

### Litigation

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

### **Grant Programs**

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

### **Asset Retirement Obligation**

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

## **12. Future Accounting Pronouncements**

The GASB has issued several new accounting pronouncements, which will be effective in subsequent years. A description of the new accounting pronouncements, the fiscal year in which they are effective, and the City's consideration of the impact of these pronouncements are described below:

GASB Statement 84, *Fiduciary Activities*, issued January 2017, will be effective for the City for the City beginning with its fiscal year ending June 30, 2020. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The City has not yet determined the impact that implementation of GASB 84 will have on its net position.

GASB Statement 87, *Leases*, issued June 2017, will be effective for the City beginning with its fiscal year ending June 30, 2021. The primary objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City has not yet determined the impact that implementation of GASB 87 will have on its net position.

GASB Statement 90, *Majority Equity Interests (An amendment of GASB Statement 14 and 61)* –issued August 2018, will be effective for the City beginning with its fiscal year ending June 30, 2020. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and

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specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The City has not yet determined the impact that implementation of GASB 90 will have on its net position.

GASB Statement 91, *Conduit Debt Obligations* – issue May 2019, will be effective for the City beginning with its fiscal year ending December 2021. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The City has not yet determined the impact that implementation of GASB 91 will have on its net position.

**REQUIRED SUPPLEMENTARY INFORMATION**



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**Budgetary Comparison Schedules – Year Ended June 30, 2019**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>Beginning Budgetary Fund Balance:</b>	\$ 1,080,906	\$ 1,080,906	\$ 4,577,777	\$ 3,496,871
<b>Resources (Inflows):</b>				
Taxes	23,058,735	23,541,235	23,998,774	457,539
Charges for services	683,589	693,190	729,659	36,469
Fines and forfeitures	1,324,214	1,324,214	1,237,510	(86,704)
Licenses and permits	378,170	378,170	602,207	224,037
Investment income	144,202	144,427	190,410	45,983
Intergovernmental	471,516	745,649	694,470	(51,179)
Miscellaneous	431,325	432,631	552,317	119,686
<b>Total Resources (Inflows)</b>	<u>26,491,751</u>	<u>27,259,516</u>	<u>28,005,347</u>	<u>745,831</u>
<b>Amounts available for appropriation</b>	<u>27,572,657</u>	<u>28,340,422</u>	<u>32,583,124</u>	<u>4,242,702</u>
<b>Charges to Appropriations (Outflows):</b>				
Communications	186,157	191,766	146,632	45,134
City Clerk	96,387	99,737	97,256	2,481
Human Resources	388,255	399,960	383,494	16,466
City Attorney	56,225	57,740	50,612	7,128
Community Development	1,948,184	2,270,871	1,888,966	381,905
Park & Recreation	839,308	958,448	781,681	176,767
Finance	670,400	694,305	655,931	38,374
Animal Welfare	433,940	459,550	395,935	63,615
Municipal Court	505,920	523,854	479,555	44,299
Streets	3,059,161	3,243,069	2,939,590	303,479
General Government	57,382	191,661	83,885	107,776
Neighborhood Services	1,484,505	1,541,274	1,402,166	139,108
Information Technology	570,900	598,161	559,595	38,566
Emergency Response	1,009,301	1,593,487	1,547,632	45,855
Swimming Pools	301,518	312,535	275,696	36,839
<b>Total Charges to Appropriations</b>	<u>11,607,543</u>	<u>13,136,418</u>	<u>11,688,626</u>	<u>1,447,792</u>
<b>Other financing sources (uses)</b>				
Transfers from other funds	10,540,763	11,259,041	11,296,350	37,309
Transfers to other funds	(25,325,744)	(26,679,494)	(26,379,710)	299,784
<b>Total other financing sources (uses)</b>	<u>(14,784,981)</u>	<u>(15,420,453)</u>	<u>(15,083,360)</u>	<u>337,093</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 1,180,133</u>	<u>\$ (216,449)</u>	<u>\$ 5,811,138</u>	<u>\$ 6,027,587</u>

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<b>POLICE FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budget Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Beginning Budgetary Fund Balance:</b>	\$ 419,992	\$ 77,717	\$ 2,659,514	\$ 2,581,797
<b>Resources (Inflows):</b>				
Taxes	5,619,895	5,619,895	5,886,367	266,472
Intergovernmental	-	-	16,392	16,392
Charges for services	95,300	95,299	97,167	1,868
License and permits	-	1,950	2,200	250
Investment income	40,660	40,660	88,844	48,184
Fines and forfeitures	82,840	82,840	62,478	(20,362)
Miscellaneous	1,950	4,483	26,058	21,575
<b>Total Resources (Inflows)</b>	<b>5,840,645</b>	<b>5,845,127</b>	<b>6,179,506</b>	<b>334,379</b>
<b>Amounts available for appropriation</b>	<b>6,260,637</b>	<b>5,922,844</b>	<b>8,839,020</b>	<b>2,916,176</b>
<b>Charges to Appropriations (Outflows):</b>				
Public Safety	14,519,443	14,996,244	14,213,934	782,310
<b>Total Charges to Appropriations</b>	<b>14,519,443</b>	<b>14,996,244</b>	<b>14,213,934</b>	<b>782,310</b>
<b>Other financing sources (uses)</b>				
Transfers from other funds	9,462,609	9,782,895	9,856,246	73,351
<b>Total other financing sources (uses)</b>	<b>9,462,609</b>	<b>9,782,895</b>	<b>9,856,246</b>	<b>73,351</b>
<b>Ending Budgetary Fund Balance</b>	<b>\$ 1,203,803</b>	<b>\$ 709,495</b>	<b>\$ 4,481,332</b>	<b>\$ 3,771,837</b>

<b>FIRE FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budget Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Beginning Budgetary Fund Balance:</b>	\$ (6,472,680)	\$ 128,711	\$ 2,146,223	\$ 2,017,512
<b>Resources (Inflows):</b>				
Taxes	4,427,802	4,427,802	4,637,929	210,127
Charges for services	22,864	22,864	26,723	3,859
Investment income	33,598	33,598	71,373	37,775
Licenses and permits	9,717	9,717	9,800	83
Miscellaneous	11,448	13,448	23,326	9,878
<b>Total Resources (Inflows)</b>	<b>4,505,429</b>	<b>4,507,429</b>	<b>4,769,151</b>	<b>261,722</b>
<b>Amounts available for appropriation</b>	<b>(1,967,251)</b>	<b>4,636,140</b>	<b>6,915,374</b>	<b>2,279,234</b>
<b>Charges to Appropriations (Outflows):</b>				
Public Safety	11,064,521	11,897,321	11,075,285	822,036
<b>Total Charges to Appropriations</b>	<b>11,064,521</b>	<b>11,897,321</b>	<b>11,075,285</b>	<b>822,036</b>
<b>Other financing sources (uses)</b>				
Transfers from other funds	7,522,644	7,781,654	7,840,914	59,260
Transfers to other funds	(250,000)	(250,000)	(250,000)	-
<b>Total other financing sources (uses)</b>	<b>7,272,644</b>	<b>7,531,654</b>	<b>7,590,914</b>	<b>59,260</b>
<b>Ending Budgetary Fund Balance</b>	<b>\$ (5,759,128)</b>	<b>\$ 270,473</b>	<b>\$ 3,431,003</b>	<b>\$ 3,160,530</b>

**Footnotes to Budgetary Comparison Schedule:**

1. The budgetary comparison schedules and budgetary fund balance amounts are reported on the modified cash basis of accounting. In addition, obligations that are required to be funded from ending budgetary fund balances are subtracted from total ending budgetary fund balances to arrive at the

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unreserved budgetary fund balance. This presentation of unreserved fund balances on a budgetary basis is used to demonstrate compliance with Article 10, § 26 of the Oklahoma State Constitution.

2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation between departments and object categories require the approval of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.

3. The Hospital Authority does not present a budget to actual comparison because it is a Title 60 Public Trust. Title 60 Trust are only required to prepare a budget and submit to the beneficiary, but there are no requirements related to form, content or monitoring, and it is not considered a legal annual budget.

4. The budgetary basis differs from the modified accrual (GAAP) basis as shown in the schedules below:

<b>GENERAL FUND</b>	<u><b>Fund Balance June 30, 2018</b></u>	<u><b>Net Change in Fund Balance</b></u>	<u><b>Fund Balance June 30, 2019</b></u>
<b>Budget to GAAP Reconciliation:</b>			
<b>Fund Balance - GAAP Basis</b>	\$ 6,030,594	\$ 213,693	\$ 6,244,287
Increases (Decreases):			
Revenues:			
Receivable	(4,326,596)	(1,049,173)	(5,375,769)
Change in fair value of investments	4,464	(3,537)	927
Other misc items	(210,359)	898,423	688,064
Expenditures:			
Payables	5,484,924	1,429,239	6,914,163
Encumbrances	(196,036)	53,385	(142,651)
Impact of combining accounts:			
Reimbursed Projects Account	(653,718)	(233,867)	(887,585)
Employee Activity Account	(20,402)	170	(20,232)
Activity Account	(337,060)	(13,595)	(350,655)
Animals Best Friend Account	(77,674)	(3,267)	(80,941)
29th and Douglas Account	(144)	(139)	(283)
Disaster Relief Account	(1,120,216)	(57,971)	(1,178,187)
<b>Fund Balance - Budgetary Basis</b>	<u><u>\$ 4,577,777</u></u>	<u><u>\$ 1,233,361</u></u>	<u><u>\$ 5,811,138</u></u>

<b>POLICE FUND</b>	<u><b>Fund Balance June 30, 2018</b></u>	<u><b>Net Change in Fund Balance</b></u>	<u><b>Fund Balance June 30, 2019</b></u>
<b>Budget to GAAP Reconciliation:</b>			
<b>Fund Balance - GAAP Basis</b>	\$ 5,247,982	\$ 2,544,781	\$ 7,792,763
Increases (Decreases):			
Revenues:			
Receivable	(3,048,677)	(676,828)	(3,725,505)
Change in fair value of investments	2,764	(1,995)	769
Other misc items	(232,271)	(86,245)	(318,516)
Expenditures:			
Payables	689,716	42,105	731,821
<b>Fund Balance - Budgetary Basis</b>	<u><u>\$ 2,659,514</u></u>	<u><u>\$ 1,821,818</u></u>	<u><u>\$ 4,481,332</u></u>

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<b>FIRE FUND</b>	<u>Fund Balance June 30, 2018</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance June 30, 2019</u>
<b>Budget to GAAP Reconciliation:</b>			
<b>Fund Balance - GAAP Basis</b>	\$ 3,067,947	\$ 2,271,732	\$ 5,339,679
Increases (Decreases):			
Revenues:			
Receivable	(2,333,704)	(529,225)	(2,862,929)
Change in fair value of investments	1,710	(1,208)	502
Other misc items	69,913	(302,053)	(232,140)
Expenditures:			
Payables	1,340,357	(154,466)	1,185,891
<b>Fund Balance - Budgetary Basis</b>	<u>\$ 2,146,223</u>	<u>\$ 1,284,780</u>	<u>\$ 3,431,003</u>

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**Required Supplementary Information – Pensions**

**Schedules of Required Supplementary Information**  
**SCHEDULE OF THE CITY OF MIDWEST CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM**  
**Last 10 Fiscal Years\***

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

**Notes to Schedule:**

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

**Schedules of Required Supplementary Information**  
**SCHEDULE OF THE CITY OF MIDWEST CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM**  
**Last 10 Fiscal Years\***

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

**Notes to Schedule:**

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

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

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

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

**Notes to Schedule:**

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

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

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

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

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

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

**Notes to Schedule:**

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

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

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

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***Required Supplementary Information –Other Post Employment Benefit (OPEB)***

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

	<b>2018</b>	<b>2019</b>
Total OPEB Liability		
Service cost	\$ 948,825	\$ 929,222
Interest	671,955	390,053
Differences between expected and actual experience	-	(145,135)
Changes in assumptions	(2,572,581)	(475,835)
Experience Gain/(Loss)	(862,742)	(869,660)
<b>Net increase (decrease) in total OPEB liability</b>	<b>(1,814,543)</b>	<b>(171,355)</b>
<b>Balances at Beginning of Year</b>	<b>24,880,674</b>	<b>23,066,131</b>
<b>Balances End of Year</b>	<b>\$ 23,066,131</b>	<b>\$ 22,894,776</b>
Covered payroll	\$ 27,950,000	\$ 28,460,000
Total OPEB liability as a percentage of covered-payroll	82.53%	80.45%

**Notes to Schedule:**

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

**OTHER SUPPLEMENTARY INFORMATION**



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

	General Fund Accounts							Totals
	General Fund	Reimbursed Projects Account	Employee Activity Account	Activity Account	Animals Best Friend Account	29th and Douglas Account	Disaster Relief Account	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 2,837,070	\$ 466,159	\$ 20,262	\$ 188,767	\$ 78,159	\$ 283	\$ 622,700	\$ 4,213,400
Investments	2,427,728	405,952	-	164,387	-	-	542,276	3,540,343
Accounts receivable	1,402,869	15,909	-	-	21,817	-	214,317	1,654,912
Accrued interest receivable	6,731	-	-	-	-	-	-	6,731
Other receivable	14,511	-	-	2,130	-	-	-	16,641
Due from other governments	3,075,834	-	-	-	-	-	438	3,076,272
Due from other funds	191,945	-	-	-	-	-	-	191,945
Prepaid items	3,114	-	-	-	-	-	-	3,114
Advance from other funds	680,765	-	-	-	-	-	-	680,765
Total assets	<u>\$ 10,640,567</u>	<u>\$ 888,020</u>	<u>\$ 20,262</u>	<u>\$ 355,284</u>	<u>\$ 99,976</u>	<u>\$ 283</u>	<u>\$ 1,379,731</u>	<u>\$ 13,384,123</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable and accrued liabilities	\$ 205,643	\$ 435	\$ 30	\$ 3,637	\$ -	\$ -	\$ 15,574	\$ 225,319
Wages payable	447,854	-	-	992	-	-	7,563	456,409
Due to other governments	8,643	-	-	-	-	-	-	8,643
Refundable deposits	46,195	-	-	-	-	-	-	46,195
Due to other funds	5,019,245	-	-	-	-	-	-	5,019,245
Total liabilities	<u>5,727,580</u>	<u>435</u>	<u>30</u>	<u>4,629</u>	<u>-</u>	<u>-</u>	<u>23,137</u>	<u>5,755,811</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue	1,186,583	-	-	-	19,035	-	178,407	1,384,025
<b>Fund balances:</b>								
Nonspendable	683,879	-	-	-	-	-	-	683,879
Restricted	10,503	844,694	-	350,655	31,770	-	1,163,589	2,401,211
Assigned	342,716	42,891	20,232	-	49,171	283	14,598	469,891
Unassigned	2,689,306	-	-	-	-	-	-	2,689,306
Total fund balances	<u>3,726,404</u>	<u>887,585</u>	<u>20,232</u>	<u>350,655</u>	<u>80,941</u>	<u>283</u>	<u>1,178,187</u>	<u>6,244,287</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 10,640,567</u>	<u>\$ 888,020</u>	<u>\$ 20,262</u>	<u>\$ 355,284</u>	<u>\$ 99,976</u>	<u>\$ 283</u>	<u>\$ 1,379,731</u>	<u>\$ 13,384,123</u>

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2019**

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund**  
**Accounts – Year Ended June 30, 2019**

General Fund Accounts								
	General Fund	Reimbursed Projects Account	Employee Activity Account	Activity Account	Animals Best Friend Account	29th and Douglas Account	Disaster Relief Account	Totals
<b>REVENUES</b>								
Taxes	\$ 24,023,646	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,023,646
Intergovernmental	465,768	129,449	-	-	-	-	-	595,217
Charges for services	2,140,888	99,979	-	51,716	-	104	57,578	2,350,265
Investment income	300,871	15,711	448	7,565	1,615	19	73,063	399,292
Fines & forfeitures	1,193,430	-	-	-	23,070	-	-	1,216,500
Licenses & permits	601,988	220	-	-	-	-	-	602,208
Miscellaneous	317,575	201,946	1,946	94,525	3,548	-	111,287	730,827
<b>Total revenues</b>	<b>29,044,166</b>	<b>447,305</b>	<b>2,394</b>	<b>153,806</b>	<b>28,233</b>	<b>123</b>	<b>241,928</b>	<b>29,917,955</b>
<b>EXPENDITURES</b>								
Current:								
General government	4,226,106	17,194	10,064	-	-	584	257,739	4,511,687
Public Safety	1,035,576	2,039	-	-	-	-	-	1,037,615
Streets	2,936,914	-	-	-	-	-	-	2,936,914
Culture and recreation	863,205	4,369	-	139,403	-	-	-	1,006,977
Health & welfare	365,522	-	-	-	9,966	-	-	375,488
Economic development	3,012,488	25,836	-	-	-	-	-	3,038,324
Capital outlay	-	162,648	-	808	15,000	-	396,113	574,569
Debt service:								
Interest and fiscal charges	-	1,352	-	-	-	-	-	1,352
<b>Total expenditures</b>	<b>12,439,811</b>	<b>213,438</b>	<b>10,064</b>	<b>140,211</b>	<b>24,966</b>	<b>584</b>	<b>653,852</b>	<b>13,482,926</b>
Revenues over (under) expenditures	16,604,355	233,867	(7,670)	13,595	3,267	(461)	(411,924)	16,435,029
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	10,817,841	-	-	-	-	-	469,895	11,287,736
Transfers out	(27,509,072)	-	-	-	-	-	-	(27,509,072)
Transfers in - interaccount	-	-	7,500	-	-	600	-	8,100
Transfers out - interaccount	(8,100)	-	-	-	-	-	-	(8,100)
Total other financing sources (uses)	(16,699,331)	-	7,500	-	-	600	469,895	(16,221,336)
Net change in fund balances	(94,976)	233,867	(170)	13,595	3,267	139	57,971	213,693
Fund balances - beginning of year, restated	3,821,380	653,718	20,402	337,060	77,674	144	1,120,216	6,030,594
Fund balances - end of year	<u>\$ 3,726,404</u>	<u>\$ 887,585</u>	<u>\$ 20,232</u>	<u>\$ 350,655</u>	<u>\$ 80,941</u>	<u>\$ 283</u>	<u>\$ 1,178,187</u>	<u>\$ 6,244,287</u>

**CITY OF MIDWEST CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
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**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2019**

	Special Revenue Funds											
	Grant Fund	Juvenile Fund	Park & Recreation Fund	Emergency Operations Fund	Technology Fund	Welcome Center Fund	Police Impound Fund	Street & Alley Fund	Police Special Projects Fund	Police Lab Fee Fund	Convention/Visitors Bureau Fund	Sooner Rose TIF
<b>ASSETS</b>												
Cash and cash equivalents	\$ 180,127	\$ 30,214	\$ 336,928	\$ 381,043	\$ 157,660	\$ 180,592	\$ 156,316	\$ 677,160	\$ 212,624	\$ 21,650	\$ 200,919	\$ 4,349,335
Investments	-	-	293,412	331,830	-	157,268	-	589,703	-	-	-	2,619,549
Accrued interest receivable	-	-	-	-	-	-	-	-	-	-	-	7,263
Deposits held by others	-	-	-	-	-	-	-	-	-	-	-	-
Other receivable	33,597	71,922	800	559	253,190	-	-	-	-	9,521	-	10,636
Due from other governments	206,384	-	68,351	57,317	-	22,237	-	41,104	-	-	41,509	-
Due from other funds	1,432	780	20,204	1,297	-	20,554	-	-	-	-	148	-
Inventory	60,000	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>481,540</u>	<u>102,916</u>	<u>719,695</u>	<u>772,046</u>	<u>410,850</u>	<u>380,651</u>	<u>156,316</u>	<u>1,307,967</u>	<u>212,624</u>	<u>31,171</u>	<u>242,576</u>	<u>6,986,783</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>												
<b>Liabilities:</b>												
Accounts payable and accrued liabilities	15,034	134	53,099	21	16,465	24,877	-	4,229	144	297	1,596	-
Wages payable	22,196	3,657	3,382	17,804	4,561	7,523	-	-	-	-	9,271	-
Due to other funds	191,945	-	-	-	-	-	210	-	-	-	-	-
Total liabilities	<u>229,175</u>	<u>3,791</u>	<u>56,481</u>	<u>17,825</u>	<u>21,026</u>	<u>32,400</u>	<u>210</u>	<u>4,229</u>	<u>144</u>	<u>297</u>	<u>10,867</u>	<u>-</u>
<b>Deferred inflows:</b>												
Unavailable revenue	28,551	67,516	150	-	211,164	-	-	-	-	8,056	-	-
<b>Fund balances:</b>												
Nonspendable	87,570	-	-	-	-	-	-	-	-	-	-	-
Restricted	136,244	31,609	663,064	754,221	178,660	348,251	156,106	1,303,738	212,480	22,818	231,709	6,986,783
Assigned	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>223,814</u>	<u>31,609</u>	<u>663,064</u>	<u>754,221</u>	<u>178,660</u>	<u>348,251</u>	<u>156,106</u>	<u>1,303,738</u>	<u>212,480</u>	<u>22,818</u>	<u>231,709</u>	<u>6,986,783</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 481,540</u>	<u>\$ 102,916</u>	<u>\$ 719,695</u>	<u>\$ 772,046</u>	<u>\$ 410,850</u>	<u>\$ 380,651</u>	<u>\$ 156,316</u>	<u>\$ 1,307,967</u>	<u>\$ 212,624</u>	<u>\$ 31,171</u>	<u>\$ 242,576</u>	<u>\$ 6,986,783</u>

(continued)

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**As of and for the Year Ended June 30, 2019**

**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2019**

	Special Revenue Funds				Capital Project Funds				Debt Service Fund				Totals
	Urban Renewal Authority	Economic Development Authority	General Government Sales Tax Fund	Street Light Fee	Downtown Development Authority	2002 Street Project Fund	Dedicated Tax 2012 Fund	2018 GO Bond Proprietary	Sales Tax Capital Improvement Fund	Capital Improvement Fund	Capital Outlay Reserve Fund	G.O. Debt Service Fund	
<b>ASSETS</b>													
Cash and cash equivalents	\$ 36,197	\$ 6,017,428	\$ 1,678,329	\$ 844,690	\$ 1,232,551	\$ 237,335	\$ 798,889	\$ 5,665,615	\$ -	\$ 1,254,173	\$ 498,781	\$ 333,783	\$ 25,482,339
Investments	-	757,822	1,501,976	755,932	1,103,039	206,683	714,945	5,070,293	-	1,122,390	434,362	290,673	15,949,877
Accrued interest receivable	-	2,101	4,164	2,096	3,058	-	1,982	14,057	-	3,112	-	-	37,833
Deposits held by others	-	-	-	-	500	300	-	-	-	4,500	-	-	5,300
Other receivable	-	198,125	17,599	81,488	-	-	-	-	-	-	-	-	677,437
Due from other governments	-	-	323,005	-	-	-	57,394	-	733,591	21,808	-	2,873,577	4,446,277
Due from other funds	-	-	89,313	-	-	-	-	-	-	31,856	-	-	165,584
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	60,000
Total assets	<u>36,197</u>	<u>6,975,476</u>	<u>3,614,386</u>	<u>1,684,206</u>	<u>2,339,148</u>	<u>444,318</u>	<u>1,573,210</u>	<u>10,749,965</u>	<u>733,591</u>	<u>2,437,839</u>	<u>933,143</u>	<u>3,498,033</u>	<u>46,824,647</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>													
<b>Liabilities:</b>													
Accounts payable and accrued liabilities	2,526	8,989	91,483	-	5,045	-	-	1,230	-	168,034	35,623	37,375	466,201
Wages payable	-	-	25,253	745	-	-	-	-	-	-	-	-	94,392
Due to other funds	-	-	-	-	-	-	-	-	733,591	-	-	-	925,746
Total liabilities	<u>2,526</u>	<u>8,989</u>	<u>116,736</u>	<u>745</u>	<u>5,045</u>	<u>-</u>	<u>-</u>	<u>1,230</u>	<u>733,591</u>	<u>168,034</u>	<u>35,623</u>	<u>37,375</u>	<u>1,486,339</u>
<b>Deferred inflows:</b>													
Unavailable revenue	-	1,590	-	-	-	-	-	-	-	-	-	2,869,105	3,186,132
<b>Fund balances:</b>													
Nonspendable	-	-	-	-	500	300	-	-	-	4,500	-	-	92,870
Restricted	3,804	6,964,897	3,497,650	1,683,461	1,818,804	444,018	1,573,210	10,748,735	-	2,265,305	746,652	591,553	41,363,772
Assigned	29,867	-	-	-	514,799	-	-	-	-	-	150,868	-	695,534
Total fund balances	<u>33,671</u>	<u>6,964,897</u>	<u>3,497,650</u>	<u>1,683,461</u>	<u>2,334,103</u>	<u>444,318</u>	<u>1,573,210</u>	<u>10,748,735</u>	<u>-</u>	<u>2,269,805</u>	<u>897,520</u>	<u>591,553</u>	<u>42,152,176</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 36,197</u>	<u>\$ 6,975,476</u>	<u>\$ 3,614,386</u>	<u>\$ 1,684,206</u>	<u>\$ 2,339,148</u>	<u>\$ 444,318</u>	<u>\$ 1,573,210</u>	<u>\$ 10,749,965</u>	<u>\$ 733,591</u>	<u>\$ 2,437,839</u>	<u>\$ 933,143</u>	<u>\$ 3,498,033</u>	<u>\$ 46,824,647</u>

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds – Year Ended June 30, 2019**

	Special Revenue Funds											
	Grant Fund	Juvenile Fund	Park & Recreation Fund	Emergency Operations Fund	Technology Fund	Welcome Center Fund	Police Impound Fund	Street & Alley Fund	Police Special Projects Fund	Police Lab Fee Fund	Convention/Visitors Bureau Fund	Sooner Rose TIF
<b>REVENUES</b>												
Taxes	\$ -	\$ -	\$ 539,911	\$ 479,117	\$ -	\$ 185,644	\$ -	\$ -	\$ -	\$ -	\$ 346,535	\$ 177,719
Intergovernmental	847,750	-	-	4,569	-	-	-	508,434	-	-	-	-
Charges for services	-	-	400	27,250	285,119	-	58,961	-	-	-	-	-
Investment income	7	927	14,800	15,293	3,957	7,878	4,161	82,291	4,158	411	4,110	49,478
Fines & forfeitures	-	54,595	-	-	10,351	-	-	-	7,956	13,354	-	-
Licenses & permits	-	-	381	-	17,400	-	-	-	-	-	-	-
Miscellaneous	13,092	-	106,178	1,010	1,900	22,438	-	-	7,022	-	-	-
<b>Total revenues</b>	<b>860,849</b>	<b>55,522</b>	<b>661,670</b>	<b>527,239</b>	<b>318,727</b>	<b>215,960</b>	<b>63,122</b>	<b>590,725</b>	<b>19,136</b>	<b>13,765</b>	<b>350,645</b>	<b>227,197</b>
<b>EXPENDITURES</b>												
Current:												
General government	-	-	-	-	473,583	-	-	-	-	-	-	-
Public safety	90,821	83,569	-	374,315	-	-	35,610	-	15,499	8,811	-	-
Streets	-	-	-	-	-	-	-	34,532	-	-	-	-
Culture and recreation	-	-	379,503	-	-	188,509	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-	-	-	-
Economic development	682,439	-	-	-	-	-	-	-	-	-	311,482	9,811
Capital outlay	189,111	-	221,567	15,709	6,796	35,699	16,194	500,021	1,323	-	946	419,898
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	155,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	850,506
<b>Total expenditures</b>	<b>962,371</b>	<b>83,569</b>	<b>601,070</b>	<b>390,024</b>	<b>480,379</b>	<b>224,208</b>	<b>51,804</b>	<b>534,553</b>	<b>16,822</b>	<b>8,811</b>	<b>312,428</b>	<b>1,435,215</b>
Revenues over (under) expenditures	(101,522)	(28,047)	60,600	137,215	(161,652)	(8,248)	11,318	56,172	2,314	4,954	38,217	(1,208,018)
<b>OTHER FINANCING SOURCES (USES)</b>												
Debt proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Premium on debt issued	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	181,799	-	-	12,908	80,000	-	-	20,102	-	-	-	-
Transfers out	(88,527)	-	-	(80,000)	-	-	(63,252)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>93,272</b>	<b>-</b>	<b>-</b>	<b>(67,092)</b>	<b>80,000</b>	<b>-</b>	<b>(63,252)</b>	<b>20,102</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(8,250)	(28,047)	60,600	70,123	(81,652)	(8,248)	(51,934)	76,274	2,314	4,954	38,217	(1,208,018)
Fund balances - beginning of year	232,064	59,656	602,464	684,098	260,312	356,499	208,040	1,227,464	210,166	17,864	193,492	8,194,801
Fund balances - end of year	\$ 223,814	\$ 31,609	\$ 663,064	\$ 754,221	\$ 178,660	\$ 348,251	\$ 156,106	\$ 1,303,738	\$ 212,480	\$ 22,818	\$ 231,709	\$ 6,986,783

(continued)

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds – Year Ended June 30, 2019**

	Special Revenue Funds					Capital Project Funds					Debt Service Fund		Totals
	Urban Renewal Authority	Economic Development Authority	General Government Sales Tax Fund	Street Light Fee	Downtown Development Authority	2002 Street Project Fund	Dedicated Tax 2012 Fund	2018 GO Bond Proprietary	Sales Tax Capital Improvement Fund	Capital Improvement Fund	Capital Outlay Reserve Fund	G.O. Debt Service Fund	
<b>REVENUES</b>													
Taxes	\$ -	\$ -	\$ 2,387,864	\$ -	\$ -	\$ -	\$ 448,744	\$ -	\$ 5,760,322	\$ 145,879	\$ -	\$ 326,552	\$ 10,798,287
Intergovernmental	-	-	-	-	-	-	-	-	-	353,158	-	-	1,713,911
Charges for services	-	4,606,888	-	574,227	-	-	-	-	-	-	-	-	5,552,845
Investment income	1,128	17,241	156,756	72,781	168,616	10,006	84,916	(6,437)	3,618	161,103	20,559	5,291	883,049
Fines & forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	86,256
Licenses & permits	-	-	-	-	-	-	-	-	-	94,004	-	-	111,785
Miscellaneous	-	815	74,811	1,638	-	-	-	-	-	-	-	-	228,904
<b>Total revenues</b>	<b>1,128</b>	<b>4,624,944</b>	<b>2,619,431</b>	<b>648,646</b>	<b>168,616</b>	<b>10,006</b>	<b>533,660</b>	<b>(6,437)</b>	<b>5,763,940</b>	<b>754,144</b>	<b>20,559</b>	<b>331,843</b>	<b>19,375,037</b>
<b>EXPENDITURES</b>													
Current:													
General government	-	-	1,401,001	-	-	-	-	-	-	-	-	-	1,874,584
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	608,625
Streets	-	-	-	69,022	-	1,091	59,615	-	-	502,964	-	-	667,224
Culture and recreation	-	-	-	-	-	-	-	78,010	-	-	-	-	646,022
Health and welfare	-	-	-	-	-	-	-	80,818	-	-	-	-	80,818
Economic development	7,768	1,571,426	-	-	30,296	-	-	-	-	-	-	-	2,613,222
Capital outlay	14,523	-	345,036	10,117	502,038	22,624	195,636	-	-	883,291	47,978	-	3,428,507
Debt service:													
Principal retirement	-	795,000	-	-	-	-	-	-	-	-	-	325,000	1,275,000
Interest and fiscal charges	-	1,923,505	-	-	-	-	-	-	-	-	-	38,913	2,812,924
<b>Total expenditures</b>	<b>22,291</b>	<b>4,289,931</b>	<b>1,746,037</b>	<b>79,139</b>	<b>532,334</b>	<b>23,715</b>	<b>255,251</b>	<b>158,828</b>	<b>-</b>	<b>1,386,255</b>	<b>47,978</b>	<b>363,913</b>	<b>14,006,926</b>
Revenues over (under) expenditures	(21,163)	335,013	873,394	569,507	(363,718)	(13,709)	278,409	(165,265)	5,763,940	(632,111)	(27,419)	(32,070)	5,368,111
<b>OTHER FINANCING SOURCES (USES)</b>													
Debt proceeds	-	-	-	-	-	-	-	10,914,000	-	-	-	-	10,914,000
Bond premium	-	-	-	-	-	-	-	-	-	-	-	497,782	497,782
Transfers in	-	-	69,754	-	-	-	-	-	-	435,510	-	-	800,073
Transfers out	-	(125,312)	-	-	-	-	-	-	(5,763,940)	-	-	(5,291)	(6,126,322)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(125,312)</b>	<b>69,754</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,914,000</b>	<b>(5,763,940)</b>	<b>435,510</b>	<b>-</b>	<b>492,491</b>	<b>6,085,533</b>
Net change in fund balances	(21,163)	209,701	943,148	569,507	(363,718)	(13,709)	278,409	10,748,735	-	(196,601)	(27,419)	460,421	11,453,644
Fund balances - beginning of year	54,834	6,755,196	2,554,502	1,113,954	2,697,821	458,027	1,294,801	-	-	2,466,406	924,939	131,132	30,698,532
Fund balances - end of year	\$ 33,671	\$ 6,964,897	\$ 3,497,650	\$ 1,683,461	\$ 2,334,103	\$ 444,318	\$ 1,573,210	\$ 10,748,735	\$ -	\$ 2,269,805	\$ 897,520	\$ 591,553	\$ 42,152,176

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Combining Schedule of Net Position – Midwest City Municipal Authority Accounts – June 30, 2019**

Midwest City Municipal Authority											
	Water Account	Sewer Account	Sanitation Account	Conference Center/Hotel Account	Drainage Account	Debt Service Account	Utility Services Account	Utilities Capital Account	Customer Deposit Account	Golf Courses Account	Total
<b>ASSETS</b>											
Current assets:											
Cash and cash equivalents	\$ 2,825,283	\$ 3,344,333	\$ 1,046,676	\$ 794,485	\$ 294,530	\$ -	\$ 228,908	\$ 1,588,192	\$ -	\$ 111,105	\$ 10,233,512
Cash and cash equivalents, restricted	-	-	-	-	-	13,730,109	-	-	797,947	-	14,528,056
Investments	2,515,488	2,890,339	936,695	302,873	256,490	-	199,344	1,421,311	-	-	8,522,540
Accounts receivable, net	1,039,116	1,134,564	993,449	310,733	64,689	-	71,393	-	2,624	-	3,616,568
Other receivable	5,054	-	-	80,071	-	-	-	139,487	-	7,023	231,635
Accrued interest receivable	5,680	5,119	2,597	-	-	-	-	3,941	-	-	17,337
Prepaid items	-	-	-	5,489	-	-	-	-	-	-	5,489
Inventory	185,048	93,337	-	-	-	-	-	-	-	2,277	280,662
Due from other funds - interaccount	-	13,923	-	-	-	-	-	-	63,501	-	77,424
Due from other funds	17,773	28,017	75,016	12,845	-	701,735	-	-	-	2,514	837,900
Total current assets	<u>6,593,442</u>	<u>7,509,632</u>	<u>3,054,433</u>	<u>1,506,496</u>	<u>615,709</u>	<u>14,431,844</u>	<u>499,645</u>	<u>3,152,931</u>	<u>864,072</u>	<u>122,919</u>	<u>38,351,123</u>
Non-current assets:											
Investments, restricted	-	-	-	-	-	-	-	-	694,889	-	694,889
Due from other funds - interaccount	956,551	-	-	-	-	-	-	-	-	-	956,551
Land, construction in progress, and water rights	6,360,578	1,000,765	700,000	25,857	32,260	-	-	-	-	232,057	8,351,517
Other capital assets, net	17,425,730	73,349,898	3,936,503	20,124,579	13,408,175	-	35,049	5,590,286	-	1,344,359	135,214,579
Total non-current assets	<u>24,742,859</u>	<u>74,350,663</u>	<u>4,636,503</u>	<u>20,150,436</u>	<u>13,440,435</u>	<u>-</u>	<u>35,049</u>	<u>5,590,286</u>	<u>694,889</u>	<u>1,576,416</u>	<u>145,217,536</u>
Total assets	<u>31,336,301</u>	<u>81,860,295</u>	<u>7,690,936</u>	<u>21,656,932</u>	<u>14,056,144</u>	<u>14,431,844</u>	<u>534,694</u>	<u>8,743,217</u>	<u>1,558,961</u>	<u>1,699,335</u>	<u>183,568,659</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>											
Deferred amount on refunding	-	-	-	-	-	883,459	-	-	-	-	883,459
Deferred amount related to OPEB	59,964	84,281	105,198	-	5,782	-	93,299	-	-	14,336	362,860
Total deferred inflows	<u>59,964</u>	<u>84,281</u>	<u>105,198</u>	<u>-</u>	<u>5,782</u>	<u>883,459</u>	<u>93,299</u>	<u>-</u>	<u>-</u>	<u>14,336</u>	<u>1,246,319</u>
<b>LIABILITIES</b>											
Current liabilities:											
Accounts payable and accrued liabilities	554,404	399,630	168,610	331,028	42,405	-	13,698	73,396	-	11,522	1,594,693
Wages payable	106,660	152,347	51,017	27,929	13,094	-	40,698	-	-	36,310	428,055
Due to other funds - interaccount	63,501	-	-	-	-	13,923	-	-	-	-	77,424
Due to other funds	-	-	-	-	-	-	-	-	-	40,408	40,408
Accrued interest payable	-	-	-	-	-	615,639	-	-	-	-	615,639
Accrued compensated absences	133,503	154,545	35,444	23,046	16,014	-	49,331	-	-	47,316	459,199
Refundable deposits	-	-	-	26,796	-	-	-	-	149,652	-	176,448
Revenue bonds payable	-	-	-	-	-	4,365,000	-	-	-	-	4,365,000
Total current liabilities	<u>858,068</u>	<u>706,522</u>	<u>255,071</u>	<u>408,799</u>	<u>71,513</u>	<u>4,994,562</u>	<u>103,727</u>	<u>73,396</u>	<u>149,652</u>	<u>135,556</u>	<u>7,756,866</u>
Non-current liabilities:											
Accrued compensated absences	267,005	309,089	70,887	11,087	32,028	-	98,663	-	-	94,632	883,391
Total OPEB liability	1,311,159	2,091,687	930,466	-	146,216	-	693,862	-	-	319,017	5,492,407
Due to other funds - interaccount	-	-	-	-	-	-	-	956,551	-	-	956,551
Refundable deposits	-	-	-	-	-	-	-	-	1,346,867	-	1,346,867
Revenue bonds payable, net	-	-	-	-	-	54,113,682	-	-	-	-	54,113,682
Total non-current liabilities	<u>1,578,164</u>	<u>2,400,776</u>	<u>1,001,353</u>	<u>11,087</u>	<u>178,244</u>	<u>54,113,682</u>	<u>792,525</u>	<u>956,551</u>	<u>1,346,867</u>	<u>413,649</u>	<u>62,792,898</u>
Total liabilities	<u>2,436,232</u>	<u>3,107,298</u>	<u>1,256,424</u>	<u>419,886</u>	<u>249,757</u>	<u>59,108,244</u>	<u>896,252</u>	<u>1,029,947</u>	<u>1,496,519</u>	<u>549,205</u>	<u>70,549,764</u>
<b>DEFERRED INFLOW OF RESOURCES</b>											
Deferred amount related to OPEB	365,553	253,644	66,831	-	14,559	-	50,349	-	-	81,606	832,542
<b>NET POSITION</b>											
Net investment in capital assets	23,950,309	74,350,663	4,636,504	20,150,436	13,440,437	(58,478,682)	35,049	5,590,286	-	1,576,416	85,251,418
Restricted for debt service	-	-	-	-	-	1,573,431	-	-	-	-	1,573,431
Restricted for other purposes	-	-	-	-	-	-	51,633	-	-	47,466	99,099
Unrestricted (deficit)	4,644,171	4,232,971	1,836,375	1,086,610	357,173	13,112,310	(405,290)	2,122,984	62,442	(541,022)	26,508,724
Total net position	<u>\$ 28,594,480</u>	<u>\$ 78,583,634</u>	<u>\$ 6,472,879</u>	<u>\$ 21,237,046</u>	<u>\$ 13,797,610</u>	<u>\$ (43,792,941)</u>	<u>\$ (318,608)</u>	<u>\$ 7,713,270</u>	<u>\$ 62,442</u>	<u>\$ 1,082,860</u>	<u>\$ 113,432,672</u>

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Combining Schedule of Revenues, Expenses and Changes in Net Position – Midwest City Municipal Authority Accounts – Year Ended June 30, 2019**

Midwest City Municipal Authority											
	Water Account	Sewer Account	Sanitation Account	Conference Center/Hotel Account	Drainage Account	Debt Service Account	Utility Services Account	Utilities Capital Account	Customer Deposit Account	Golf Courses Account	Total
<b>OPERATING REVENUES</b>											
Charges for services	\$ 7,004,463	\$ 8,027,064	\$ 6,313,331	\$ 5,081,714	\$ 456,446	\$ -	\$ 1,127,138	\$ -	\$ -	\$ 930,522	\$ 28,940,678
Fees, licenses and permits	12,675	16,245	-	-	-	-	-	-	-	-	28,920
Miscellaneous	46,282	720	(53,135)	-	800	-	-	86,760	-	11	81,438
Total operating revenues	<u>7,063,420</u>	<u>8,044,029</u>	<u>6,260,196</u>	<u>5,081,714</u>	<u>457,246</u>	<u>-</u>	<u>1,127,138</u>	<u>86,760</u>	<u>-</u>	<u>930,533</u>	<u>29,051,036</u>
<b>OPERATING EXPENSES</b>											
Personal services	2,078,646	3,351,639	1,226,143	2,092,426	286,413	-	864,721	-	-	683,336	10,583,324
Materials and supplies	882,516	615,371	977,858	1,246,669	56,316	-	30,950	-	-	181,940	3,991,620
Other services and charges	1,687,092	1,404,753	2,330,487	1,455,477	55,338	-	179,808	-	-	67,304	7,180,259
Depreciation and amortization	714,223	2,916,255	508,871	876,278	276,580	-	3,773	433,854	-	118,886	5,848,720
Total operating expenses	<u>5,362,477</u>	<u>8,288,018</u>	<u>5,043,359</u>	<u>5,670,850</u>	<u>674,647</u>	<u>-</u>	<u>1,079,252</u>	<u>433,854</u>	<u>-</u>	<u>1,051,466</u>	<u>27,603,923</u>
Operating income (loss)	<u>1,700,943</u>	<u>(243,989)</u>	<u>1,216,837</u>	<u>(589,136)</u>	<u>(217,401)</u>	<u>-</u>	<u>47,886</u>	<u>(347,094)</u>	<u>-</u>	<u>(120,933)</u>	<u>1,447,113</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>											
Investment income	258,703	275,991	139,267	1	11,408	80,743	9,054	421,852	94,893	1,741	1,293,653
Interest expense and fiscal charges	-	-	-	-	-	(2,710,471)	-	(38,515)	-	-	(2,748,986)
Gain (loss) on asset retirement	13	14,750	2,618	165	-	-	-	-	-	(12,077)	5,469
Total non-operating revenue (expenses)	<u>258,716</u>	<u>290,741</u>	<u>141,885</u>	<u>166</u>	<u>11,408</u>	<u>(2,629,728)</u>	<u>9,054</u>	<u>383,337</u>	<u>94,893</u>	<u>(10,336)</u>	<u>(1,449,864)</u>
Income (loss) before contributions and transfers	<u>1,959,659</u>	<u>46,752</u>	<u>1,358,722</u>	<u>(588,970)</u>	<u>(205,993)</u>	<u>(2,629,728)</u>	<u>56,940</u>	<u>36,243</u>	<u>94,893</u>	<u>(131,269)</u>	<u>(2,751)</u>
Capital contributions	306,949	273,038	-	-	-	-	-	-	-	10,700	590,687
Transfers in - interaccount	32,451	-	-	-	-	1,076,939	-	624,958	-	-	1,734,348
Transfers out - interaccount	(167,958)	(1,076,939)	(457,000)	-	-	-	-	-	(32,451)	-	(1,734,348)
Transfers in	-	-	-	-	-	13,894,870	-	-	-	-	13,894,870
Transfers out	<u>(768,561)</u>	<u>(814,006)</u>	<u>(763,936)</u>	<u>-</u>	<u>-</u>	<u>(8,491,440)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,837,943)</u>
Change in net position	<u>1,362,540</u>	<u>(1,571,155)</u>	<u>137,786</u>	<u>(588,970)</u>	<u>(205,993)</u>	<u>3,850,641</u>	<u>56,940</u>	<u>661,201</u>	<u>62,442</u>	<u>(120,569)</u>	<u>3,644,863</u>
Total net position - beginning	27,231,940	80,154,789	6,335,093	21,826,016	14,003,603	(47,643,582)	(375,548)	7,052,069	-	1,203,429	109,787,809
Total net position - ending	<u>\$ 28,594,480</u>	<u>\$ 78,583,634</u>	<u>\$ 6,472,879</u>	<u>\$ 21,237,046</u>	<u>\$ 13,797,610</u>	<u>\$ (43,792,941)</u>	<u>\$ (318,608)</u>	<u>\$ 7,713,270</u>	<u>\$ 62,442</u>	<u>\$ 1,082,860</u>	<u>\$ 113,432,672</u>



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**Combining Schedule of Cash Flows – Midwest City Municipal Authority Accounts – June 30, 2019**

Midwest City Municipal Authority

	Water Account	Sewer Account	Sanitation Account	Conference Center/Hotel Account	Drainage Account	Debt Service Account	Utility Services Account	Utilities Capital Account	Customer Deposit Account	Golf Courses Account	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>											
Receipts from customers	\$ 7,123,297	\$ 8,014,228	\$ 6,123,416	\$ 4,871,303	\$ 455,709	\$ -	\$ 1,125,389	\$ (41,155)	\$ (494)	\$ 928,533	\$ 28,600,226
Payments to suppliers	(2,207,521)	(1,869,477)	(3,298,824)	(2,723,015)	(72,444)	-	(200,009)	(31,139)	-	(250,009)	(10,652,438)
Payments to employees	(2,145,740)	(3,404,186)	(1,268,421)	(2,133,798)	(284,822)	-	(840,781)	-	-	(699,064)	(10,776,812)
Receipts (payments) from interfund loans	(957)	(20,750)	(2,618)	(165)	-	66	-	-	(944)	39,557	14,189
Receipt of customer deposits	-	-	-	-	-	-	-	-	534,468	-	534,468
Return of customer deposits	-	-	-	-	-	-	-	-	(503,768)	-	(503,768)
<b>Net cash provided by (used in) operating activities</b>	<u>2,769,079</u>	<u>2,719,815</u>	<u>1,553,553</u>	<u>14,325</u>	<u>98,443</u>	<u>66</u>	<u>84,599</u>	<u>(72,294)</u>	<u>29,262</u>	<u>19,017</u>	<u>7,215,865</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>											
Transfers from other funds - interaccount	32,451	-	-	-	-	1,076,939	-	624,958	-	-	1,734,348
Transfers to other funds - interaccount	(167,958)	(1,076,939)	(457,000)	-	-	-	-	-	(32,451)	-	(1,734,348)
Transfers from other funds	-	-	-	-	-	13,894,870	-	-	-	-	13,894,870
Transfers to other funds	(768,561)	(814,006)	(763,936)	-	-	(8,491,440)	-	-	-	-	(10,837,943)
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>(904,068)</u>	<u>(1,890,945)</u>	<u>(1,220,936)</u>	<u>-</u>	<u>-</u>	<u>6,480,369</u>	<u>-</u>	<u>624,958</u>	<u>(32,451)</u>	<u>-</u>	<u>3,056,927</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>											
Capital assets purchased	(757,573)	(511,921)	(680,161)	(145,249)	(40,184)	-	(25,047)	-	-	(30,000)	(2,190,135)
Principal paid on capital debt	-	-	-	-	-	(24,715,000)	-	-	-	-	(24,715,000)
Proceeds issuance of debt	-	-	-	-	-	31,265,000	-	-	-	-	31,265,000
Premium on issuance of debt	-	-	-	-	-	1,113,904	-	-	-	-	1,113,904
Payments of interfund loan for capital purchases	129,443	-	-	-	-	-	-	(129,443)	-	-	-
Interest and fiscal charges paid on capital debt	-	-	-	-	-	(3,189,933)	-	-	(38,515)	-	(3,228,448)
Proceeds from sale of capital assets	13	14,750	2,618	165	-	-	-	-	-	-	17,546
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(628,117)</u>	<u>(497,171)</u>	<u>(677,543)</u>	<u>(145,084)</u>	<u>(40,184)</u>	<u>4,473,971</u>	<u>(25,047)</u>	<u>(167,958)</u>	<u>-</u>	<u>(30,000)</u>	<u>2,262,867</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
Sale (purchase) of investments	507,558	1,450,165	790,912	199,677	103,850	-	78,350	316,103	408,329	-	3,854,944
Interest and dividends	255,955	273,908	138,551	11,408	11,408	80,743	9,054	422,026	97,754	1,740	1,291,140
<b>Net cash provided by (used in) investing activities</b>	<u>763,513</u>	<u>1,724,073</u>	<u>929,463</u>	<u>199,678</u>	<u>115,258</u>	<u>80,743</u>	<u>87,404</u>	<u>738,129</u>	<u>506,083</u>	<u>1,740</u>	<u>5,146,084</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>2,000,407</u>	<u>2,055,772</u>	<u>584,537</u>	<u>68,919</u>	<u>173,517</u>	<u>11,035,149</u>	<u>146,956</u>	<u>1,122,835</u>	<u>502,894</u>	<u>(9,243)</u>	<u>17,681,743</u>
<b>Balances - beginning of year</b>	<u>824,876</u>	<u>1,288,561</u>	<u>462,139</u>	<u>725,566</u>	<u>121,013</u>	<u>2,694,960</u>	<u>81,952</u>	<u>465,357</u>	<u>295,053</u>	<u>120,348</u>	<u>7,079,825</u>
<b>Balances - end of year</b>	<u>\$ 2,825,283</u>	<u>\$ 3,344,333</u>	<u>\$ 1,046,676</u>	<u>\$ 794,485</u>	<u>\$ 294,530</u>	<u>\$ 13,730,109</u>	<u>\$ 228,908</u>	<u>\$ 1,588,192</u>	<u>\$ 797,947</u>	<u>\$ 111,105</u>	<u>\$ 24,761,568</u>
<b>Reconciliation to Statement of Net Position:</b>											
Cash and cash equivalents	\$ 2,825,283	\$ 3,344,333	\$ 1,046,676	\$ 794,485	\$ 294,530	\$ -	\$ 228,908	\$ 1,588,192	\$ -	\$ 111,105	\$ 10,233,512
Restricted cash and cash equivalents	-	-	-	-	-	13,730,109	-	-	797,947	-	14,528,056
Total cash and cash equivalents	<u>\$ 2,825,283</u>	<u>\$ 3,344,333</u>	<u>\$ 1,046,676</u>	<u>\$ 794,485</u>	<u>\$ 294,530</u>	<u>\$ 13,730,109</u>	<u>\$ 228,908</u>	<u>\$ 1,588,192</u>	<u>\$ 797,947</u>	<u>\$ 111,105</u>	<u>\$ 24,761,568</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>											
Operating income (loss)	\$ 1,700,943	\$ (243,989)	\$ 1,216,837	\$ (589,136)	\$ (217,401)	\$ -	\$ 47,886	\$ (347,094)	\$ -	\$ (120,933)	\$ 1,447,113
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:											
Depreciation expense	714,223	2,916,255	508,871	876,278	276,580	-	3,773	433,854	-	118,886	5,848,720
Change in assets and liabilities:											
Receivables, net	64,931	(29,801)	(136,780)	(175,874)	(1,537)	-	(1,749)	-	(494)	(2,000)	(283,304)
Other receivable	(5,054)	-	-	(5,528)	-	-	-	(127,915)	-	-	(138,497)
Due from other funds	(13)	(20,750)	(2,618)	(165)	-	(5,934)	-	-	(944)	(851)	(31,275)
Prepaid items	-	-	-	789	-	-	-	-	-	-	789
Inventory	(4,102)	397	-	-	-	-	-	-	-	-	(3,468)
Accounts payable	366,189	150,290	9,521	(21,658)	39,210	-	10,749	(31,139)	-	-	522,120
Deferred outflows OPEB	1,347	(272)	(72,760)	-	(42)	-	(69,731)	-	-	274	(141,184)
Due to other funds	(944)	-	-	-	-	6,000	-	-	-	-	45,464
Due to employees	5,287	10,479	(3,166)	(16,473)	1,334	-	4,270	-	-	-	3,427
Refundable deposits	-	-	-	(29,009)	-	-	-	-	30,700	-	1,691
Total OPEB liability	(315,003)	(136,501)	70,099	(6,020)	(6,020)	-	68,770	-	-	(68,494)	(387,149)
Accrued compensated absences	25,045	24,708	(24,278)	(24,899)	5,739	-	27,681	-	-	4,773	38,769
Deferred inflows OPEB	216,230	49,039	(12,173)	-	580	-	(7,050)	-	-	46,023	292,649
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 2,769,079</u>	<u>\$ 2,719,815</u>	<u>\$ 1,553,553</u>	<u>\$ 14,325</u>	<u>\$ 98,443</u>	<u>\$ 66</u>	<u>\$ 84,599</u>	<u>\$ (72,294)</u>	<u>\$ 29,262</u>	<u>\$ 19,017</u>	<u>\$ 7,215,865</u>
<b>Noncash activities:</b>											
Contributed capital assets - from governmental funds	\$ 306,949	\$ 273,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,700	\$ 590,687

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**Combining Statement of Net Position– Internal Service Funds – June 30, 2019**

	Public Works Administration	Fleet Services Fund	Surplus Property Fund	Risk Management Fund	L & H Benefits Fund	Worker's Comp Fund	Totals
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 187,619	\$ 233,412	\$ 228,530	\$ 814,249	\$ 1,040,680	\$ 1,587,873	\$ 4,092,363
Investments	163,387	203,266	193,642	728,691	931,330	1,421,026	3,641,342
Receivables:							
Accounts receivable	-	-	1,022	5,127	54,050	22,075	82,274
Accrued interest receivable	-	-	-	2,020	2,582	3,940	8,542
Due from other funds	3	2,321	-	-	-	-	2,324
Inventories	-	61,963	-	-	-	-	61,963
Total current assets	<u>351,009</u>	<u>500,962</u>	<u>423,194</u>	<u>1,550,087</u>	<u>2,028,642</u>	<u>3,034,914</u>	<u>7,888,808</u>
Non-current assets:							
Capital Assets:							
Non-depreciable	-	-	-	-	-	-	-
Depreciable, net of accumulated depreciation	117,636	717,065	88,092	-	-	-	922,793
Total non-current assets	<u>117,636</u>	<u>717,065</u>	<u>88,092</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>922,793</u>
Total assets	<u>468,645</u>	<u>1,218,027</u>	<u>511,286</u>	<u>1,550,087</u>	<u>2,028,642</u>	<u>3,034,914</u>	<u>8,811,601</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>							
Deferred amount related to OPEB	<u>16,977</u>	<u>22,330</u>	<u>1,051</u>	<u>12,892</u>	<u>-</u>	<u>-</u>	<u>53,250</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable and accrued liabilities	-	90,829	939	18,511	134,877	30,217	275,373
Claims liability	-	-	-	173,000	257,234	561,000	991,234
Wages payable	33,029	36,725	1,183	8,698	1,967	-	81,602
Due to other funds	-	-	325,038	-	-	-	325,038
Accrued compensated absences	61,051	41,123	1,597	13,567	458	-	117,796
Total current liabilities	<u>94,080</u>	<u>168,677</u>	<u>328,757</u>	<u>213,776</u>	<u>394,536</u>	<u>591,217</u>	<u>1,791,043</u>
Non-current liabilities:							
Accrued compensated absences	122,102	82,246	3,195	27,134	916	-	235,593
Total OPEB liability	407,012	563,596	26,585	103,681	-	-	1,100,874
Claims liability	-	-	-	312,000	-	916,000	1,228,000
Total non-current liabilities	<u>529,114</u>	<u>645,842</u>	<u>29,780</u>	<u>442,815</u>	<u>916</u>	<u>916,000</u>	<u>2,564,467</u>
Total liabilities	<u>623,194</u>	<u>814,519</u>	<u>358,537</u>	<u>656,591</u>	<u>395,452</u>	<u>1,507,217</u>	<u>4,355,510</u>
<b>DEFERRED INFLOW OF RESOURCES</b>							
Deferred amount related to OPEB	<u>66,030</u>	<u>57,369</u>	<u>2,647</u>	<u>7,487</u>	<u>-</u>	<u>-</u>	<u>133,533</u>
<b>NET POSITION</b>							
Net investment in capital assets	117,635	717,065	88,092	-	-	-	922,792
Unrestricted (deficit)	(321,237)	(348,596)	63,061	898,901	1,633,190	1,527,697	3,453,016
Total net position	<u>\$ (203,602)</u>	<u>\$ 368,469</u>	<u>\$ 151,153</u>	<u>\$ 898,901</u>	<u>\$ 1,633,190</u>	<u>\$ 1,527,697</u>	<u>\$ 4,375,808</u>

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**Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds – Year Ended June 30, 2019**

	<u>Public Works Administration</u>	<u>Fleet Services Fund</u>	<u>Surplus Property Fund</u>	<u>Risk Management Fund</u>	<u>L &amp; H Benefits Fund</u>	<u>Worker's Comp Fund</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>							
Charges for services	\$ 998,750	\$ 2,437,011	\$ 44,803	\$ 853,854	\$ 5,856,347	\$ 1,011,000	\$ 11,201,765
Miscellaneous	-	2,120	10,176	17,792	254,906	31,790	316,784
Total operating revenues	<u>998,750</u>	<u>2,439,131</u>	<u>54,979</u>	<u>871,646</u>	<u>6,111,253</u>	<u>1,042,790</u>	<u>11,518,549</u>
<b>OPERATING EXPENSES</b>							
Personal services	841,045	840,735	32,119	184,044	35,436	-	1,933,379
Materials and supplies	3,304	1,376,778	853	6,473	-	-	1,387,408
Other services and charges	120,388	86,837	8,206	989,584	10,578	-	1,215,593
Insurance claims and expenses	-	-	-	-	6,181,476	444,553	6,626,029
Depreciation and amortization	11,175	61,122	6,449	-	-	-	78,746
Total operating expenses	<u>975,912</u>	<u>2,365,472</u>	<u>47,627</u>	<u>1,180,101</u>	<u>6,227,490</u>	<u>444,553</u>	<u>11,241,155</u>
Operating income (loss)	<u>22,838</u>	<u>73,659</u>	<u>7,352</u>	<u>(308,455)</u>	<u>(116,237)</u>	<u>598,237</u>	<u>277,394</u>
<b>NON-OPERATING REVENUES</b>							
Investment income	7,957	7,909	8,189	98,820	126,290	162,752	411,917
Gain (loss) on capital asset disposal	-	(1,283)	-	-	-	-	(1,283)
Total non-operating revenue	<u>7,957</u>	<u>6,626</u>	<u>8,189</u>	<u>98,820</u>	<u>126,290</u>	<u>162,752</u>	<u>410,634</u>
Income (loss) before transfers	<u>30,795</u>	<u>80,285</u>	<u>15,541</u>	<u>(209,635)</u>	<u>10,053</u>	<u>760,989</u>	<u>688,028</u>
Transfers in	-	-	-	-	125,312	-	125,312
Transfers out	-	-	-	-	-	-	-
Change in net position	<u>30,795</u>	<u>80,285</u>	<u>15,541</u>	<u>(209,635)</u>	<u>135,365</u>	<u>760,989</u>	<u>813,340</u>
Total net position - beginning	(234,397)	288,184	135,612	1,108,536	1,497,825	766,708	3,562,468
Total net position - ending	<u>\$ (203,602)</u>	<u>\$ 368,469</u>	<u>\$ 151,153</u>	<u>\$ 898,901</u>	<u>\$ 1,633,190</u>	<u>\$ 1,527,697</u>	<u>\$ 4,375,808</u>

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**Combining Statement of Cash Flows – Internal Service Funds – Year Ended June 30, 2019**

	Public Works Administration	Fleet Services Fund	Surplus Property Fund	Risk Management Fund	L & H Benefits Fund	Worker's Comp Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 998,750	\$ 2,439,131	\$ 57,618	\$ 897,500	\$ 6,096,721	\$ 1,020,715	\$ 11,510,435
Payments to suppliers	(123,692)	(1,442,985)	(8,686)	(4,008)	(10,578)	-	(1,589,949)
Payments to employees	(855,204)	(849,442)	(32,418)	(167,313)	(34,670)	-	(1,939,047)
Claims and benefits paid	-	-	-	(886,584)	(6,209,978)	(624,829)	(7,721,391)
Payment from (to) other funds	-	(2,122)	57,589	-	-	-	55,467
Net cash provided by (used in) operating activities	<u>19,854</u>	<u>144,582</u>	<u>74,103</u>	<u>(160,405)</u>	<u>(158,505)</u>	<u>395,886</u>	<u>315,515</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Operating transfers in	-	-	-	-	125,312	-	125,312
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,312</u>	<u>-</u>	<u>125,312</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Capital assets purchased	-	(14,195)	-	-	-	-	(14,195)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(14,195)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,195)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Sale of investments	86,162	27,124	67,348	552,400	551,759	513,420	1,798,213
Interest and dividends	7,957	7,909	8,189	79,555	125,371	161,060	390,041
Net cash provided by investing activities	<u>94,119</u>	<u>35,033</u>	<u>75,537</u>	<u>631,955</u>	<u>677,130</u>	<u>674,480</u>	<u>2,188,254</u>
Net increase in cash and cash equivalents	113,973	165,420	149,640	471,550	643,937	1,070,366	2,614,886
Balances - beginning of year	73,646	67,992	78,890	342,699	396,743	517,507	1,477,477
Balances - end of year	<u>\$ 187,619</u>	<u>\$ 233,412</u>	<u>\$ 228,530</u>	<u>\$ 814,249</u>	<u>\$ 1,040,680</u>	<u>\$ 1,587,873</u>	<u>\$ 4,092,363</u>
<b>Reconciliation to Statement of Net Position:</b>							
Cash and cash equivalents	\$ 187,619	\$ 233,412	\$ 228,530	\$ 814,249	\$ 1,040,680	\$ 1,587,873	\$ 4,092,363
Total cash and cash equivalents	<u>\$ 187,619</u>	<u>\$ 233,412</u>	<u>\$ 228,530</u>	<u>\$ 814,249</u>	<u>\$ 1,040,680</u>	<u>\$ 1,587,873</u>	<u>\$ 4,092,363</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>							
Operating income (loss)	\$ 22,838	\$ 73,659	\$ 7,352	\$ (308,455)	\$ (116,237)	\$ 598,237	\$ 277,394
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	11,175	61,122	6,449	-	-	-	78,746
Change in assets and liabilities:							
Receivables, net	-	-	2,639	25,854	(14,532)	(22,075)	(8,114)
Due from other funds	-	(2,122)	-	-	-	-	(2,122)
Inventory	-	(1,811)	-	-	-	-	(1,811)
Deferred outflows OPEB	69	(154)	(7)	9,326	-	-	9,234
Accounts payable	-	22,441	373	2,465	(17,333)	2,724	10,670
Claims liability	-	-	-	103,000	(11,169)	(183,000)	(91,169)
Due to employees	(5,263)	596	73	(621)	116	-	(5,099)
Due to other funds	-	-	57,589	-	-	-	57,589
Total OPEB liability	(45,084)	(24,590)	(1,094)	9,110	-	-	(61,658)
Accrued compensated absences	11,603	12,083	624	113	650	-	25,073
Deferred inflows OPEB	24,516	3,358	105	(1,197)	-	-	26,782
Net cash provided by (used in) operating activities	<u>\$ 19,854</u>	<u>\$ 144,582</u>	<u>\$ 74,103</u>	<u>\$ (160,405)</u>	<u>\$ (158,505)</u>	<u>\$ 395,886</u>	<u>\$ 315,515</u>

**CITY OF MIDWEST CITY, OKLAHOMA**  
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**Debt Service Coverage Schedule - Year Ended June 30, 2019**

	<b>2011A and 2019 Revenue Bonds</b>
<b>GROSS REVENUE AVAILABLE:</b>	
Water revenue	\$ 7,063,420
Wastewater revenue	8,044,029
Pledged sales tax	13,894,870
Investment income	534,694
Total Gross Revenue Available	29,537,013
<b>OPERATING EXPENSES:</b>	
Total Operating Expenses	10,020,017
Net Revenue Available for Debt Service	\$ 19,516,996
<b>Average Annual Debt Service</b>	
2019 Revenue Bonds	\$ 1,791,899
2011A Revenue Bonds	4,709,500
	\$ 6,501,399
Computed Coverage	300%
Coverage Requirement	125%

**CITY OF MIDWEST CITY, OKLAHOMA  
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**STATISTICAL INFORMATION**

**CITY OF MIDWEST CITY, OKLAHOMA  
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**General Government Expenditures by Function  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Streets</u>	<u>Health and Welfare</u>	<u>Culture &amp; Recreation</u>	<u>Economic Development</u>	<u>Debt Services</u>	<u>Total</u>
2009-10	\$ 4,341,709	\$ 25,474,931	\$ 14,974,806	\$ 1,491,596	\$ 1,657,029	\$ 4,648,669	\$ 2,811,624	\$ 55,400,364
2010-11	6,459,976	25,157,469	6,006,443	160,983	1,120,863	4,915,834	3,679,296	47,500,864
2011-12	5,423,037	27,570,275	3,702,871	629	1,989,113	4,813,173	3,745,698	47,244,796
2012-13	5,216,187	27,388,784	3,460,381	110,935	2,841,490	4,704,086	3,856,073	47,577,936
2013-14	6,972,885	27,386,699	4,382,912	463,886	2,112,589	5,028,554	3,753,029	50,100,554
2014-15	6,704,404	28,657,862	5,138,517	410,969	1,746,966	3,792,050	3,650,604	50,101,372
2015-16	7,714,835	27,494,864	4,865,569	755,691	2,037,909	4,644,064	3,505,294	51,018,226
2016-17	8,009,505	27,757,453	7,336,480	387,911	1,647,320	6,686,814	3,426,604	55,252,087
2017-18	8,766,825	28,544,968	3,800,063	441,065	1,797,029	58,846,663	19,166,464	121,363,077
2018-19	11,598,632	31,442,455	5,333,914	471,306	2,038,872	6,598,803	5,972,196	63,456,178

**CITY OF MIDWEST CITY, OKLAHOMA  
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**Governmental Revenues By Source  
Last Ten Fiscal Years**

Fiscal Year	Taxes	Intergov- ernmental	Licenses & Permits	Charges for Services	Fines & Forfeitures	Investment Income	Misc Revenues	Total
2009-10	\$ 33,166,047	\$ 4,906,373	\$ 385,949	\$ 2,066,991	\$ 1,878,424	\$ 6,582,036	\$ 2,445,317	\$ 51,431,137
2010-11	33,566,216	6,440,504	395,511	2,193,602	2,001,322	14,546,261	552,201	59,695,617
2011-12	36,586,145 *	5,462,968	330,553	2,636,087	2,170,041	2,749,217	742,978	50,677,989
2012-13	39,796,809	5,205,283	392,512	2,249,961	1,960,694	10,846,574	1,492,193	61,944,026
2013-14	40,546,435	5,668,145	304,395	2,545,726	1,976,580	15,736,403	2,367,115	69,144,799
2014-15	39,781,445	5,543,732	349,439	3,662,747	2,045,294	8,377,665	2,381,400	62,141,722
2015-16	40,296,979	5,367,958	567,942	4,259,051	1,971,146	3,546,362	1,938,936	57,948,374
2016-17	37,327,650	5,011,809	504,832	4,564,074	1,581,638	13,120,184	2,856,002	64,966,189
2017-18	41,659,607 **	4,812,098	589,264	5,412,604	1,428,723	13,120,759	2,177,963	69,201,018
2018-19	46,376,451	6,698,979	725,993	8,027,000	1,364,493	11,671,810	2,240,169	77,104,895

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

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



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

Fiscal Year	Real Property	Personal Property	Public Service Property	Veteran and Homestead Exemption	Total Actual		Ratio of Total Assessed Value to Total Estimated Actual Value
					Assessed Value	Estimated Actual Value	
2010	\$ 252,013,094	\$ 27,856,671	\$ 13,374,321	\$ 10,453,302	\$ 278,216,075	\$ 2,529,237,045	11%
2011	258,517,927	27,728,562	13,697,571	15,338,968	284,605,074	2,587,318,855	11%
2012	259,775,001	27,954,136	13,431,063	15,275,338	285,884,862	2,598,953,291	11%
2013	263,908,805	28,917,523	11,834,175	15,286,274	289,374,229	2,630,674,809	11%
2014	267,452,466	28,135,094	11,407,389	15,250,420	291,744,529	2,652,222,991	11%
2015	272,926,268	26,469,753	11,878,425	15,244,120	296,030,326	2,691,184,782	11%
2016	283,028,134	25,089,341	11,544,013	15,602,335	304,059,153	2,764,174,118	11%
2017	296,756,210	35,937,171	13,524,628	16,061,439	330,156,570	3,001,423,364	11%
2018	309,104,061	35,772,442	13,613,786	16,492,553	341,997,736	3,109,070,327	11%
2019	320,771,362	36,281,363	13,177,361	17,435,901	352,794,185	3,207,219,864	11%

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

Fiscal Year	City Sinking Fund	MWC Schools	Rose State College	Oklahoma County	Total Midwest City Resident	Choctaw Schools	Total Midwest City Resident	OKC Schools	Total Midwest City Resident
2010	6.81	65.60	17.32	24.27	114.00	69.41	117.81	58.70	107.10
2011	6.62	64.64	17.18	24.06	112.50	70.22	118.08	62.09	109.95
2012	6.09	66.55	17.10	23.97	113.71	72.49	119.65	59.29	106.45
2013	5.78	64.98	17.02	23.87	111.65	76.19	122.86	60.39	107.06
2014	5.44	70.32	20.33	23.58	119.67	76.18	125.53	59.36	108.71
2015	5.18	71.03	19.88	23.72	119.81	76.17	124.95	59.71	108.49
2016	0.96	70.64	19.65	23.81	115.06	76.17	120.59	59.36	103.78
2017	0.92	65.54	19.21	23.28	108.95	76.16	119.57	59.36	102.77
2018	0.94	66.72	18.92	23.64	110.22	76.15	119.65	58.84	102.34
2019	8.08	67.38	18.54	23.49	117.49	76.15	126.26	58.76	108.84

**CITY OF MIDWEST CITY, OKLAHOMA  
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Computation of Legal Debt Margin  
June 30, 2019

Net assessed valuation	\$352,794,185
Debt limit (a)	\$35,279,419
Applicable bonds outstanding	\$24,400,000
Legal debt margin	\$10,879,419

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

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

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

Fiscal Year	Principal	Interest (1)	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to Government Expenditures
2009-10	\$ 1,400,000	\$ 569,623	\$ 1,969,623	\$ 55,400,364	3.56%
2010-11	1,400,000	503,685	1,903,685	47,500,864	4.01%
2011-12	1,400,000	437,342	1,837,342	47,244,796	3.89%
2012-13	1,400,000	370,754	1,770,754	47,577,936	3.72%
2013-14	1,400,000	304,167	1,704,167	50,100,554	3.40%
2014-15	1,400,000	259,975	1,659,975	50,101,372	3.31%
2015-16	1,400,000	190,700	1,590,700	51,018,226	3.12%
2016-17	1,400,000	121,425	1,521,425	57,389,574	2.65%
2017-18	325,000	51,750	376,750	121,363,077	0.31%
2018-19	325,000	38,913	363,913	63,456,178	0.57%

(1) Excludes bond issuance and other costs

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Money Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2009-10	54,088	\$ 278,216,075	\$ 11,100,000	\$ 1,500,619	\$ 9,599,381	3.45%	177
2010-11	54,371	284,605,074	9,700,000	1,504,457	8,195,543	2.88%	151
2011-12	54,371	285,884,862	8,300,000	1,551,565	6,748,435	2.36%	124
2012-13	54,371	289,374,229	6,900,000	1,428,884	5,471,116	1.89%	101
2013-14	54,371	291,744,529	5,500,000	1,373,216	4,126,784	1.41%	76
2014-15	54,371	296,030,326	4,100,000	1,364,980	2,735,020	0.92%	50
2015-16	54,371	304,059,153	2,700,000	1,392,720	1,307,280	0.43%	24
2016-17	54,371	330,156,570	1,300,000	189,868	1,110,132	0.34%	20
2017-18	54,371	341,997,736	975,000	131,132	843,868	0.25%	16
2018-19	54,371	352,794,185	37,900,000	591,553	37,308,447	10.58%	686

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Revenue Bond and Note Coverage  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Direct Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Average Annual Debt Service</u>	<u>Debt Service Coverage</u>
2009-10	\$ 14,822,864	\$ 7,867,225	\$ 6,955,639	\$ 2,000,344	3.48
2010-11	15,207,582	8,004,126	7,203,456	2,000,344	3.60
2011-12	17,702,453	8,669,659	9,032,794	6,517,879	1.39
2012-13	27,258,461	9,443,537	17,814,924	6,517,879	2.73
2013-14	28,567,824	9,583,902	18,983,922	6,517,879	2.91
2014-15	28,465,993	9,581,604	18,884,389	6,517,879	2.70
2015-16	28,685,573	11,425,998	17,259,575	6,517,879	2.65
2016-17	28,580,650	9,823,029	18,757,621	6,517,879	2.88
2017-18	28,790,824	9,797,575	18,993,249	6,517,879	2.91
2018-19	29,537,013	10,020,017	19,516,996	6,501,399	3.00

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Demographic Statistics

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

Population is taken from US Census conducted every 10 years.

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New Construction  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Commercial Construction</u>		<u>Residential Construction</u>		<u>Total Construction</u>
	<u>Number of Units</u>	<u>Value</u>	<u>Number of Units</u>	<u>Value</u>	
2009-10	184	\$ 11,614,006	457	\$ 18,846,251	\$ 30,460,257
2010-11	98	14,052,174	203	23,937,338	37,989,512
2011-12	28	97,003,650	237	20,332,200	117,335,850
2012-13	27	54,561,650	120	19,020,411	73,582,061
2013-14	8	6,398,000	69	11,878,466	18,276,466
2014-15	15	6,748,210	103	16,365,722	23,113,932
2015-16	26	69,362,500	126	23,727,017	93,089,517
2016-17	14	22,360,831	94	14,092,784	36,453,615
2017-18	195	26,137,283	19	28,127,450	54,264,733
2018-19	32	48,395,772	160	23,481,840	71,877,612



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Miscellaneous Statistics  
June 30, 2019

Date of Incorporation	1943
Form of government	Council-manager
Square miles in city limits	24.37
Miles of streets	794.38 Lane miles

**Education**

Number of primary schools	8
Number of secondary schools	3
Number of High schools	2
Number of colleges	1

**Police Protection**

Number of officers	95
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**Fire Protection**

Number of stations	6
Number of headquarters	1
Number of personnel per shift	26

**Public Works**

Water storage capacity (millions of gallons)	9.5
Miles of water lines	308.5
Miles of sanitary sewer lines	288

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Miscellaneous Statistics, Continued  
June 30, 2019

**City Employees**

<u>Fiscal Year</u>	<u>Full Time Government</u>	<u>Full Time Hotel/Conference Center</u>
2009-10	502	60
2010-11	494	62
2011-12	493	62
2012-13	491	-
2013-14	489	-
2014-15	477	-
2015-16	472	-
2016-17	470	-
2017-18	471	-
2018-19	478	-

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Miscellaneous Statistics, Continued  
June 30, 2019  
City Water Usage (Gallons)

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